2014

ANNUAL REPORT

TMX GROUP LIMITED

LETTER FROM THE CHAIR

It is once again my pleasure to report to you as Chair of the Board of Directors of TMX Group Limited.

In a year marked by significant accomplishments and achievements across the company, TMX Group also underwent a successful transition in leadership from Tom Kloet to our new CEO, Lou Eccleston. I want to reiterate my thanks to Tom for his six years of dedicated leadership and for his invaluable contributions to TMX Group's evolution.

Lou Eccleston brings extensive experience and proven management expertise to our company and to Canada's financial industry. On behalf of the Board, we look forward to working with Lou and his management team.

TMX Group is well positioned for the future. As the global economic environment continues to change, this company stands to benefit from its strong technological capabilities, talent and assets. TMX Group has become a much more diversified company and we are committed to seeking out new opportunities to meet customer needs and grow our business.

In addition to Tom, I would like to recognize three other directors, Bill Hatanaka, Bill Royan and Tom Woods, who retired during 2014. I personally enjoyed working with each of them and thank them for their valued contributions to the Board of Directors. I also want to welcome our new directors, Lise Lachapelle, Christian Exshaw, Martine Irman, Michael Wissell, and, of course, Lou.

I would like to thank the diverse and talented group of employees at TMX Group for their commitment to the long-term success of our company. Finally, I want to express my thanks to our shareholders for their support as we turn to the next chapter in TMX Group's history.

Charles Winograd
Chair, Board of Directors
TMX Group Limited
March 16, 2015

LETTER FROM THE CEO

Upon joining TMX Group last November, I committed to delving deeply into identifying our strengths and our weaknesses, the challenges that our clients are facing and to understand what is necessary to manage our key role in Canada's economy and our position in the global marketplace. In the last few months, I have met with many of our broad base of stakeholders, including key customers, employees, shareholders and regulators. This in-depth and ongoing learning process has proven to be a great help to me and to our team as we set the course for the future.

TMX Group Is made up of an impressive portfolio of assets, capabilities and intellectual capital. As we prepare to enter the next crucial phase in our evolution, the job at hand is to determine how best to leverage all of our strengths and enable innovation across our business lines to create unique solutions for our clients that only TMX Group can provide.

Review of 2014 Performance

Throughout the year, the economic environment was in a constant state of change. Rapid and significant movements in commodity prices, particularly oil prices, currency values and interest rate levels created risks for certain companies and opportunities for others.

In our own business, increased volatility and reduced capital spending in the resource sector had a negative effect on financing activity, but at the same time, the upswing in volatility helped spur increases in trading activity across our markets.

In looking back now at TMX Group's 2014 performance, it is important to note that despite the effects of some unpredictable factors, we saw encouraging signs within the numbers. For example, notwithstanding the severe downturn in commodity prices, we ranked in the top five amongst global exchanges in key new listings statistics in 2014.

We also marked the graduation of the 600th company from TSX Venture Exchange to Toronto Stock Exchange since January 1, 2000. TSX Venture Exchange is a prime example of the strong capital formation process we provide to companies in Canada and around the world. TMX Group serves emerging small cap and early stage companies and helps them grow into the blue-chips of the future. It is unique in the world marketplace and remains the only public venture capital exchange of this scope and size. Some of the biggest success stories of Toronto Stock Exchange are TSX Venture Exchange graduates.

Overall, Toronto Stock Exchange and TSX Venture Exchange equity trading volumes were up year over year, along with volumes on our energy business, NGX. Montréal Exchange volumes were higher compared with 2013, and MX also set new records in daily volume and overall levels of open interest during the year. We also had revenue increases in both Information Services and Risk Management Services over last year.

2014 Highlights

In June and September, we successfully launched TMX Quantum XA on Toronto Stock Exchange and TSX Venture Exchange. The award-winning TMX Quantum XA is a world-class trading platform that has dramatically improved the efficiency and performance of our markets for all of our customers.

In October, TMX Atrium, our global marketplace infrastructure provider, acquired Strike Technologies, as part of its initiative to launch a new cross border marketplace connectivity network utilizing industry best-practice microwave technology. Also, in October, we announced the restructuring of our equities trading offering. The proposed changes are aimed at further enhancing the Canadian trading landscape by introducing a domestic

trading model with superior trading economics for retail and institutional orders, offering effective solutions to those who do not use speed-based trading strategies, and reducing market complexity.

Finally, in November we launched TSX Private Markets, a service to facilitate capital raising and the trading of securities in the exempt market. TSX Private Markets allows us to extend the reach of our products and services to include Canadian private companies and enables us to assist companies in the capital formation process throughout each stage of their life cycle, from start-up to private issuer to public issuer.

Moving Forward

Across our broader industry landscape, we note fundamental shifts on two key fronts, technology and regulation. The rapid advances in available technologies during this current period of fluid global and domestic regulatory policy are reshaping the financial services industry. These are both fueling challenges and creating opportunities for TMX Group.

As is true for the clients we serve, anticipating, understanding and adapting for the future are a crucial focus for TMX Group. Today's ceaseless pace of change requires that we be nimble and seize the opportunity to evolve. So we have begun work with the goal of positioning TMX Group to derive optimal value from our vast portfolio of assets. Simply owning these assets is not enough. Our key priority is to deploy our assets and capabilities to create an organization whose value is greater than the sum of its parts.

2015 is an important year for TMX Group. In the short-term, we are taking a hard look at our operations and have engaged in a rigorous review of our overall strategy. Our goals are to establish the pillars of our strategy going forward and to optimize our ability to execute that strategy. Following that review, we will engage in relentless prioritization in order to fully realize TMX Group's vision of leadership in capital markets both here in Canada and around the world.

Once our priorities are identified, we will proceed with surgical focus and precision on the initiatives that will drive profitable growth. This is vital to our success and our ability in this regard will very much define TMX Group into the future. We will also be pursuing long-term infrastructure initiatives in order to reduce costs and time-to-market while increasing scale and flexibility.

This strategic review process is well underway and I will provide an update on our progress throughout 2015.

In closing, I would like to welcome Cheryl Graden, our new Senior Vice President, Group Head of Legal and Business Affairs and Corporate Secretary, who joined the executive management team on March 2nd. Cheryl joined TMX Group in 2004 and has taken on increasingly senior responsibilities over the years. Cheryl's predecessor, Sharon Pel, retired at the end of February. I would like to thank Sharon for her many contributions. Sharon's legal expertise, unwavering integrity and exceptional commitment to getting things done have helped shape today's TMX Group.

Louis V. Eccleston
Chief Executive Officer
TMX Group Limited
March 16, 2015

TMX Group Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

February 3, 2015

This management's discussion and analysis (MD&A) of TMX Group Limited's (TMX Group) financial condition and financial performance is provided to enable a reader to assess our financial condition, material changes in our financial condition and our financial performance, including our liquidity and capital resources, for the year ended December 31, 2014 compared with the year ended December 31, 2013. This MD&A should be read together with our 2014 audited annual consolidated financial statements as at and for the year ended December 31, 2014 (financial statements).

Our financial statements and this MD&A for the year ended December 31, 2014 are filed with Canadian securities regulators and can be accessed through www.sedar.com or our website at www.tmx.com. The financial measures included in this MD&A are based on financial statements prepared in accordance with International Financial Reporting Standards (IFRS), unless otherwise specified. All amounts are in Canadian dollars unless otherwise indicated.

Certain comparative figures have been reclassified in order to conform with the financial presentation adopted in the current year.

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

MD&A Structure

Our MD&A is organized into the following key sections:

- Overview of the Business – a discussion of our business segments and key revenue drivers;
- Vision and Corporate Strategy;
- Market Conditions, Initiatives and Regulatory Changes – a discussion of our current business environment, initiatives and regulatory changes;
- Our Business – a detailed description of our operations and our products and services;
- Impact of Recognition Orders (including Fee Regulation) on our Business - a discussion of certain regulatory constraints and costs on our business;
- Results of Operations – a year-over-year comparison of results;
- Liquidity and Capital Resources – a discussion of changes in our cash flow, our outstanding debt and the resources available to finance existing and future commitments;
- Managing Capital - an outline of objectives for managing our cash and cash equivalents, marketable securities, share capital, Commercial Paper, Debentures, and various credit facilities;

- Financial Instruments;
- Critical Accounting Estimates - a review of our goodwill and intangible assets;
- Select Annual and Quarterly Financial Information - a discussion of the fourth quarter of 2014 compared with 2013 and the results over the previous eight quarters;
- Risks and Uncertainties – a discussion of the risks to our business as identified through our risk management process as well as Financial Risk Management;
- Accounting and Control Matters – a discussion of our current accounting policies and future accounting changes, an evaluation of our disclosure controls and procedures and internal control over financial reporting and changes to internal control over financial reporting and related party relationships and transactions; and
- Caution Regarding Forward-Looking Information.

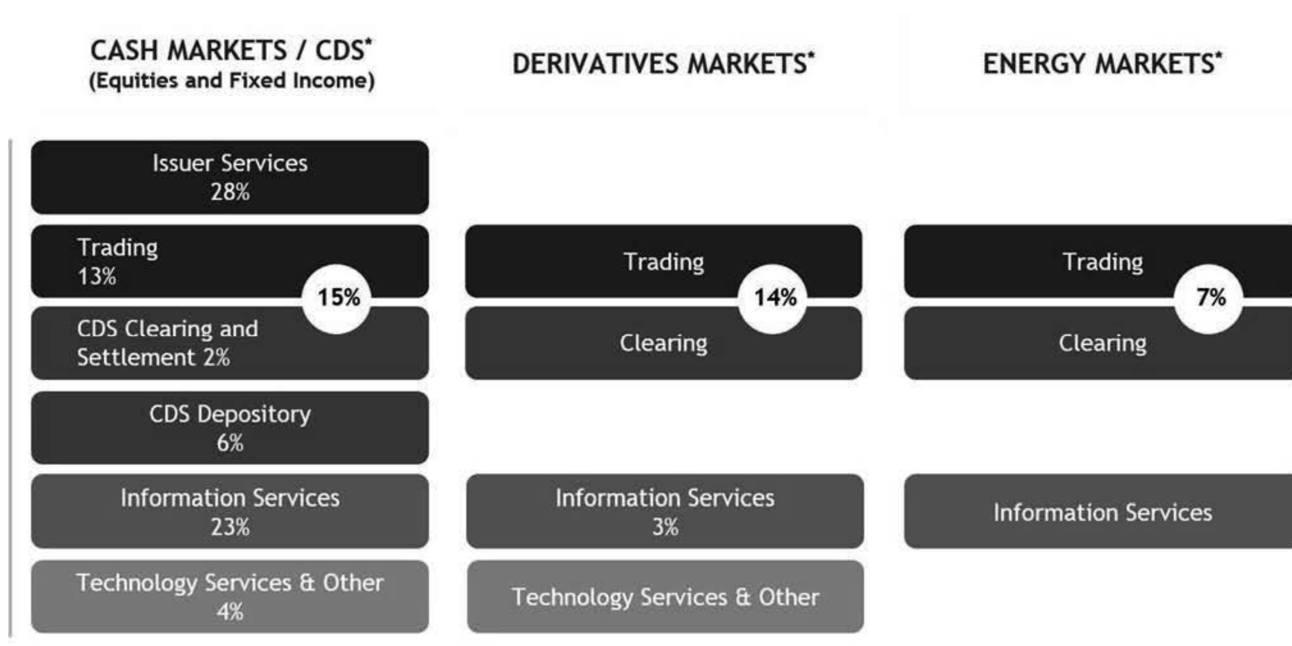
OVERVIEW OF THE BUSINESS

Summary

TMX Group operates equities, fixed income, derivatives, and energy markets. We provide services encompassing listings, trading, clearing, settlement and depository facilities, information services as well as technology services for the international financial community.

TMX Group Limited

(based on 2014 revenue of $717.3 million)



*Percentages based on 2014 revenue of $717.3 million for TMX Group. Derivatives Markets includes 100% of BOX revenue, of which MX held a 53.8% ownership interest in 2014.

Our revenue by segment is categorized as follows:

	SEGMENTS													
2014 Revenue (In millions of dollars) **$717.3**	**Cash Markets**								**CDS**	**Derivatives Markets**			**Energy Markets**	
	TSX	TSXV	TMX Select	Alpha	Equicom	Shorcan Fixed Income	Equity Transfer	TMX Techn-ologies	CDS	MX	BOX	CDCC	NGX	Shorcan Energy Brokers
Issuer Services **$198.3**	√	√			√	√	√		√					
Trading, Clearing & Depository **$303.9**	√	√	√	√		√			√	√	√	√	√	√
Information Services **$187.8**	√	√		√					√	√	√		√	√
Technology Services & Other **$27.3**								√		√				

Our business is represented by the following entities:

- Toronto Stock Exchange (TSX) is Canada's senior equities market, providing issuers with a venue for raising capital and providing domestic and international investors with the opportunity to invest in and trade those issuers' securities.

- TSX Venture Exchange (TSXV) is Canada's premier junior listings market, providing companies at the early stages of growth with the opportunity to raise capital and providing investors with the opportunity to invest in and trade those issuers' securities.

- TMX Select Inc. (TMX Select) is a Canadian alternative trading system (ATS) trading TSX and TSXV listed securities. TMX Select offers additional execution options to the industry through differentiated features and pricing.

- Alpha is an exchange that provides equities trading for TSX and TSXV listed securities. Alpha offers a continuous limit order book. Alpha offers additional execution options to the industry through differentiated features and pricing.

- The Canadian Depository for Securities Limited (CDS) is Canada's national securities depository, clearing and settlement hub. CDS supports Canada's equity, fixed income and money markets and is accountable for the safe custody and movement of securities, the processing of post-trade transactions, and the collection and distribution of entitlements relating to securities deposited by participants.

- TSX Private Markets provides a voice-brokered service that offers enhanced access to capital for private and public issuers and exempt market liquidity for approved dealers and their accredited investors.

- The Equicom Group Inc. (Equicom) is a provider of investor relations and corporate communications services.

- TMX Equity Transfer Services Inc. (Equity Transfer) is a provider of corporate trust, securities transfer and registrar, and employee plan administration services for issuers.

- Shorcan Brokers Limited (Shorcan) is Canada’s first inter-dealer broker (IDB), providing facilities for matching orders for Canadian federal, provincial, corporate and mortgage bonds and treasury bills and derivatives for anonymous or name-give-up buyers and sellers in the secondary market.

- CanDeal.ca Inc. (CanDeal) is an electronic fixed income request-for-quotation system between clients and dealers. CanDeal provides online access to a large pool of liquidity for Canadian government bonds, money market instruments and interest rate swaps. We have a 47% ownership interest in CanDeal.

- Montréal Exchange Inc. (MX or Montréal Exchange) is Canada’s standardized financial derivatives exchange. Headquartered in Montréal, MX offers trading in interest rate, index and equity derivatives.

- Canadian Derivatives Clearing Corporation (CDCC) offers clearing and settlement services for all MX transactions and certain over-the-counter (OTC) derivatives, including fixed income repurchase and reverse repurchase agreement (REPO) transactions.

- BOX Market LLC, (BOX) is a U.S. equity options market for which MX is the technical operator and technology developer. As at December 31, 2014, MX held a 53.8% ownership interest.

- Natural Gas Exchange Inc. (NGX) is a Canadian-based exchange through which customers can trade, clear and settle natural gas, crude oil and electricity contracts across North America.

- Shorcan Energy Brokers Inc. (Shorcan Energy Brokers) is an inter-participant brokerage facility for matching buyers and sellers of crude oil products.

- TMX Datalinx, our information services division, sells real time and historical data, data delivery services and other market information to a global customer base.

- TMX Atrium is a provider of low-latency network and infrastructure solutions for the global investment community.

- TMX Technology Solutions provides software and consulting services to various segments of the financial services industry. These technology products include recognized brands such as, SOLA for the derivatives market and Razor Risk Technologies Limited (Razor Risk) which provides risk management software.

VISION AND CORPORATE STRATEGY[1]

Our Vision

To be the provider of choice for capital markets infrastructure services in Canada and for select capital market services globally.

Corporate Strategy

- Expand our services and support to help drive the growth of the Canadian financial and capital markets.
- Leverage our portfolio of assets and create differentiated products and solutions through technological innovation.
- Make a global leadership position for TMX Group and Canada a priority.
- Evolve our performance culture committed to innovation, execution excellence and appropriate risk tolerance.

We are currently engaged in a comprehensive review of our portfolio of assets to establish the pillars of our go-forward strategy. The focus will be on our clients and developing products and services that create competitive advantages for them, while differentiating TMX. All of this involves a process grounded in market focus with a rigorous prioritization of investments to execute what is necessary to achieve our vision of leadership in capital markets here in Canada and around the world.

MARKET CONDITIONS, INITIATIVES AND REGULATORY CHANGES[2]

Market Conditions

During 2014, the S&P/TSX Composite Index increased 7% as there was an increase in index levels across a number of sectors. However, there were decreases in several key resource based sectors, including metals & mining, energy and materials. We experienced higher capital raising activity in 2014 compared with last year, in terms of both number of financings and total financing dollars raised. While the total market capitalization of issuers listed on TSX increased from the end of 2013 to the end of 2014, total market capitalization declined for issuers listed on TSX Venture Exchange. A significant proportion of issuers listed on TSXV are resource and energy industry companies, which have been adversely

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[1] The *"Vision and Corporate Strategy"* section above contain certain forward-looking statements. Please refer to "Caution Regarding Froward-Looking Information" for a discussion of risks and uncertainties related to such statements.

[2] The *"Market Conditions, Initiatives and Regulatory Changes"* section above contains certain forward-looking statements. Please refer to *"Caution Regarding Forward-Looking Information"* for a discussion of risks and uncertainties related to such statements.

impacted by lower commodity prices, particularly the declining price of crude oil. There are early indications in 2015 that there could be less capital spending by corporations in the energy sector.

As seen across North American markets, volatility remained low during 2014 with some increase towards the end of the year. For example, the average for the CBOE Volatility Index for the U.S. (VIX) was 14.2 for 2014 compared with an average of 22.1 for the previous five years.

In 2014, we experienced lower volatility for our interest rate products on Montréal Exchange, which can negatively impact trading volumes. This was particularly due to the fact that the Bank of Canada maintained the overnight interest rate target at 1.0% for 2014, where it had been since 2010. In January 2015, the Bank of Canada reduced the overnight interest rate target from 1.00% to 0.75%. The Bank said that its decision was in response to the recent sharp drop in oil prices, which it believes will be negative for growth and underlying inflation in Canada[3].

In our energy markets, in the aftermath of a very active winter with extreme weather conditions in Q1/14, energy volumes increased modestly in 2014 over 2013 reflecting the impact of short term market volatility in some of the regional natural gas markets served by NGX.

Initiatives and Regulatory Changes

TMX Group Limited (formerly Maple Group Acquisition Corporation or Maple) completed the acquisition of TMX Group Inc. on September 14, 2012 and the acquisitions of CDS and Alpha Trading Systems Inc. and Alpha Trading Systems Limited Partnership (collectively, Alpha) on August 1, 2012 (collectively, the Maple Transaction).

The integration of TMX Group, CDS and Alpha was largely completed in Q1/14. We achieved approximately $28.0 million in annualized net synergies on a run-rate basis in Q1/14, consistent with our revised expectation announced in November 2013, an increase of about 40% from our initial target of approximately $20.0 million in annual cost synergies on a run-rate basis, net of incremental costs of regulation. These synergies came from the consolidation of operations, including the migration of the Alpha trading platform to our proprietary trading engine (TMX Quantum), and the realization of efficiencies in overlapping functions. Total integration costs incurred in 2014 were approximately $6.7 million, and cumulative integration costs from Q3/12 were approximately $30.2 million.

In March 2014, we announced our plans to open an office in Singapore in 2014, subject to local regulatory approval. The new office will focus on building new business relationships and exploring new opportunities for TSX, TSXV and MX in the region, while enhancing our product and service offering to our growing number of Asia-Pacific clients.

In March and April 2014, we announced memorandums of understanding with the China Financial Futures Exchange and the Zhengzhou Commodity Exchange. The goals of these agreements are to enhance understanding of our respective businesses and to help broaden our activities in the Chinese market. We continue to explore business opportunities for our technology and risk management services with these organizations.

In May 2014, the Canadian Securities Administrators (CSA) published a notice and request for comments on proposed amendments to National Instrument 23-101 (NI 23-101), *Trading Rules*. These are the most significant proposed changes since the ATS Rules were issued in 2001. The proposed amendments relate to, among other things, the order protection rules (OPR), which require that better-priced orders be executed before inferior-priced orders regardless of the

[3] Source: Bank of Canada, January 21, 2015 press release.

marketplace on which the order is displayed. Specifically, the proposed amendments include a definition for orders protected under the OPR to include only those displayed on marketplaces that meet or exceed a 5% market share threshold. We support regulatory changes that balance competing objectives, including the 5% threshold for marketplace orders that are protected by the OPR. With respect to trading fees, the notice includes consideration of future caps on trading fees of $0.0030 per share or unit traded for equities or units priced at or above $1.00. It is our view that trading fee caps are not necessary since trading fees are subject to sufficient controls as a result of competitive forces, and regulatory oversight in the form of fee review and approval. In addition, the CSA also sought feedback regarding a pilot study to examine the payment of rebates by marketplaces to their participants under the maker-taker pricing model. This pilot would include the elimination of the practice of paying rebates. We are concerned that the proposed pilot study could have significant negative implications for liquidity and marketplace competition that may impact the quality of Canadian markets. This is particularly true if U.S. inter-listed securities are included in the pilot study, and U.S. regulators continue to allow U.S. marketplaces to make rebate payments to customers. The notice from the CSA also included a proposal that would require marketplaces to submit their professional market data fees for review and re-approval annually and to justify these fees in the context of the results of applying a relative value assessment of real-time market data. The CSA is also considering taking action that could involve a cap or the implementation of a separate methodology for non-professional market data fees. In our comments we have advocated for a principled approach versus a prescriptive approach to regulating market data fees. We believe that a prescriptive approach will result in added complexity, cost and arbitrage opportunities. The net impact on our business is uncertain as the final Instrument has not been issued following the public comment period. Therefore, the full impact will not be known until changes are implemented. We responded with our comments to these proposed amendments in September 2014.

In May 2014, TMX Group established a commercial paper program (Commercial Paper Program) under which it may issue up to $400.0 million in unsecured short-term promissory notes (Commercial Paper). In June 2014, we issued approximately $293.0 million of Commercial Paper, and had approximately $233.9 million outstanding under the program at December 31, 2014. Net cash proceeds were used to refinance a portion of TMX Group's long-term debt. The Commercial Paper was rated R-1 (low) with a Stable trend by DBRS Limited (DBRS). On September 8, 2014 DBRS confirmed the A (high) ratings on TMX Group Limited and on our debentures, which have an aggregate principal amount of $1.0 billion. It also confirmed the Commercial Paper rating of R-1 (low), all with Stable trends. In connection with the Commercial Paper Program, TMX Group entered into a new credit agreement that provides a 100% backstop to the Commercial Paper Program. This new credit agreement replaces the amended and restated credit agreement (Amended and Restated Credit Agreement) dated September 30, 2013. (See **Commercial Paper** and **Loans Payable** under the heading **COMMERCIAL PAPER, DEBENTURES, CREDIT AND LIQUIDITY FACILITIES**.)

We announced the successful launch of TMX Quantum XA on TSX in June 2014 and on TSXV in September 2014. The platform was first implemented on TMX Select in Q3/13. TMX Quantum XA provides our customers with dramatically improved performance. At the end of 2014, the median response time was approximately 38 microseconds.

In June 2014, NGX announced the launch of trading of physical power products for the Western Electricity Coordinating Council (WECC) market through the Intercontinental Exchange Inc.'s WebICE trading platform. NGX extended its natural gas markets in the United States with the addition of market delivery points.

In July 2014, CDCC, CDS and NGX, TMX Group's clearing entities, were designated by the Bank of Canada and certain provincial commissions as qualifying central counterparties (QCCPs) pursuant to the standards developed by the Basel Committee on Banking Supervision and adopted by the Office of the Superintendent of Financial Institutions (OSFI). This QCCP status, which recognizes the TMX Group central counterparties' efforts to meet the highest international standards

consistent with the Principles for Financial Market Infrastructures (PFMIs), allows certain bank exposures to the central counterparties to be subject to lower capital requirements.

In August 2014, TMX Atrium, our global marketplace infrastructure provider, announced that it would be launching a new cross border marketplace connectivity network that uses industry best-practice microwave technology, with services available to all market participants. TMX Atrium advanced its connectivity strategy through the acquisition of the microwave network business of New York-based Strike Technologies Services, LLC (Strike), a wholly-owned subsidiary of Global Trading Systems on October 31, 2014.

In September 2014, MX reduced the minimum price fluctuation for the second, third and fourth quarterly BAX contract months from a full tick (0.01 or C$25.00 per contract) to a half-tick (0.005 or C$12.50 per contract). This is intended to enhance the efficiency of the BAX contract by enhancing pricing precision, attracting further domestic and international participation and increasing the proportion of buy-side activity on the BAX contract.

In October 2014, we announced the restructuring of our equities trading offering to strengthen Canada's capital markets and meet our customers' evolving needs, subject to regulatory approval including public comment periods. The changes are aimed at further improving the Canadian trading landscape by introducing a domestic trading model with superior trading economics for retail and institutional orders, offering effective solutions to participants who do not use speed-based trading strategies, and reducing market complexity. In June 2015, we plan to introduce a new trading model on Alpha that will offer improved execution quality for natural trading flow, while incentivizing liquidity providers willing to commit to a minimum order size. In Q4/15, we plan to introduce a new Long Life order type on TSX and TSXV. These orders will be required to commit to a minimum resting time in the book, and in return, Long Life orders will receive priority over non-Long Life orders at the same price. Effective June 2015, we intend to close TMX Select as well as Alpha's IntraSpread facility. In addition, key features and functionality will be harmonized across TSX, TSXV and Alpha to provide an improved user experience. This will streamline our market structure to more effectively serve client needs, while minimizing complexity, fragmentation and associated costs. We will continue to offer diverse equity market trading services to meet wide ranging investment strategies and provide innovative technology on a North American basis.

In November 2014, we launched TSX Private Markets, to facilitate capital raising and the trading of securities in the exempt market, thereby serving Canadian private companies throughout their evolution from startup to private issuer to public issuer. TSX Private Markets provides a voice-brokered business for both private and public companies in the exempt market, which is intended to benefit customers, including registered dealers, accredited investors, and other exempt investors. TSX Private Markets is operated by our wholly-owned subsidiary, Shorcan, a registered Exempt Market Dealer.

In November 2014, the CSA published for comment proposed National Instrument 24-102, *Clearing Agency Requirements*, the purpose of which is to implement the PFMIs as rule requirements in a unified manner in Canada via provincial regulators. Together with the Bank of Canada, the CSA has also developed supplementary guidance to clarify aspects of the PFMIs in the Canadian context. Regulation 24-102 also contains some new proposals, such as the requirement to designate a chief compliance officer, and for notification to regulators of proposed new or modified fees for FMI-type services. The comment period closes on February 10, 2015. The CSA expects the Regulation to be in force by October 2015.

In January 2015, BOX Holdings Group LLC (which holds all the membership units of BOX) launched a program to incent market participants to provide liquidity to BOX. In exchange for providing this liquidity, market participants will receive volume performance rights (VPRs) vesting over a five-year period (if liquidity commitments are met), that will include

membership units of BOX Holdings Group LLC (subject to U.S. SEC approval). BOX management is working with the SEC and expects to finalize the required regulatory filing in 2016. If all VPRs ultimately vest, our interest in BOX will decrease to less than 50%.

OUR BUSINESS

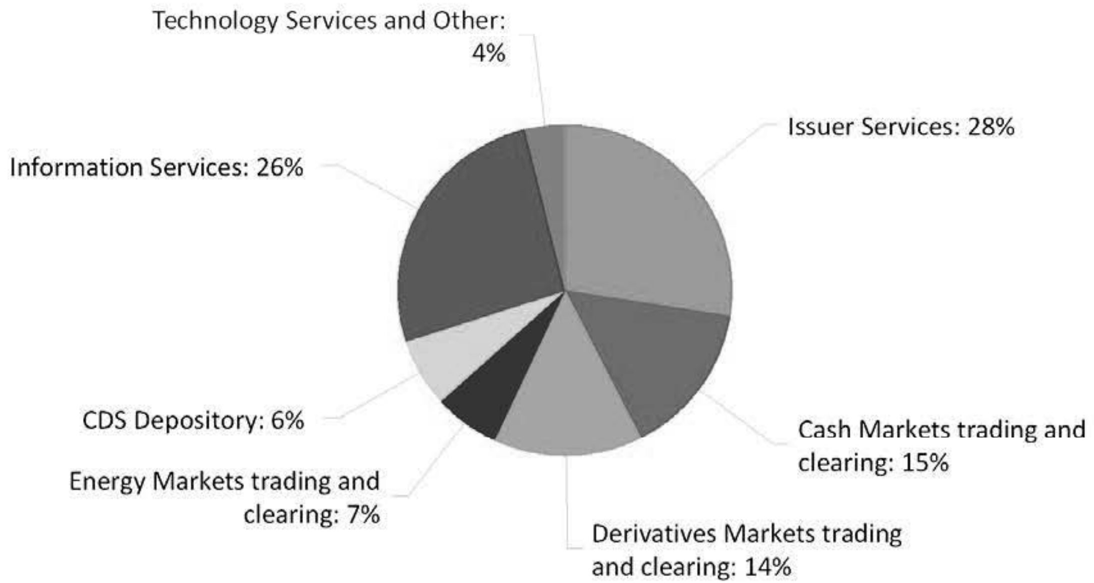
On the following pages, we provide an overview and description of products and services, strategy and revenue description for each of our revenue streams as outlined below:

1. Issuer services
2. Trading, clearing, depository and related
    a. Cash trading, clearing and depository
        i. Equities trading
        ii. Fixed income trading
        iii. Equities and fixed income - clearing, settlement and depository
    b. Derivatives trading and clearing
    c. Energy trading and clearing
3. Information services
4. Technology services and other revenue

For key statistics related to each business above, please see **Results of Operations**.

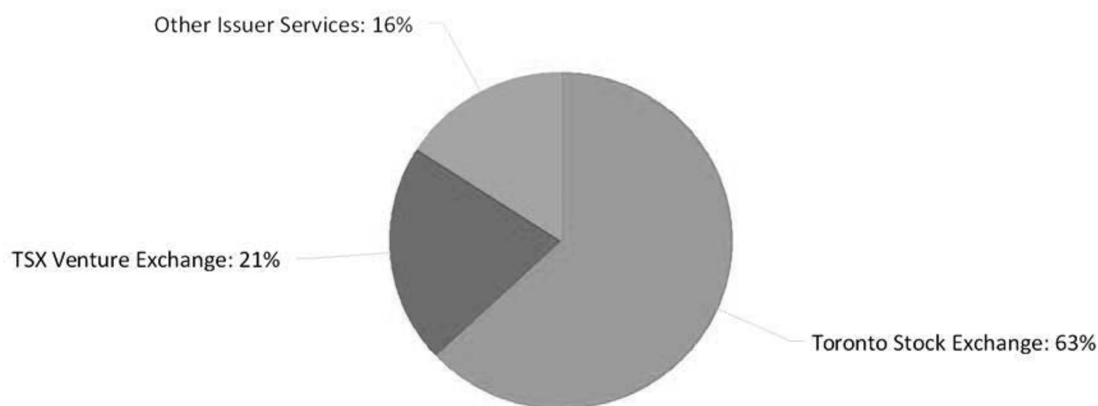
We derive revenue primarily from issuer services, trading, clearing, settlement and depository services, and information services.

Year ended December 31, 2014
Total Revenue of $717.3 million



Issuer Services[4]

Year Ended December 31, 2014
Issuer services revenue of $198.3 million



Overview and Description of Products and Services

We carry out our core listings operations through TSX, our senior market, and TSXV, our junior market. TSXV also provides a market called NEX[5] for issuers that have fallen below TSXV's ongoing listing standards.

In general, issuers initially list on TSX in connection with their Initial Public Offerings (IPOs), by graduating from TSXV or by seeking a secondary listing in addition to a current listing venue. Junior companies generally list on TSXV either in connection with their IPOs or through alternative methods such as TSXV's Capital Pool Company (CPC) program or Reverse Takeovers (RTOs).

The CPC program provides an alternative, two-phased process to listing on TSXV. Through the program, CPC founders with financial markets experience raise a pool of capital that is listed on the TSXV as a CPC. The CPC founders then seek

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[4] The "*Issuer Services"* section above contains certain forward-looking statements. Please refer to *"Caution Regarding Forward-Looking Information"* for a discussion of risks and uncertainties related to such statements.

[5] Unless otherwise indicated, market statistics and financial information for TSXV include information for NEX.

out growth and development-stage companies to invest in and when an appropriate fit is identified, they complete a business combination known as a Qualifying Transaction (QT).

Issuers list a number of different types of securities including conventional securities such as common shares, preferred shares, rights and warrants, and a variety of alternative types of structures such as exchangeable shares, convertible debt instruments, limited partnership units as well as exchange traded funds (ETFs) and structured products such as investment funds.

Being listed on TSX or TSXV provides many benefits, including opportunities to efficiently access public capital, providing liquidity for existing investors, numerous products, such as TSX InfoSuite, and the prestige and market exposure associated with being listed on one of Canada's premier national stock exchanges. While we list issuers from a wide range of industries, we are a global leader in listing issuers in the resource sectors, including mining and oil and gas companies. In addition, we are a global leader in listing small and medium-sized enterprises (SMEs), as well as in the clean technology sector.

Together, TSX and TSXV were fourth in the world among global exchanges by number of new listings in 2014[6]. The ranking was part of a report from the World Federation of Exchanges (WFE) as of December 31, 2014. TSX listed 121 new issuers, including 22 graduates, and TSXV listed 122 new issuers for a total of 243 new listings in 2014. TMX Group was second in the world for new international listings in 2014, with 12.

Issuers listed on TSX and TSXV raised a combined $57.8 billion in 2014 ($52.6 billion on TSX and $5.2 billion on TSXV).

In addition to listings, we provide other services to our listed issuers:

Our subsidiary, Equicom, provides investor relations and corporate communications services.

CDS Clearing and Depository Services Inc. (CDS Clearing) offers a book-entry-only (BEO) service to issuers. CDS Securities Management Solutions Inc. (CDS Solutions) provides a Registrar and Paying Agent (RPA) service, a Holders of Record Report and a Confirmation of Registered Holdings. In addition, CDS Solutions is the national numbering agency for International Security Identification Numbers (ISINs) and provides these numbers to issuers upon request. In 2014, CDS Solutions also launched a service to provide Legal Entity Identifier registration and maintenance.

TMX Equity Transfer Services Inc. (Equity Transfer) is the transfer agent and corporate trust services business TMX Group acquired from Equity Financial Holdings Inc. (Equity). We have filed an application with the Office of the Superintendent of Financial Institutions (OSFI) for a trust license and are awaiting approval. Equity will continue to provide trust services, which must be provided by a trust company, until we obtain the requisite trust license. We paid $64.0 million for these assets, which were funded from existing cash and credit facilities.

[6] Source: World Federation of Exchanges Statistics.

Strategy

- Continue to diversify listings business into non-resource sectors.
- Continue international listings business development efforts in target markets.
- Focus on expanding global platform for listing SMEs.
- Enhance customer facilitation, service excellence and advocacy.
- Expand public company product and service offering.
- Continue to develop private company services.
- Leverage our central market position to provide expanded operations support services

Revenue Description

We generate issuer services revenue from several types of services, including:

Initial Listing

TSX and TSXV issuers pay initial listing fees based on the value of the securities to be listed or reserved, subject to minimum and maximum fees. Initial listing fees fluctuate with the value of securities being listed or reserved in a given period. Issuers who graduate from TSXV to TSX are considered initial listings, but pay no application fee and may receive a discount in certain circumstances up to a maximum of 25% of the initial listing fee.

Additional Listing

Issuers already listed on one of our equity exchanges pay fees in connection with subsequent capital market transactions, such as the raising of new capital through the sale of additional securities and reserving additional shares to be issued under stock option plans. Additional listing fees are based on the value of the securities to be listed or reserved, subject to minimum and maximum fees. Additional listing fees fluctuate with the value of securities being listed or reserved.

Sustaining Listing

Issuers listed on one of our equity exchanges pay annual fees to maintain their listing, based on their market capitalization at the end of the prior calendar year, subject to minimum and maximum fees. Sustaining listing fees for existing issuers are billed during the first quarter of the year, recorded as deferred revenue and amortized over the year on a straight-line basis. Sustaining listing fees for new issuers are billed in the quarter that the new listing takes place and are amortized over the remainder of the year on a straight-line basis.

On January 1, 2015 TSX implemented changes to the TSX Listing Fee Schedule with respect to sustaining listing fees. Issuers with low market capitalization may experience a reduction in sustaining fees while issuers with market capitalization over $1.2 billion will see their annual sustaining fees increase by $15,000. Furthermore, Eligible Non-Domestic Issuers will benefit from a 25% annual sustaining fee discount. These changes are intended to better align TSX listing fees to those of our peers. Prior to these changes, TSX sustaining fees have been unchanged since 2009.

Fees charged to issuers vary based on the type of issuer (corporate, structured product or ETF).

Other Services

Transfer agent revenue is primarily derived from a contractual monthly charge that clients pay for a full range of transfer agent services. Corporate trust fees relate to services that include acting as trustee for debt instruments, depository for takeover offers, warrant agent, subscription receipt agent, and agent for voluntary escrow arrangements. This revenue is normally transactional. Net margin income is the interest earned on balances held on behalf of clients less interest paid to clients. Foreign exchange revenue is earned on the difference between negotiated and actual rates on foreign exchange transactions executed on behalf of clients.

Equicom generates revenue by providing investor relations services including strategic message development, IPO roadshow services, M&A communication, financial media relations, annual and quarterly report production, web development, and event management.

CDS

CDS's services, including the issuance of International Security Identification Numbers (ISINs), depository eligibility, securities registration-related services including certificate and late request fees as well as entitlement and corporate action (E&CA) event management provide significant value and efficiency to issuers. At this time, however, CDS charges only for ISIN issuance, depository eligibility, and registration-related services, and does not charge issuers for E&CA event management. In November 2014, CDS submitted to its regulators a notice of publication in respect of amendments to the CDS issuer services program fee schedule.

The proposed amendments to the CDS Fee Schedule are:

I. The introduction of E&CA event management fees and optional agency fees;

II. The simplification and standardization of the pricing structure for ISIN Issuance services; and

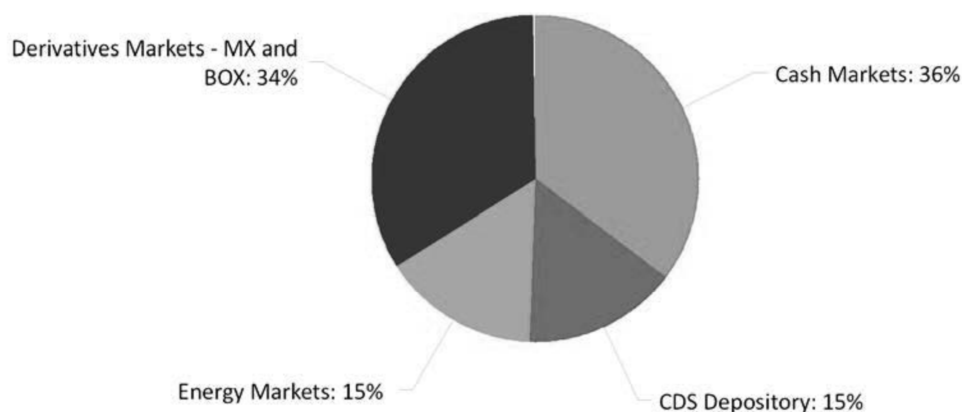
III. The introduction of a security eligibility administration fee, a certificate fee and late request fees.

For certain services (e.g., fees for certificates), CDS has determined that a fee reduction is warranted where those services require fewer resources and management.

Subject to regulatory approval, CDS intends to implement the proposed amendments early in Q2/15 with appropriate notice to stakeholders.

Trading, clearing, depository and related[7]

Year ended December 31, 2014
Trading, clearing, depository and related revenue of $303.9 million



Cash trading, clearing, and depository – TSX, TSXV, Alpha Exchange, TMX Select, Shorcan, and CDS

Overview and Description of Products and Services

Equities – Trading

Trading on TSX, TSXV, TMX Select, and Alpha occurs on a continuous basis throughout the day on our fully electronic trading systems. Retail, institutional and other proprietary investors place orders to buy or sell securities through Participating Organizations (POs) who act as principals or agents. TSX, TSXV and Alpha sessions begin with the market open in an auction format. TSX and TSXV continuous sessions end with a closing auction which establishes the benchmark closing price for our listed issues. Extended trading sessions after the close on TSX, TSXV and Alpha allow trades to occur at the closing price, while TMX Select continues to support continuous trading during this time. Non-displayed trading

[7] The *"Trading, clearing, depository and related*" section above contains certain forward-looking statements. Please refer to *"Caution Regarding Forward-Looking Information"* for a discussion of risks and uncertainties related to such statements.

offering price improvement during continuous trading hours also occurs through TSX, TSXV and Alpha using non-displayed order, or dark order, types. Trading also occurs through crosses in which POs internally match orders and report them through the exchanges at no cost.

Fixed Income – Trading

Shorcan's fixed income operations primarily provide a facility for matching orders for Canadian federal, provincial, corporate and mortgage bonds and treasury bills and derivatives for anonymous or name-give-up buyers and sellers in the secondary market.

Equities and Fixed Income – Clearing, Settlement, and Depository

CDS manages the clearing and settlement of trades in both domestic and cross-border depository-eligible securities.

CDS's domestic clearing and settlement services enable participants to report, confirm or match, reconcile, net and settle exchange and OTC traded equity, debt and money market transactions, as well as derivatives transactions in depository-eligible securities (e.g., the processing of rights and warrants and the settlement of exercised options). CDS also offers related services such as buy-ins, risk controls and reporting, and facilitates trading in CDSX (CDS's multilateral clearing and settlement system) eligible securities before they are publicly distributed (trades in these securities settle after public distribution).

CDS Depository is accountable for the safe custody and movement of depository-eligible domestic and international securities, accurate record-keeping, processing post-trade transactions, and collecting and distributing entitlements arising from securities deposited by customers.

Strategy

- Continue international business development efforts.
- Focus on expanding global platform for trading SMEs.
- Continue development of core and new technology capabilities.
- Offer market solutions to improve the execution quality for customers, reward committed liquidity and reduce market complexity.
- Introduce new products for trading.
- Develop exempt market trading services.
- Expand fixed income customer base.
- Advance technology for, and accelerate, electronic fixed income trading.
- Deepen CDS's central role among clearing members by continuing to deliver exceptional value through existing and innovative new services.
- Seek targeted market-transforming opportunities for CDS to grow its presence in select market segments with existing and new customers.

Revenue Description

Equity Trading

We have volume-based fee structures for issues traded on TSX, TSXV, TMX Select and Alpha. There are differences in our fee structures which provide our customers with multiple execution options. Most models are structured so that market participants have an incentive to enter passive orders into the central limit order book. Executed passive orders receive a credit on a per security basis, and when liquidity is removed from the central limit order book, each executed active order is charged on a per security basis. All trading revenue is recognized in the month in which the trade is executed.

TMX Select supports an inverted pricing model. Under this fee structure, executed passive orders are charged on a per security basis while executed active orders receive a credit on a per security basis.

In May 2014, the CSA issued a number of proposals for comment, and in October 2014, we announced a number of initiatives (see **Initiatives and Regulatory Changes - Cash Markets Trading and Clearing**).

Fixed Income – Trading

Shorcan charges a commission on orders that are matched against existing communicated orders.

Equities and Fixed Income – Clearing and Depository

CDS is Canada's only securities depository, clearing, and settlement hub for cash equity and fixed income securities.

Clearing activities include the reporting and confirmation of all trade types within CDSX. Clearing activities also include the netting and novation of exchange trades through CDS's Continuous Net Settlement (CNS) service prior to settlement. CDSX is designated by the Bank of Canada as being systematically important, under the Payment Clearing and Settlement Act (Canada)

For reported trades, both exchange trades and OTC trades, CDS charges clearing fees to participants on a per trade basis. Clearing fees are recognized as follows:

- Reporting fees are recognized when the trades are delivered to CDS.
- Netting/novation fees are recognized when the trades are netted and novated.

Other clearing related fees are recognized when the services are performed.

For those trades that are netted in CNS, settlement fees are charged on the basis of the number of netted trades settled. Settlement fees for those trades that are not netted (i.e., trades that are settled individually on a trade-for-trade (TFT) basis) are charged on a per transaction basis. Settlement related fees are recognized when the trades are settled.

Depository fees are charged per transaction and custody fees are charged based on a daily average of volume (i.e., number of shares held for equity securities and nominal value held for fixed income securities) and positions held. Depository fees are charged for custody of securities, depository related activities, and processing of entitlement and corporate actions, and are recognized when the services are performed.

International revenue consists of revenue generated through offering links as channels to participants to effect cross-border transactions and custodial relationships with other international organizations. The related fees are recognized as follows:

- Fees are charged to participants based on participant usage of National Securities Clearing Corporation (NSCC) and Depository Trust Company (DTC) services. Participants are sponsored into NSCC and DTC services via the New York Link service and the DTC Direct Link service respectively.
- Custodial fees and other international services related revenues are recognized when the services are performed.

Derivatives Trading and Clearing – MX, CDCC and BOX

Overview and Description of Products and Services

Our domestic financial derivatives trading is conducted through MX. BOX is an equity options market located in the U.S. Our derivatives markets derive revenue from MX's trading and clearing and from trading on BOX.

Derivatives Trading

MX

MX offers interest rate, index, equity and exchange-rate derivatives to Canadian and international market participants. MX connects participants to its derivatives markets, builds business relationships with them and works with them to ensure that the derivatives offerings meet investor needs. More than half of MX's volume in 2014 was represented by three futures contracts – the Three-Month Canadian Bankers' Acceptance Futures contract (BAX), the 10-Year Government of Canada Bond Futures contract (CGB) and the S&P/TSX 60 Standard Futures contract (SXF) – with the balance largely represented by our equity and ETF options market.

BOX

BOX is an all-electronic equity derivatives market and was created as a simpler, faster, more transparent and less costly alternative to the other U.S. market models. BOX is one of a number of equity options markets in the U.S., offering an electronic equity derivatives market on over 1,500 options classes. All BOX trade volume is cleared through the Options Clearing Corporation. BOX's Price Improvement Period (PIP) auction, an automated trading mechanism, permits brokers to seek to improve executable client orders. BOX runs on our SOLA technology, a leading-edge technology for equity options.

Derivatives – Clearing

Through CDCC, MX's wholly-owned subsidiary, we generate revenue from clearing and settlement, as well as from options and futures exercise activities. CDCC offers central counterparty and clearing and settlement services for all transactions carried out on MX's markets and on some OTC products. In addition, CDCC is the issuer of options traded on MX markets and the clearing house for options and futures contracts traded on MX markets and for some products on the OTC market.

Derivatives – Regulatory Division

MX is an SRO that has responsibility for maintaining the transparency, credibility and integrity of the exchange-traded derivatives market in Canada. MX's Regulatory Division, which is operated independently of its other operations, is responsible for the regulation of its markets and its trading participants. The Regulatory Division is subject to the sole internal oversight of MX's Special Committee – Regulatory Division. The Special Committee – Regulatory Division, which is appointed by the Board of Directors of MX, is composed of a majority of independent members, none of whom is a member of the Board of Directors of MX or CDCC. The Regulatory Division operates on a non-profit/cost-recovery basis.

The Regulatory Division generates revenues from two sources: (1) regulatory fees, which are principally comprised of market surveillance fees collected by MX on behalf of its Regulatory Division, and (2) regulatory fine revenues, which are generated from fines levied by the Regulatory Division. Market regulation fees are recognized in the month in which the services are provided.

Any surplus in the Regulatory Division must be, subject to the approval of the Special Committee – Regulatory Division, redistributed to MX's approved participants (excluding regulatory fine revenues, which cannot be redistributed) and any shortfall must be made up by a special assessment by MX's participants or by MX upon recommendation of the Special Committee – Regulatory Division. Regulatory fine revenues are accounted for separately from regulatory fees revenues and can be used only for specifically approved purposes, such as charitable donations or educational initiatives.

Strategy

- Continue expansion of product suite.
- Expand Canadian retail and institutional customer base.
- Attract new order flow from international participants.
- Strengthen our core franchise in interest rate and equity listed derivatives.
- Expand BOX's positioning within the U.S. options market.

Revenue Description

MX participants are charged fees for buying and selling derivatives products on a per transaction basis, determined principally by contract type and participant status. Since MX trading fee rates are charged on each transaction based on the number of contracts included in each transaction, MX trading revenue is directly correlated to the volume of contracts traded on the derivatives market. Derivatives trading revenue is recognized in the month in which the trade is executed.

CDCC clearing members (Clearing Members) pay fees for clearing and settlement, including OTC fixed income and REPO transactions, on a per transaction basis. Fees for fixed income transactions are based on the size and term of the original agreement, and Clearing Members pay a minimum monthly fee. Clearing Members are also eligible for a revenue sharing arrangement based on annual cleared volumes of REPO transactions. Clearing and settlement revenues other than for REPO transactions are correlated to the trading volume of such products and therefore fluctuate based on the same factors that affect our derivatives trading volume. Derivatives clearing revenue is recognized on the settlement date of the related transaction. Clearing revenue for fixed income REPO agreements is recognized on the novation date of the related transaction.

BOX participants are charged fees per transaction based on the volume of contracts traded. In Q1/14, BOX adjusted the tiered pricing schedule in auction transactions and introduced a volume rebate for PIP (Price Improvement Period) and COPIP (Complex Order Price Improvement Period) orders to be more competitive with other exchanges. In 2014, all of BOX's revenue was billed in U.S. dollars. We do not currently hedge this revenue or the operating expenses related to BOX and, therefore, the income from operations is subject to foreign exchange fluctuations.

Energy Trading and Clearing – NGX and Shorcan Energy Brokers

Overview and Description of Products and Services

NGX is a Canadian-based energy exchange with an electronic platform that trades and provides clearing and settlement services for natural gas, crude oil and electricity contracts. We have a technology and clearing alliance for North American natural gas and Canadian power with IntercontinentalExchange, Inc. (ICE). Under the arrangement, North American physical natural gas and Canadian electricity products are offered through ICE's leading electronic commodities trading platform. NGX serves as the clearinghouse for these products. Currently, NGX offers products and clearing services at over 80 natural gas, crude oil, and power locations in North America, including almost 60 in the U.S.

In July 2013, NGX entered into an agreement with NASDAQ OMX Commodities Clearing Company (NOCC) for the transfer of NOCC's physical energy products and customers to NGX, and subsequently launched its U.S. physical power clearing services in the Electric Reliability Council of Texas (ERCOT) market. NGX owns The Alberta Watt Exchange (Watt-Ex), a provider of ancillary services to the Alberta Electric System Operator which uses Watt-Ex to procure its operating reserve electricity for the Alberta grid.

Shorcan Energy Brokers provides an inter-participant brokerage facility for matching buyers and sellers of energy products, including crude oil.

Strategy

- Develop and implement additional energy products for trading.
- Add delivery points and new geographic markets.
- Extend the NGX business model to additional asset classes.

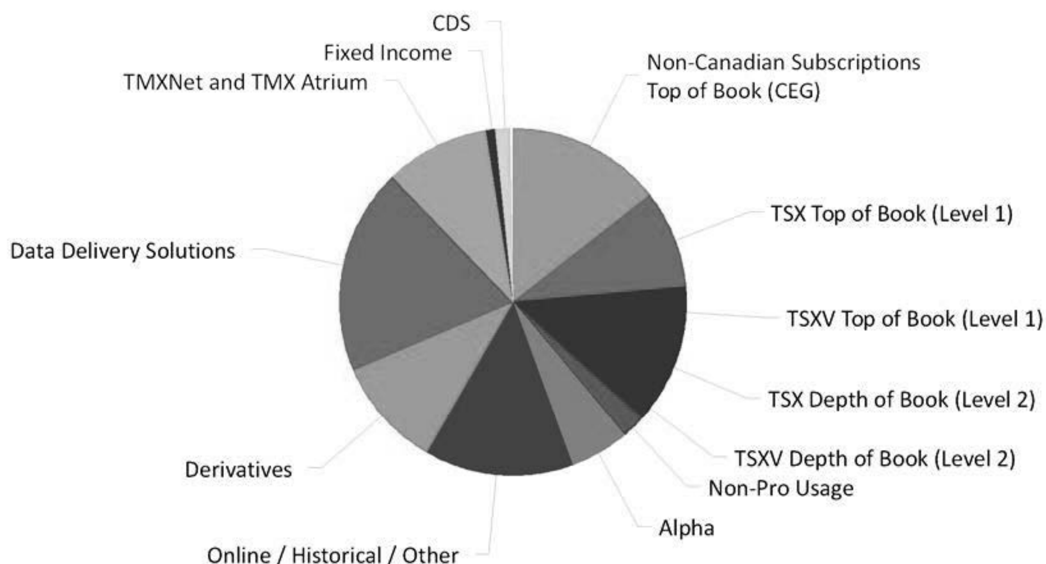
Revenue Description

NGX generates trading and clearing revenue by applying fees to all transactions based on the contract volume traded or centrally cleared through the exchange, and charges a monthly fixed subscription fee to each customer which maintains a clearing account with NGX. Energy trading and clearing revenue is recognized over the period the relevant services are provided.

In 2014, approximately 45% of NGX revenue was billed in U.S. dollars. We do not currently hedge this revenue and, therefore, it is subject to foreign exchange fluctuations.

Shorcan Energy Brokers charges a commission on orders that are matched against existing communicated orders.

Information Services[8]



Overview and Description of Products and Services

Real-Time Market Data Products – Canadian Exchange Group (CEG), Level 1 and Level 2 and Alpha Feeds

Trading activity on TSX, TSXV, TMX Select and Alpha produces a stream of real-time data reflecting orders and executed transactions. This stream of data is supplemented with value-added content (e.g. dividends, earnings) and packaged by TMX Datalinx into real-time market data products and delivered to end users directly or via more than 100 Canadian and global redistributors that sell data feeds and desktop market data. TMX Datalinx market data is available globally through TMX Atrium, our low-latency financial network, and through a variety of network carriers and extranets. In October 2014, we acquired Strike (see Initiatives and Regulatory Changes).

We offer our subscribers Level 1 and Level 2 real-time services for TSX and TSXV (including NEX), TMX Select, and Alpha. Level 1 provides trades, quotes, corporate actions and index level information. Level 2 provides a more in-depth look at

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

the order book and allows distributors to obtain Market Book for TSX, TSXV, TMX Select, and Alpha. Market Book is an end-user display service that includes MarketDepth by Price, MarketDepth by Order and MarketDepth by Broker for all committed orders and trades. We offer direct data feeds to clients with trading strategies that require lower latency. Our TMX Quantum Feed provides clients with Level 1 and Level 2 binary data translated to a standard, highly efficient format for predictable latency for TSX, TSXV, TMX Select, and Alpha.

We also provide market participants with low-latency access to real-time Level 1 and Level 2 market data consolidated to include all domestic equities marketplaces, by way of our TMX Information Processor Consolidated Data Feed (CDF), Canadian Best Bid and Offer (CBBO), Consolidated Last Sale (CLS), and Consolidated Depth of Book (CDB) services. Our Information Processor mandate from securities regulators was renewed for a four year period commencing on July 1, 2014.

Real-Time Derivative Market Data Products

We also derive information services revenue from MX and BOX.

TMX Datalinx distributes MX real-time trading and historical data to market participants on a global basis directly and through data distributors.

The SOLA High Speed Vendor Feed (HSVF) is a real-time service for MX's real-time trading and statistical information (comprised of trades, quotes, market depth, strategies, bulletins, summaries and other statistics). The MX HSVF provides access to both Level 1 and Level 2 real-time data for MX-traded futures and options products.

BOX distributes its market data, like the other U.S. options markets, through a marketplace service known as OPRA (Options Price Reporting Authority), which collects data from the options exchanges and disseminates it to entities which then resell it.

Data Delivery Solutions – Co-location, Infrastructure and Managed Services

TMX Datalinx provides co-location services to a broad range of domestic and international market participants. TMX co-location services clients, through pre-wired co-location cabinets, benefit from stable, low-latency access to TSX, TSXV, TMX Select, Alpha, and MX trading engines and market data feeds, as well as access to other capital market clients, financial content providers, and technology providers.

TMX Group's co-location services offering was introduced in 2008 and has since expanded. In 2013, TMX Datalinx added several new strategic co-location services clients, including the largest data distributors. This significantly advanced our strategy to diversify the financial community in our data centre because their services are used by the largest financial institutions globally. Additionally, TMX Datalinx rolled out 10G access to TMX trading engines and data fees within the co-location environment. At December 31, 2014, over 80% of capacity was contracted or sold.

TMX Atrium is a provider of low latency terrestrial and wireless network solutions, and co-location services with over 30 Points of Presence (POPs), to global capital markets. TMX Atrium has a presence in 12 countries across North America, Europe and Asia, providing connectivity to over 30 major trading venues, covering all asset classes and offering low latency access to over 500 data sources.

Index Products – Equities and Derivatives

TMX Datalinx has an arrangement with S&P Dow Jones Indices LLC (S&P Dow Jones) under which we share license fees received from organizations that create products, such as mutual funds and ETFs, based on the S&P/TSX indices[9]. In general, these license fees are based on a percentage of funds under management in respect of those products.

Together with S&P Dow Jones, we launched the following new indices in 2014: the S&P/TSX ESG Indices, the GICS indices for the S&P/TSX 60 Index, the GICS indices for the S&P/TSX Small Cap Index, the S&P/TSX Composite Buyback Indices, the S&P/TSX Composite Shareholder Yield Indices and the USD version of the S&P/TSX composite High Dividend Index.

TMX Datalinx offers a suite of S&P/TSX Index data product packages. These products support the wide array of benchmark and investable indices offered in the S&P/TSX family of indices, covering Canadian equity markets and international global mining markets. Index data provided include comprehensive index level files, index constituent data files and index notices (upcoming changes).

Historical, Online, and Other Market Data Products

Historical market data products include market information (such as historical pricing, index constituents, and weightings) and corporate information (such as dividends and corporate actions) used in research, analysis and trade clearing. Other market data products include information services from NGX and third-party data. Third-party data involves redistribution of exchange data from other markets in North America. We also provide live inter-bank foreign exchange rates and a TSX/CP Equities News service in partnership with The Canadian Press. In addition, TMX Datalinx distributes all public trade reports from TriAct Canada Marketplace LP's MATCH Now non-quoting marketplace, as well as a Canadian implied volatility and Greeks analytics feed for options traded on MX. In 2014, we also launched Alpha Historical Trade Data products and Alpha Insider Trade Marker products.

Fixed Income – Index and Analytics Products

In 2013, we completed the combination of our fixed income index business, PC-Bond, with FTSE Group's (FTSE) existing international fixed income index business. FTSE is part of the London Stock Exchange Group.

In April 2014, FTSE TMX Global Debt Capital Markets Limited announced that it had acquired the indices business of MTS, a provider of benchmark indices for European fixed income. This broadens the product portfolio with indices that track the performance of the largest and most widely traded government-issued European bonds. Following the acquisition, our ownership interest in FTSE TMX Global Debt Capital Markets Limited was reduced to 24.3 per cent from 25.0 per cent. Income from our 24.3 per cent interest is recorded under **Share of net income of equity accounted investees** and **Information services revenue** (as a royalty).

CDS Computer Services (Managed Network Services)

Users of CDS Clearing services pay a network services fee to maintain and support network connections to those services.

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[9] "S&P" is the trade-mark of Standard & Poor's Financial Services LLC and is used under license. "TSX" is the trade-mark of TSX Inc.

Strategy

- Add and diversify content through addition of third-party data.
- Expand low latency networks.
- Launch additional analytics products.
- Enhance global sales capabilities.

Revenue Description

Subscribers to TMX Datalinx and Alpha Market Services data generally pay fixed monthly rates for access to real-time streaming data, which differ depending on the number of end users and the depth of information accessed. In addition to streaming data, many individual investors consume real-time quote data, for which we charge on a per quote basis. We charge market data vendors and direct feed clients a fixed monthly fee for access to data feeds.

Generally, TMX Datalinx sells historical data products for a fixed amount per product accessed. Fees vary depending on the type of end use. Data products to be used for commercial purposes require an enterprise-wide license for internal and external redistribution. We produce two electronic reference data publications for each equity exchange, a Daily Record and a Monthly Review, both of which are sold on a subscription and firm license basis.

Real-time market data revenue is recognized based on usage as reported by customers and vendors, less a provision for sales allowances from the same customers. Other information services revenue is recognized when the services are provided.

Subscribers to TMX Group's managed services, which includes co-location services, pay a fixed monthly fee depending on the number of cabinets and other related services they receive. Subscribers to TMX Atrium's service also pay a fixed monthly fee depending on the number of connections, distance, and bandwidth. Managed services and TMX Atrium services are normally contracted for a period of one to five years.

In 2014, approximately 38% of our information services revenue was billed in U.S. dollars. We do not currently hedge this revenue and therefore it is subject to foreign exchange fluctuations.

On January 1, 2014, we implemented some changes to our fee structure, including a single price tier for CEG professional subscribers, an increase in CEG non-professional subscriber rates, the introduction of a TSX Level 1 non-professional fee cap for POs, and a reduction in TSXV Level 1 non-professional subscriber fees.

Technology Services[10]

Razor Risk

TMX Technology Solutions provides software and consulting services to exchanges and other financial services industry participants around the world. Our team of capital markets technology professionals have extensive industry experience in designing, building, installing, and operating trading, risk, and related systems at our exchanges as well as other global exchanges. Technology services and other revenue is recognized when the software license is sold or when the service is provided.

Through Razor Risk, we also provide risk management technology solutions to clearing houses, stock exchanges, financial institutions and brokerages around the world. Razor Risk develops and integrates economic capital, market, credit and liquidity risk management requirements across multiple asset classes. In Q4/13, Razor Risk entered into license and services agreements with NetOTC, a London-based multilateral netting and risk mitigation platform for managing non-standardized OTC derivative transactions. Under the terms of these agreements, TMX Technology Solutions has, throughout 2014, been providing NetOTC with a range of software products, our enterprise risk management software, as well as integration and consulting services.

CDS – SEDAR, SEDI and NRD services

CDS INC. operated, until January 13, 2014, the System for Electronic Document Analysis and Retrieval (SEDAR), the System for Electronic Disclosure by Insiders (SEDI), and the National Registration Database (NRD), the electronic database containing information with respect to various registrants under Canadian securities laws. The operations were transitioned to a new service provider on January 13, 2014, and the agreement ended on January 31, 2014. We did not earn any revenue from securities regulators for these services after January 31, 2014.

Strategy

- Further develop technology services product suite.
- Expand international sales efforts.

Revenue Description

- Generally, Razor Risk customers pay annual fees for enterprise risk management software licensing and support. Razor Risk also engages in consulting services on a project basis. Revenue for software licensing and support as well as consulting services is recognized over the period the relevant services are provided.
- Razor Risk also develops customized risk management solutions for customers. Revenue for development projects is recognized when pre-determined project milestones are reached.

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[10] The "*Technology Services*" section above contains certain forward-looking statements. Please refer to *"Caution Regarding Forward-Looking Information"* for a discussion of risks and uncertainties related to such statements.

IMPACT OF RECOGNITION ORDERS (INCLUDING FEE REGULATION) ON OUR BUSINESS

Constraints on Fees, Fee Models and Incentives

As a result of the various recognition orders issued by the securities regulators with respect to the Maple Transaction (the Recognition Orders), we are subject to extensive additional regulation and oversight with respect to, among other things, fees, fee models, discounts and incentives.

With respect to fees charged by TSX Inc. and Alpha Exchange Inc., the Ontario Securities Commission (OSC) has under the Recognition Orders the right to require those marketplaces to submit a fee, fee model or incentive that has previously been approved by the OSC for re-approval. In such circumstances, if the OSC decides not to re-approve the fee, fee model or incentive, the previous fee model or incentive must be revoked. This power extends to fees, fee models and incentives that are currently in place for TSX Inc. and Alpha Exchange Inc. and, accordingly, could result in existing fees, fee models and incentives being revoked in the future.

With respect to the fees charged by all of our equity exchange marketplaces (TSX, Alpha Exchange, and TSXV), the Recognition Orders also impose prohibitions and restrictions on arrangements or volume-based discounts or incentives that are accessible only to a particular marketplace participant or class of marketplace participants. Such prohibitions and restrictions may limit the ability of our equity exchange marketplaces to introduce new products in the future or to introduce them on a timely basis, which could materially adversely affect the success of our future strategies, financial condition and results of operations. Prior to becoming effective, changes to TSX, TMX Select and Alpha fees are filed for approval with the OSC at least seven business days in advance. Fee changes for TSXV are filed for approval with the Alberta Securities Commission (ASC) and British Columbia Securities Commission (BCSC) at least seven business days in advance. It is possible that the regulators may require more time to review the fee filing, object, or require revisions to the proposed fee changes.

Under the CDS Recognition Orders granted by the OSC, Autorité des marchés financiers (AMF) and BCSC, fees for services and products offered by CDS Clearing will be those fees in effect on November 1, 2011 (the 2012 base fees).

CDS cannot adjust fees without the approval of the OSC, AMF and BCSC. In addition, we may only seek approval for fee increases on clearing and other core CDS Clearing services (which services are outlined in the OSC and AMF Recognition Orders) where there has been a significant change from circumstances as at August 1, 2012, the effective date of the Recognition Orders.

50:50 Rebates on Core CDS Services

For the period starting November 1, 2012 and subsequent fiscal years starting on January 1, 2013, CDS shares with participants, on a 50:50 basis, any annual increases in revenue on clearing and other core CDS Clearing services, as compared with revenues in fiscal year 2012 (the 12-month period ending October 31, 2012). Rebates are paid on a pro rata basis to participants in accordance with the fees paid by such participants for these services.

Additional Rebates

In addition, CDS must rebate an additional amount to participants in respect of exchange clearing services for trades conducted on an exchange or ATS as follows for each year ending October 31:

- $2.75 million in the 12-month period ending October 31, 2013
- $3.25 million in the 12-month period ending October 31, 2014
- $3.75 million in the 12-month period ending October 31, 2015
- $4.0 million in the 12-month period ending October 31, 2016
- $4.0 million annually thereafter.

Rebates will be paid on a pro rata basis to participants in accordance with the fees paid by such participants for these services.

Prior to becoming effective, changes to MX trading fees are filed for approval with the AMF at least seven business days in advance. It is possible that the AMF may require more time to review the fee filing, object, or require revisions to, the proposed fee changes.

Prior to becoming effective, changes to CDCC fees are filed with the AMF and OSC.

Prior to becoming effective, changes to the BOX trading fees are filed with the SEC. It is possible at any point during this process that the regulators may object or require revisions to the proposed fee changes.

NGX fee changes are self-certified with the U.S. CFTC and filed with the ASC.

Prior to becoming effective, changes to TMX Datalinx market data fees related to TSX, TSXV, TMX Select, Alpha and MX market data and co-location fees are filed with the OSC, BCSC, ASC and the AMF, as applicable, for approval, seven business days before becoming effective. It is possible that the regulators may require more time to review the fee filing, object, or require revisions to the proposed fee changes.

Increased Cost of Regulation

We have incurred increased costs to comply with the additional regulatory requirements that are imposed pursuant to the Recognition Orders. These increased costs were netted against realized cost synergies of approximately $28.0 million **(see Maple Transaction - Integration)**. The AMF's Final Recognition Order for CDS also requires CDS to reimburse the AMF for the costs and fees incurred by the AMF for the analysis of applications for approval related to fees for CDS Clearing services. In addition, the OSC has amended its capital market filing fee structure to charge new participation and activity fees to specified regulated entities, including exchanges, ATSs, and clearing agencies.

For more information on the regulatory impact on our business, please see the *TMX Group Annual Information Form,* dated March 27, 2014.

RESULTS OF OPERATIONS

Year Ended December 31, 2014 Compared with Year Ended December 31, 2013

The information below reflects the financial statements of TMX Group for the year ended December 31, 2014 compared with the year ended December 31, 2013.

(in millions of dollars, except per share amounts)	Year ended December 31, 2014	Year ended December 31, 2013	$ increase/ (decrease)	% increase/ (decrease)
Revenue	**$717.3**	$700.5	$16.8	2%
Operating expenses	**438.7**	442.8	(4.1)	(1%)
Income from Operations	**278.6**	257.7	20.9	8%
Net income attributable to TMX Group shareholders	**100.5**	123.9	(23.4)	(19%)
Earnings per share[11]				
Basic	**1.85**	2.29	(0.44)	(19%)
Diluted	**1.85**	2.29	(0.44)	(19%)
Adjusted Earnings per share[12]				
Basic	**3.84**	3.38	0.46	14%
Diluted	**3.84**	3.38	0.46	14%
Cash flows from (used in) operating activities	**252.9**	294.9	(42.0)	(14%)

Net income attributable to TMX Group shareholders

Net income attributable to TMX Group shareholders in 2014 was $100.5 million, or $1.85 per common share on a basic and diluted basis, compared with net income of $123.9 million, or $2.29 per common share on a basic and diluted basis, for 2013. The decrease reflects the recognition of non-cash impairment charges related to BOX in Q2/14 primarily related to BOX's goodwill and customer list, of which our share was $63.6 million. This was partially offset by higher income from operations and lower finance costs following the refinancing of approximately $1.0 billion of debt under our credit facility through the issuance of debentures, the amendment of our credit facility under more favourable terms at the end of Q3/13, and the launch of our Commercial Paper Program in June 2014. In addition, during 2013, we incurred $16.4 million of credit facility refinancing expenses compared with $3.6 million in 2014. Net income for 2013 also reflects significantly higher income tax expense related to the sale of PC-Bond.

Non-IFRS Financial Measures

Adjusted earnings per share and adjusted diluted earnings per share provided for the years ended December 31, 2014 and December 31, 2013 are Non-IFRS measures and do not have standardized meanings prescribed by IFRS and are

[11] Earnings per share information is based on net income attributable to TMX Group shareholders.

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

therefore unlikely to be comparable to similar measures presented by other companies. We present adjusted earnings per share and adjusted diluted earnings per share to indicate operating performance exclusive of a number of adjustments that are not indicative of underlying business performance. These adjustments include credit facility refinancing expenses, the sale of PC-Bond and related income tax expense, the increase in deferred income tax liabilities resulting from the change in British Columbia (B.C.) corporate income tax rate, Maple Transaction and integration costs, non-cash impairment charges related to BOX (net of non-controlling interest (NCI)) and other assets, and the amortization of intangibles related to acquisitions. Management uses these measures to assess our financial performance, including our ability to generate cash, exclusive of these costs, and to enable comparability across periods.

Adjusted Earnings per Share[13] Reconciliation for Year Ended December 31, 2014

The following is a reconciliation of earnings per share to adjusted earnings per share[13]:

	Year ended December 31, 2014		Year ended December 31, 2013	
(unaudited)	**Basic**	**Diluted**	Basic	Diluted
Earnings per share[14]	**$1.85**	**$1.85**	$2.29	$2.29
Adjustments related to:				
Maple transaction and integration costs	**0.10**	**0.10**	0.11	0.11
Amortization of intangibles related to acquisitions	**0.53**	**0.53**	0.60	0.60
Credit facility refinancing expenses	**0.05**	**0.05**	0.22	0.22
Non-cash impairment charges related to BOX (net of NCI) and other assets	**1.31**	**1.31**	—	—
Sale of PC Bond and related income tax expense	**—**	**—**	0.11	0.11
Increase in deferred income tax liabilities resulting from the change in B.C. corporate income tax rate	**—**	**—**	0.05	0.05
Adjusted earnings per share[13]	**$3.84**	**$3.84**	$3.38	$3.38
Weighted average number of common shares outstanding	**54,241,388**	**54,333,221**	54,041,528	54,119,518

Adjusted earnings per share[13] increased by 14% from $3.38 in 2013 to $3.84 in 2014 reflecting a 2% increase in revenue, 1% decrease in operating expenses and a 42% decline in net finance costs.

Revenue

Revenue was $717.3 million for 2014, up $16.8 million or 2%, compared with revenue of $700.5 million for 2013. There were increases in issuer services and information services revenue and technology services and other revenue, partially offset by lower trading revenue from BOX. Increases in technology services and other revenue reflect significantly higher Razor Risk revenue, as milestones were achieved with one customer, and the positive impact of foreign exchange gains,

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

[14] Earnings per share information is based on net income attributable to TMX Group shareholders.

offsetting the elimination revenue from the discontinuation of CDS services largely relating to the administration of SEDAR, SEDI and NRD. These CDS operations were transitioned to a new service provider on January 13, 2014; the CDS agreement ended on January 31, 2014. In addition, there was a reduction in information services revenue following the sale of PC-Bond on April 5, 2013, partially offset by additional revenue from the acquisition of Strike (acquired October 31, 2014). Issuer services revenue included revenue from Equity Transfer (acquired April 5, 2013).

Issuer services revenue

(in millions of dollars)	**Year ended December 31, 2014**	Year ended December 31, 2013	**$ increase/ (decrease)**	**% increase/ (decrease)**
Initial listing fees	**$12.1**	$14.6	$(2.5)	(17)%
Additional listing fees	**88.2**	76.9	11.3	15%
Sustaining listing fees	**66.4**	68.2	(1.8)	(3)%
Other issuer services	**31.6**	29.6	2.0	7%
	198.3	189.3	9.0	5%

- *Initial listing fees* for 2014 were lower than in 2013 reflecting a decrease in the number of new issuers listed on TSXV as well as a decrease in the number of TSX corporate listing transactions billed at the maximum fee.
- *Additional listing fees* in 2014 increased over 2013 reflecting an increase in the number of listing transactions billed on TSX (both at and below the maximum fee), as well as an increase in the number of financings on TSXV.
- The decrease in sustaining listing fees in 2014 compared with 2013 was partially due to a decline in the total number of issuers. While there was an overall increase in the market capitalization for issuers listed on TSX at December 31, 2013 compared with December 31, 2012, a number of issuers had reached the maximum fee; therefore, there was no incremental revenue. The decrease was also due to a decline in the market capitalization of issuers listed on TSXV at December 31, 2013 compared with December 31, 2012.
- *Other issuer services* revenue included revenue from Equity Transfer (acquired April 5, 2013) for twelve months in 2014 compared with nine months in 2013.

Trading, clearing, depository and related revenue

(in millions of dollars)	**Year ended December 31, 2014**	Year ended December 31, 2013	**$ increase/ (decrease)**	**% increase/ (decrease)**
Cash markets trading and CDS clearing	**$107.7**	$106.8	$0.9	1%
CDS Depository	**46.3**	45.2	1.1	2%
Derivatives markets trading, clearing and related	**103.2**	109.2	(6.0)	(5)%
Energy markets trading and clearing	**46.7**	41.9	4.8	11%
	303.9	303.1	0.8	0%

Cash Markets

- The increase in *cash markets* trading and clearing revenue reflected the impact of a 2% increase in overall volume of securities traded on our equities marketplaces (141.7 billion securities in 2014 versus 138.6 billion securities in 2013). The increase in volume of securities traded and favourable customer and product mix on TSX and increases in volume of securities traded on TSXV and TMX Select were somewhat offset by a decrease in the volume of securities on Alpha. For 2014, our combined domestic equities trading market share was 75% compared with 80% in 2013. In addition, revenue from Shorcan was lower in 2014 compared with 2013, reflecting unfavourable product mix partially offset by higher volumes.

- *CDS clearing revenue*, net of rebates of $4.6 million, decreased in 2014 compared with 2013. In 2014, CDS processed 408.1 million exchange trades (332.1 million in 2013) and 21.3 million non-exchange/OTC trades (20.4 million in 2013). While there was an increase in trades processed, the positive impact was more than offset by an increase in rebates as $1.3 million of rebates previously netted against *CDS depository revenue* have been netted against *CDS clearing revenue* (see below and **Impact of Recognition Orders (Including Fee Regulation) on Our Business**)***.***

CDS Depository

- *CDS depository* revenue, net of rebates of $1.1 million for 2014 was $46.3 million compared with $45.2 million for 2013. The increase in revenue partially reflected an increase in volume of corporate action movements and the addition of new participants. In 2014, CDS held a daily average of approximately 319,000 equities positions (329,000 in 2013) with an average of 281.6 billion shares (275.5 billion in 2013) and a daily average of approximately 176,000 debt positions (180,000 in 2013) with an average par value of $2.4 trillion on deposit ($2.3 trillion in 2013). The increase in revenue was also due to now netting $1.3 million of rebates (that were previously netted against CDS depository revenue) against *CDS clearing revenue* (see above and **Impact of Recognition Orders (Including Fee Regulation) on Our Business**).

Derivatives Markets

- The decrease in *derivatives markets* revenue was largely due to a decline in revenue from BOX due to lower average fees as a result of the price reduction implemented in March 2014, partially offset by a 10% increase in BOX trading volumes (98.6 million contracts in 2014 versus 89.5 million contracts traded in 2013) and the positive impact of the appreciation of the U.S. dollar against the Canadian dollar in 2014 compared with 2013.

- Trading and clearing revenue from MX and CDCC for 2014 increased over 2013 reflecting a 6% increase in volumes traded on MX (70.0 million contracts traded in 2014 versus 66.2 million contracts traded in 2013). Open interest at December 31, 2014 was up 19% compared with December 31, 2013.

Energy Markets

- The increase in energy markets revenue reflected higher NGX access fees, effective July 1, 2014, and an increase in total energy volume NGX total energy volume includes trading and clearing in natural gas, crude oil and electricity on NGX (12.8 million terajoules in 2014 compared with 12.3 million terajoules in 2013). This volume increase reflects

a 4% increase in natural gas volumes and a 7% increase in power volumes mainly due to the impact of extreme weather conditions in Q1/14, the addition of power markets in Texas in September 2013, Western U.S. power markets in June 2014, additional natural gas delivery points as well as well as volatility in Q4/14 in the markets served by NGX.

- The increase in revenue was also due to higher Shorcan Energy Brokers revenue in 2014 compared with 2013.
- The appreciation of the U.S. dollar against the Canadian dollar in 2014 compared with 2013 had a positive impact on the revenue of NGX and Shorcan Energy Brokers.

Information services revenue

(in millions of dollars)	**Year ended December 31, 2014**	Year ended December 31, 2013	**$ increase**	**% increase**
	$187.8	$181.5	$6.3	3%

- The increase in *information services* revenue was primarily due to the positive impact of the appreciation of the U.S. dollar against the Canadian dollar in 2014 compared with 2013, higher revenue recoveries related to under-reported usage of real-time quotes in prior periods, higher revenue from TMX Atrium, feeds, co-location services, BOX, royalties from the FTSE transaction and revenue from Strike (acquired October 31, 2014).
- The increase in revenue was partially offset by the reduction in revenue following the sale of PC-Bond, which we did not consolidate following the closing of the transaction with FTSE to create FTSE TMX Global Debt Capital Markets on April 5, 2013, lower usage-based fees and lower index licensing revenue. In addition, during Q4/13, there were various revenue recoveries of approximately $2.8 million.
- The average number of professional market data subscriptions for TSX and TSXV products was essentially unchanged from 2013 to 2014 (115,695 professional market data subscriptions in 2014 compared with 115,318 in 2013). Given the reduction in pricing for non-professional subscriptions on TSXV effective January 1, 2014, our non-professional subscriptions are no longer priced at a level equivalent with what professional subscribers pay across our marketplaces. As such, effective Q1/14, we discontinued including professional-equivalent (non-professional) subscription statistics in the subscription data that we provide. There were other pricing changes effective January 1, 2014 that partially offset the impact of the pricing reduction for the non-professional subscribers to TSXV data.
- There was a 1% decrease in the average number of MX professional market data subscriptions (19,208 MX professional market data subscriptions in 2014 compared with 19,494 in 2013).

Technology services and other revenue

(in millions of dollars)	**Year ended December 31, 2014**	Year ended December 31, 2013	**$ increase/ (decrease)**	**% increase/ (decrease)**
Technology services and other revenue	**$25.1**	$8.8	$16.3	185%
SEDAR, SEDI, NRD and other CDS revenue	**2.2**	17.8	(15.6)	(88)%
	27.3	26.6	0.7	3%

- The increase in technology services and other revenue was primarily due to significantly higher Razor Risk revenue, as milestones were achieved with one customer, and higher foreign exchange gains on U.S. dollar denominated balances in 2014 compared with 2013.

- The increase in technology services and other revenue was partially offset by the discontinuation of CDS services largely relating to the administration of SEDAR, SEDI and NRD. These operations were transitioned to a new service provider on January 13, 2014; the CDS agreement ended on January 31, 2014.

Operating Expenses

Operating expenses in 2014 were $438.7 million, down $4.1 million or 1%, from $442.8 million in 2013 reflecting the cost synergies realized as a result of the integration of TMX Group Inc., CDS and Alpha, the elimination of operating expenses related to PC-Bond that were no longer consolidated following the sale on April 5, 2013, lower operating expenses related to providing SEDAR, SEDI and NRD services following the termination of the agreement with Canadian securities regulators on January 31, 2014. These decreases were largely offset by increased costs related to initiatives and to support the growth in Razor Risk's revenue, the inclusion of twelve months of operating expenses for Equity Transfer in 2014 compared with nine months in 2013 (acquired April 5, 2013), higher professional fees and bad debt expense. A decrease in costs related to the reversal of a $2.5 million commodity tax provision taken in 2011 was more than offset by a charge of approximately $1.2 million relating to consolidation of facilities, a charge of approximately $1.6 million for the accelerated amortization of assets relating to the restructuring of our equities trading offering, and approximately $0.7 million due to recording a future obligation related to retiring assets.

Compensation and benefits

(in millions of dollars)	**Year ended December 31, 2014**	Year ended December 31, 2013	**$ increase**	**% increase**
	$206.8	$204.8	$2.0	1%

- *Compensation and benefits* costs were higher due to increased costs related to initiatives and to support the growth in Razor Risk's revenue, the inclusion of expenses from Equity Transfer for twelve months in 2014 compared with nine months in 2013, annual salary increases as well as higher recruitment costs. Labour capitalization of technology initiatives in 2014 was also lower than in 2013.

- These increases were partially offset by the impact of realized cost synergies, lower overall employee performance incentive plan costs, lower organizational transition costs as well as lower operating expenses related to providing SEDAR, SEDI and NRD services following the termination of the agreement with Canadian securities regulators on January 31, 2014. In addition, there were lower operating expenses related to PC-Bond that were no longer consolidated following the sale on April 5, 2013.
- There were 1,323 TMX Group employees at December 31, 2014 versus 1,306 employees at December 31, 2013.

Information and trading systems

(in millions of dollars)	**Year ended December 31, 2014**	Year ended December 31, 2013	**$ (decrease)**	**% (decrease)**
	$70.0	$74.2	$(4.2)	(6)%

- *Information and trading systems* expenses were lower primarily due to realized cost synergies, lower operating expenses related to providing SEDAR, SEDI and NRD services following the termination of the agreement with Canadian securities regulators on January 31, 2014 and lower operating costs.
- These decreases were partially offset by higher initiative costs to enhance our equities trading offerings. In addition, we incurred costs to support the growth in Razor Risk's revenue. We also included expenses from Strike for two months in 2014 (acquired October 31, 2014) and expenses from Equity Transfer for twelve months in 2014 compared with nine months in 2013.

General and administration

(in millions of dollars)	**Year ended December 31, 2014**	Year ended December 31, 2013	**$ increase**	**% increase**
	$91.6	$91.2	$0.4	0%

- *General and administration* costs for 2014 were in line with 2013. There were higher initiatives costs, occupancy costs (including a charge of approximately $1.2 million in Q4/14 relating to consolidation of facilities), bad debts expense and professional fees in 2014 compared with 2013. In addition, expenses from Equity Transfer have been included for twelve months in 2014 compared with nine months in 2013.
- During Q4/14, we reversed a 2011 commodity tax provision of $2.5 million, which reduced *General and administration costs*. The increases in costs were also offset by lower BOX expenses, reduced direct costs related to other issuer services revenue, and lower operating expenses related to providing SEDAR, SEDI and NRD services following the termination of the agreement with Canadian securities regulators on January 31, 2014.

Depreciation and amortization

(in millions of dollars)	**Year ended December 31, 2014**	Year ended December 31, 2013	**$ (decrease)**	**% (decrease)**
	$70.3	$72.6	$(2.3)	(3)%

- *Depreciation and amortization* costs reflect a reduction in depreciation and amortization relating to assets that were fully depreciated or written-down by the end of 2014 (including BOX assets) and PC-Bond assets which were sold on April 5, 2013.
- The decrease was somewhat offset by increased depreciation and amortization of other new intangible assets, including TMX Quantum XA, and of Equity Transfer assets following the acquisition in April 2013. The decrease was also offset by the accelerated amortization of assets in Q4/14 of approximately $1.6 million relating to the restructuring of our equities trading offering. In addition, this expense increased by approximately $0.7 million in Q4/14 due to recording a future obligation related to retiring assets.
- The *depreciation and amortization* costs of $70.3 million included $38.7million ($36.5 million, net of NCI) related to amortization of intangibles related to acquisitions ($0.53 per basic and diluted share).

Share of net income of equity accounted investees

(in millions of dollars)	**Year ended December 31, 2014**	Year ended December 31, 2013	**$ increase**	**% increase**
	$3.0	$2.6	$0.4	15%

- *Share of net income of equity accounted investees* includes our share of net income from FTSE TMX Global Debt Capital Markets Limited and our 47% share of net income from CanDeal.
- The increase was primarily due the inclusion of twelve months of results for FTSE TMX Global Debt Capital Markets Limited in 2014 compared with nine months in 2013.

Impairment charges (Also see CRITICAL ACCOUNTING ESTIMATES)

(in millions of dollars)	**Year ended December 31, 2014**	Year ended December 31, 2013	**$ increase**	**% increase**
	$136.1	$—	$136.1	-

In accounting for the Maple Transaction, all of our assets, including BOX, were recorded based on their estimated fair value in Q3/12, resulting in a significant amount of goodwill and intangible assets being recognized at the time.

Based on tests for impairment of goodwill and intangible assets at the end of the three months ended June 30, 2014, we recognized a non-cash impairment charge of $128.4 million pre-tax ($106.2 million after-tax) primarily related to BOX's

goodwill and customer list. Of the $106.2 million after-tax impairment charge, $42.6 million was attributable to NCI. The net non-cash impact on shareholders of TMX Group was $63.6 million.

MX invested approximately $70.5 million to purchase its equity interest in BOX since its inception. Since then we also received dividends from BOX as well as technology services revenue related to the licensing of our SOLA technology. Net of the impairment charges in the three months ended June 30, 2014, the resulting carrying value of BOX was $45.2 million, net of NCI, on our condensed consolidated interim balance sheet as at June 30, 2014.

In addition to the BOX assets, we determined that certain other assets had recoverable amounts that were lower than their respective carrying amounts. As a result, we recognized a non-cash impairment charge of $7.7 million (pre and after-tax) related to goodwill for those assets at June 30, 2014

Gain on sale of PC-Bond

(in millions of dollars)	**Year ended December 31, 2014**	Year ended December 31, 2013	**$ (decrease)**	**% (decrease)**
	$—	$5.4	$(5.4)	(100)%

- In 2013, we received $155.1 million in consideration, which included $104.0 million in cash and 250 Ordinary B shares of FTSE TMX Global Debt Capital Markets Limited, representing a 25% interest, which have been valued at $51.3 million. We disposed of net assets of $149.5 million. The disposed assets were previously revalued from a book value of $34.6 million to a fair value of $149.5 million upon the acquisition of TMX Group Inc. by Maple, resulting in an increase of $114.9 million of intangibles and goodwill.

Maple Transaction and integration costs

(in millions of dollars)	**Year ended December 31, 2014**	Year ended December 31, 2013	**$ (decrease)**	**% (decrease)**
	$6.7	$7.2	$(0.5)	(7)%

- In 2014, we incurred lower costs compared with 2013 reflecting lower organizational transition expenses as part of the integration process. However, we did incur costs associated with the Alpha arbitration along with other integration costs including additional costs related to the actuarial assessment of future payments required to integrate postretirement benefit programs. The Alpha arbitration concluded in 2014 without the requirement for any payment by TMX Group to the claimants. The decision is final and binding with no right of appeal.

Net finance (income) costs

(in millions of dollars)	**Year ended December 31, 2014**	**Year ended December 31, 2013**	**$ (decrease)**	**% (decrease)**
	$42.6	$73.9	$(31.3)	(42)%

- The decrease in net financing costs from 2013 to 2014 is attributable to a decrease in finance costs of $17.4 million, a decrease in credit facility financing expenses of $12.8 million and an increase in finance income of $1.1 million.
- The reduction in finance costs in 2014 compared with 2013 relates primarily to a decrease in the refinancing expense and reduction in the effective interest rate following the refinancing of approximately $1.0 billion of debt under our credit facility through issuance of debentures at the end of Q3/13, the amendment of our previous credit facility under more favourable terms at the end of Q3/13, and the refinancing of approximately $293.0 million of debt under our credit facility through the issuance of Commercial Paper during Q2/14. In addition, there was a reduction in the amount of debt outstanding and a reduction in the amortization of prepaid financing fees in 2014 compared with 2013. (See **Commercial Paper** and **Loans Payable** under the heading **COMMERCIAL PAPER, DEBENTURES, CREDIT AND LIQUIDITY FACILITIES**.)
- Credit facility refinancing expenses of $16.4 million in 2013 included the write-off of $18.5 million of prepaid financing fees and other financing fees of $0.8 million, less a gain of $2.9 million from unwinding and de-designating interest rate swaps.
- Credit facility refinancing expenses for 2014 of $3.6 million included the write-off of $3.3 million of unamortized financing costs related to our previous credit facility (as a result of replacing this facility) and the balance primarily consisted of financing costs in connection with establishing the Commercial Paper Program.
- Finance income increased from 2013 to 2014 primarily as a result of higher yield on investments.

Income tax expense

Income Tax Expense (in millions of dollars)		**Effective Tax Rate (%)**	
Year ended December 31, 2014	Year ended December 31, 2013	**Year ended December 31, 2014**	Year ended December 31, 2013
$41.6	$60.9	**43%**	33%

- In Q2/14, there was a decrease in net deferred income tax liabilities of $22.2 million, with a corresponding decrease to income tax expense, resulting from the non-cash impairment charges primarily related to BOX's goodwill and customer list. (See **Critical Accounting Estimates** under the heading **ACCOUNTING AND CONTROL MATTERS,** as well as **Impairment charges**.)
- In 2013, we recognized deferred income tax expense of $11.3 million related to the sale of PC-Bond, which consists of $17.3 million of deferred income tax expense recognized for Q2/13 less $6.0 million deferred income tax recovery recognized for Q1/13.
- In 2013, the B.C. corporate income tax rate increased from 10% to 11%. As a result of this change, there was a net increase in the value of deferred income tax liabilities and a corresponding non-cash net increase in deferred income tax expense of $2.7 million for Q3/13.
- Excluding the adjustments primarily relating to the 2014 non-cash impairment charges, and the 2013 sale of PC-Bond and B.C. corporate income tax rate increase, the effective tax rate for both 2014 and 2013 would have been approximately 27%.

Net (loss) attributable to non-controlling interests

(in millions of dollars)	**Year ended December 31, 2014**	Year ended December 31, 2013	**$ increase**
Total	**$(45.9)**	$(0.2)	$45.7

At December 31, 2014, MX held 53.8% ownership interest in BOX. The results for BOX are consolidated in our Consolidated Income Statements. Net loss attributable to non-controlling interests represents the other BOX members' share of BOX's loss for the period.

In 2014, there was a *net loss attributable to non-controlling interests* primarily reflecting their share of the non-cash impairment charges related to BOX. (See **Impairment charges**.)

The increase in *net loss attributable to non-controlling interests* also reflects lower revenue from BOX in 2014 compared with 2013.

Total Equity attributable to Shareholders of TMX Group

(in millions of dollars)	**As at December 31, 2014**	**As at December 31, 2013**	**$ increase**
Total equity attributable to shareholders of TMX Group	$2,908.8	$2,887.8	$21.0

- At December 31, 2014, there were 54,315,079 common shares issued and outstanding and 1,604,326 options outstanding under the share option plan.
- At February 2, 2015, there were 54,315,079 common shares issued and outstanding and 1,597,036 options outstanding under the share option plan.
- The increase in Total Equity attributable to Shareholders of TMX Group is primarily attributable to the inclusion of net income of $100.5 million and proceeds received on the exercise of share options of $8.4 million, partially offset by the dividend payments to shareholders of TMX Group of $86.8 million and share option plan expenses of $2.7 million.

Segments

The following information reflects TMX Group's financial statements for the year ended December 31, 2014 compared with December 31, 2013. TMX Group has certain corporate costs and other balances not allocated across the other disclosed operating segments. These balances, along with certain consolidation and elimination adjustments (including fair value increments determined as a result of the Maple Transaction), are presented in the *Corporate* segment. Equity Transfer, PC-Bond (until April 5, 2013) and Strike (from October 31, 2014) are included in the *Cash Markets* segment.

2014

(in millions of dollars)	Cash Markets	Derivatives Markets	Energy Markets	CDS	Corporate	TMX Group
Revenue	$473.0	$124.8	$48.0	$76.3	$(4.8)	$717.3
Net Income (Loss) Attributable to TMX Group Shareholders	145.4	14.4	8.8	6.8	(74.9)	100.5

2013

(in millions of dollars)	Cash Markets	Derivatives Markets	Energy Markets	CDS	Corporate	TMX Group
Revenue	$446.9	$129.2	$43.1	$88.9	$(7.6)	$700.5
Net Income (Loss) Attributable to TMX Group Shareholders	130.2	26.4	8.6	11.0	(52.3)	123.9

Revenue

Cash Markets revenue increased primarily due to higher additional listing fee revenue on TSX and TSXV, an increase in revenue from the inclusion of Equity Transfer (acquired April 5, 2013), higher revenue from information services and from Razor Risk, partially offset by the reduction in revenue following the sale of PC-Bond on April 5, 2013.

Derivatives Markets revenue decreased primarily due to lower BOX revenues.

Energy Markets revenue increased primarily due to an increase in both natural gas and power volumes, higher NGX access fees and higher Shorcan Energy Brokers revenue in 2014 compared to 2013. The appreciation of the U.S. dollar against the Canadian dollar in 2014 compared with 2013 had a positive impact on the revenue of NGX and Shorcan Energy Brokers.

CDS revenue decreased primarily due to the discontinuation in revenues from providing services related to SEDAR, SEDI and NRD effective February 1, 2014 (see **Technology services and other revenue**).

Net income (loss) attributable to TMX Group shareholders

Net income attributable to TMX Group shareholders from *Cash Markets* increased reflecting the higher revenue, partially offset by higher initiative spending.

Net income attributable to TMX Group shareholders from *Derivatives Markets* decreased reflecting the non-cash impairment charges related to BOX in the three months ended June 30, 2014, as well as lower revenue from BOX.

Net income attributable to TMX Group shareholders from *Energy Markets* increased slightly reflecting higher revenue mostly offset by higher expenses.

Net income attributable to TMX Group shareholders from *CDS* decreased reflecting the discontinuation in revenues from providing services related to SEDAR, SEDI and NRD effective February 1, 2014 (see **Technology services and other revenue**), partially offset by lower operating and integration expenses (including realized cost synergies) and a gain on the sale of software in Q1/14.

Net loss attributable to TMX Group shareholders allocated to the *Corporate* segment increased by $22.6 million. The increase in net loss was largely due to the non-cash impairment charges related to BOX and other assets, after tax. This was partially offset by a decline in financing costs. In addition, during Q3/13 we incurred $16.4 million of credit facility refinancing expenses. Financing costs have declined considerably since Q3/13 following the refinancing of approximately $1.0 billion of debt under our credit facility through issuance of debentures at the end of Q3/13, the amendment of our previous credit facility under more favourable terms at the end of Q3/13, and the launch of our Commercial Paper Program in Q2/14.

Total Assets and Total Liabilities

(in millions of dollars)	Cash Markets	Derivatives Markets	Energy Markets	CDS	Corporate	TMX Group
Total assets:						
As at December 31, 2014	**$1,941.4**	**$9,896.8**	**$999.8**	**$526.1**	**$1,600.0**	**$14,964.1**
As at December 31, 2013	1,902.1	11,291.8	941.9	532.1	1,827.6	16,495.5
Total liabilities:						
As at December 31, 2014	**994.1**	**8,781.1**	**946.9**	**457.9**	**838.2**	**$12,018.2**
As at December 31, 2013	998.7	10,244.7	893.6	469.5	918.2	13,524.7

Total assets include goodwill and intangible assets acquired in connection with the Maple Transaction. In addition, the *Derivatives Markets, Energy Markets, and CDS* segments hold assets related to their clearing operations (see **Total Assets**).

Total liabilities in our various segments include the segments' share of Debentures and Commercial Paper, which were $997.2 million and $233.9 million respectively as at December 31, 2014. In addition, the *Derivatives Markets, Energy Markets and CDS* segments carry offsetting liabilities related to the clearing assets described above (see **Total Assets**).

The decrease in total assets and total liabilities was primarily due to the decrease in Balances with Clearing Members at CDCC in *Derivatives Markets* of $1,387.9 million and the write-down of BOX and other assets (primarily goodwill and customer list).

Geographical Information

The following information provides revenue and non-current assets by geography for and as at the years ended December 31, 2014 and December 31, 2013.

2014

(in millions of dollars)	Canada	U.S.	Other	TMX Group
Revenue	$496.5	$151.8	$69.0	$717.3
Non-current assets	4,662.5	79.5	21.9	4,763.9

2013

(in millions of dollars)	**Canada**	**U.S.**	**Other**	**TMX Group**
Revenue	$509.9	$149.5	$41.1	$700.5
Non-current assets	4,706.5	190.1	21.8	4,918.4

- Revenue is allocated based on the country to which customer invoices are addressed. While Canadian and U.S. revenue did not change substantially from 2013 to 2014, there was a significant increase in revenue from outside of Canada and the U.S., reflecting higher revenue from businesses such as TMX Atrium and Razor Risk.

- Non-current assets are primarily comprised of goodwill and intangible assets, investments in equity accounted investees, and other assets and exclude both accrued employee benefit assets and deferred income tax assets. While non-current assets in Canada, and outside of Canada and the U.S, did not change substantially from 2013 to 2014, non-current assets in the U.S. declined significantly reflecting the write-down of BOX and other assets (primarily goodwill and customer list).

LIQUIDITY AND CAPITAL RESOURCES

Summary of Cash Flows

The following tables provide the summary of cash flows for TMX Group for 2014 compared with 2013.

(in millions of dollars)	**As at December 31, 2014**	**As at December 31, 2013**	**$ increase/ (decrease) in cash**
Cash Flows from (used in) Operating Activities	**$252.9**	$294.9	$(42.0)
Cash Flows from (used in) Financing Activities	**(225.3)**	(277.5)	52.2
Cash Flows from (used in) Investing Activities	**(27.6)**	36.8	(64.4)

- The decrease in *Cash flows from operating activities* in 2014 compared with 2013 was primarily due to a significant decrease in trade and other payables, somewhat offset by an increase in income from operations (excluding depreciation and amortization).

- In 2014, *Cash flows used in financing activities* were lower than in 2013 primarily due to lower net repayments on our debt and lower interest paid.

- In 2014, *Cash flows used in investing activities* were higher than in 2013. In 2013, *Cash flows from investing activities* included the proceeds from the sale of PC-Bond, partially offset by the cash used to acquire Equity Transfer, resulting in a net cash inflow of $40.0 million. In 2014, there was a net cash outflow of $14.7 million related the cost of acquisitions (net of cash acquired). In addition, there was a decrease in the sale of marketable securities in 2014 compared with 2013.

Summary of Cash Position and Other Matters[15]

Cash, Cash Equivalents and Marketable Securities

(in millions of dollars)	As at December 31, 2014	As at December 31, 2013	$ (decrease)
	$273.7	$279.2	($5.5)

We had $273.7 million of cash and cash equivalents and marketable securities at December 31, 2014. There was a decrease in cash, cash equivalents and marketable securities primarily reflecting cash flows from operating activities of $252.9 million which were more than offset by net debt repayments of approximately $101.6 million, dividends to TMX Group shareholders of $86.8 million, interest payments of $37.3 million, and additions to premises and equipment, intangible assets of $27.8 million and the cost of acquisitions (net of cash acquired) of $14.7 million. Based on our current business operations and model, we believe that we have sufficient cash resources to operate our business, make interest payments, and meet our covenants under the Trust indentures and Credit Facility and the terms of the Commercial Paper Program (see **Loans Payable**) and the capital maintenance requirements imposed by regulators.

Debt financing of future investment opportunities could be limited by current and future economic conditions, the covenants in the Credit Facility and the Debentures, and by capital maintenance requirements imposed by regulators (see **MANAGING CAPITAL**).

Total Assets

(in millions of dollars)	As at December 31, 2014	As at December 31, 2013	$ (decrease)
	$14,964.1	$16,495.5	($1,531.4)

- Our consolidated balance sheet as at December 31, 2014 includes outstanding balances on open REPO agreements within Balances with Clearing Members and Participants. These balances have equal amounts included within *Total Liabilities*. Balances with Clearing Members and Participants relating to CDCC were $8,446.0 million at December 31, 2014.

- The decrease in *Total Assets* of $1,531.4 million from December 31, 2013 to December 31, 2014 was largely attributable to the decrease in Balances with Clearing Members of $1,387.9 million for CDCC, and the write-down of BOX and other assets (primarily goodwill and customer list).

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

Defined Benefit Pension Plan[16]

Based on the most recent actuarial valuations, we estimate a net deficit of approximately $2.4 million (which includes a surplus of $1.2 million for the CDS SERP), of which $2.4 million was funded in 2014.

Commercial Paper, Debentures, Credit and Liquidity Facilities

Commercial Paper

(in millions of dollars)	As at December 31, 2014	As at December 31, 2013	$ increase
	$233.9	$—	$233.9

- On May 30, 2014, TMX Group established a Commercial Paper Program to offer potential investors up to $400.0 million (or the equivalent U.S. dollars) of Commercial Paper to be issued in various maturities of no more than one year from the date of issue. The Commercial Paper bears interest rates based on the prevailing market conditions at the time of issuance. We entered into a new credit agreement (Credit Agreement) with a syndicate of lenders establishing a new credit facility (Credit Facility) to provide 100% backstop to the Commercial Paper Program (see Loans Payable below).

- The Commercial Paper issued represents an unsecured obligation and ranks equally with all other senior unsecured obligations of TMX Group. The Commercial Paper has been assigned a rating of "R-1 (low)" with a Stable trend by DBRS Limited (DBRS).

- In June 2014, we issued approximately $293.0 million of Commercial Paper, and there was $233.9 million outstanding under the program at December 31, 2014 reflecting net repayments of approximately $59.1 million in 2014. The Commercial Paper outstanding at December 31, 2014 included $147.0 million issued in Canadian dollars and U.S. $75.0 million issued in U.S dollars. Commercial paper is short term in nature, and the average term to maturity from the date of issue in Q4/14 was 39 days on Canadian dollar Commercial Paper and 32 days on U.S.-dollar Commercial Paper. When the program commenced in June 2014, the net cash proceeds from the initial issuance were used to pay down **Loans Payable**. The Commercial Paper Program may also be used for general corporate purposes.

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[16] The *"Defined Benefit Pension Plans"* section above contains certain forward-looking statements. Please refer to *"Caution Regarding Forward-Looking Information*" for a discussion of risks and uncertainties related to such statements.

Debentures

(in millions of dollars)	As at December 31, 2014	As at December 31, 2013	$ increase
	$997.2	$996.4	$0.8

- In 2013, TMX Group completed the offering of $1.0 billion aggregate principal amount of Debentures (the Offering) to accredited investors in Canada. The Debentures, all of which received a credit rating of A (high) with a Stable trend from DBRS, consist of:

Debenture	Principal Amount ($ millions)	Coupon	Maturity Date
Series A	$400.0	3.253% per annum, payable in arrears in equal semi-annual installments (long first coupon)	October 3, 2018
Series B	250.0	4.461% per annum, payable in arrears in equal semi-annual installments (long first coupon)	October 3, 2023
Series C	350.0	3-month Canadian Dealer Offered Rate (CDOR) plus 70 bps payable quarterly in arrears (long first coupon)	October 3, 2016

- The Series A and Series B Debentures may be redeemed in whole or in part at the redemption price equal to the greater of the applicable Canada Yield Price (as defined in the relevant Indenture) and 100% of the principal amount of the Debentures being redeemed to the date fixed for redemption, together with accrued and unpaid interest to the date fixed for redemption at the option of TMX Group. For the Series B Debentures, if redeemed on or after the date that is three months prior to the maturity date of such series, the redemption price is equal to 100% of the aggregate principal amount outstanding on the Series B Debentures redeemed.

- Series C Debentures may be redeemed in whole or in part at the option of TMX Group on any interest payment date. The redemption price is equal to the greater of the CDOR Yield Price (as defined in the relevant Indenture) and 100% of the principal amount of the Debentures being redeemed. Accrued and unpaid interest will be paid to the holder of the Series C Debentures on the relevant record date for such interest payment.

- The trust indentures governing the Debentures (the Trust Indentures) include the following covenants:

    - Negative pledge – which restricts the ability of TMX Group and each of its material subsidiaries (as defined in the Indentures) to create a lien on these entities' assets unless the Debentures are similarly secured on an equal and rateable basis

    - Limitation on indebtedness of material subsidiaries of TMX Group – the Trust Indentures impose restrictions on the ability of material subsidiaries to enter into certain types of indebtedness

- Repurchase on change of control of TSX Inc. or MX coupled with a triggering event – in the event of a change of control (as such term is defined in the Trust Indentures) of either TSX Inc. or MX and if the rating of the Debentures is lowered to below investment grade (as defined in the Trust Indentures), TMX Group will be required, at the option of the Debenture holder to repurchase, in whole or in part the holder's Debentures at a cash price of 101% of the outstanding principal amount of the Debentures plus all accrued and unpaid interest up to the date of repurchase.

Loans Payable

(in millions of dollars)	**As at December 31, 2014**	**As at December 31, 2013**	**$ (decrease)**
	$—	$331.4	$(331.4)

- The table below summarizes the change in *Loans payable* since December 31, 2013:

(in millions of dollars)	**December 31, 2013**	**Repayment and Amortization/Write-off of Financing Fees**	**December 31, 2014**
Revolving facility drawn	$26.0	$(26.0)	**$ -**
Term facilities	309.5	(309.5)	-
Principal loans outstanding	335.5	(335.5)	-
Deferred financing fees	(4.1)	4.1	-
Loans payable	331.4	$(331.4)	**$ -**

Loans Payable were refinanced through the issuance of Commercial Paper in June 2014. We repaid approximately $101.6 million of debt in 2014, including approximately $59.1 million of net repayments of Commercial Paper.

On May 30, 2014, TMX Group entered into a Credit Agreement with a syndicate of lenders establishing a Credit Facility to provide 100% backstop to the Commercial Paper Program. It is also available for general corporate purposes. The amount available under the TMX Group credit facility is limited to $400.0 million less the amount of Commercial Paper outstanding at any point in time.

The TMX Group Credit Facility of $400.0 million, with a maturity date of August 1, 2016, replaces the Amended and Restated Credit Agreement dated September 30, 2013, which included a $309.5 million term facility and $150.0 million revolving facility.

In addition, the terms of the new credit agreement include, among others, the elimination of the requirement to reduce commitments upon incurrence of indebtedness and the removal of the $50.0 million limitation on aggregate acquisitions, which were previously included in the terms of the Amended and Restated Credit Agreement.

The new credit agreement contains various covenants, which were unchanged from the Amended and Restated Credit Agreement, including a requirement that TMX Group maintain:

- an Interest Coverage Ratio of more than 4.0:1, where Interest Coverage Ratio at any time means the ratio of adjusted EBITDA for the period comprised of the four most recently completed financial quarters to the consolidated interest expense for such four financial quarters;
- a Total Leverage Ratio of not more than:
  - 4.25:1 until December 31, 2014;
  - 4.0:1 on and after January 1, 2015 until December 31, 2015;
  - 3.5:1 on January 1, 2016 and thereafter
- As at December 31, 2014, all covenants were met.
- The following table summarizes the current Applicable Rates and Fee Rates and corresponding Total Leverage Ratios under the new credit agreement. These rates were unchanged from the Amended and Restated Credit Agreement. The Standby Fee is charged on the unutilized portion of the revolving facility. The Applicable Rate represents the corporate spread that is included in the interest rate that is applied to our **Loans Payable**. Total Leverage Ratio at any time is the ratio of consolidated debt as at such time to adjusted EBITDA for the period comprised of the four most recently completed financial quarters. Adjusted EBITDA means earnings on a consolidated basis before interest, taxes, extraordinary, unusual or non-recurring items, depreciation and amortization, Maple Transaction and integration costs, as well as non-cash items.

Total Leverage Ratio	Applicable rate for Standby Fee for undrawn portion of Revolving Facility	Applicable rate for BA Instruments, LIBOR Loans, and Letters of Credit
≤ 2.0	14 bps	70 bps
> 2.0 but ≤ 2.5	17 bps	85 bps
> 2.5 but ≤ 3.0	20 bps	100 bps
> 3.0 but ≤ 3.5	25 bps	125 bps
> 3.5	30 bps	150 bps

Interest Rate Swaps (IRS)

The IRSs with a notional value of $200.0 million at a rate of 1.312% matured on September 30, 2014 and were not renewed. The other outstanding IRSs were unchanged from December 31, 2013. We currently have the following IRSs in place:

Interest Rate	Maturity Date	Principal (in millions)
1.416%	September 30, 2015	$50.0
1.499%	July 31, 2016	$350.0

Effective Interest Rates

- The effective interest rates as at December 31, 2014 for the Debentures and Commercial Paper are shown below:

Debentures and Commercial Paper	Principal ($ millions)	Maturity	Reference Rate	Spread	Swap Rate	All-in Rate
Series A Debentures	$400.0	Oct. 3, 2018				3.253%
Series B Debentures	250.0	Oct. 3, 2023				4.461%
Series C Debentures	350.0	Oct. 3, 2016	3-mo CDOR[17]	0.70%	1.499%	2.199%
Commercial Paper - Unhedged	$97.0	Jan. 5, 2015 to Jan. 28, 2015				1.23%[18]
Commercial Paper - Hedged (Interest Rate)	$50.0	Jan. 5, 2015 to Jan. 28, 2015				1.35%[18]
Commercial Paper, USD - Unhedged	$15.0	Jan. 12, 2015				0.18%[19]
Commercial Paper, USD - Hedged (Currency)	$60.0	Jan. 14, 2015 to Jan. 20, 2015				1.07%[18]

Other Credit and Liquidity Facilities

CDCC maintains daylight liquidity facilities for a total of $600.0 million to provide liquidity on the basis of collateral in the form of securities that have been received by CDCC. The daylight liquidity facilities must be cleared to zero at the end of each day.

CDCC maintains a syndicated revolving standby liquidity facility to provide end-of-day liquidity in the event that CDCC is unable to clear the daylight liquidity facilities to zero. Advances under the facility are secured by collateral in the form of securities that have been pledged to or received by CDCC. The facility was increased from $200.0 million to $300.0 million on March 7, 2014. As at December 31, 2014, CDCC had drawn $2.2 million to facilitate a failed REPO settlement. The amount is fully offset by liquid securities included in cash and cash equivalents and was fully repaid subsequent to the reporting date.

CDCC also maintains a repurchase facility with a syndicate of 6 Canadian Schedule I chartered banks. This facility is in place to provide end-of-day liquidity in the event that CDCC is unable to clear the daylight liquidity facilities to zero. It will provide liquidity in exchange for securities that have been pledged to or received by CDCC. The overall size of this facility was increased to $12,264.0 million from $4,800 million on May 2, 2013, including $1,200.0 million in committed liquidity and $11,064.0 million in uncommitted liquidity.

In addition, CDCC has signed an agreement that would allow the Bank of Canada to provide emergency last-resort liquidity to CDCC at the discretion of the Bank of Canada. This liquidity facility is intended to provide end-of-day liquidity only in the event that CDCC is unable to access liquidity from the revolving standby liquidity facility and the syndicated REPO

[17] Canadian Dealer Offered Rate.
[18] Rate denoted in CAD or CAD equivalent.
[19] Rate denoted in USD.

facility or in the event that the liquidity under such facilities is insufficient. Use of this facility would be on a fully collateralized basis.

CDS maintains unsecured operating demand loans totaling $6.0 million to support short-term operating requirements. To support processing and settlement activities of participants, an unsecured overdraft facility and demand loan of $15.0 million and an overnight facility of US$5.5 million are available. The borrowing rates for these facilities are the Canadian prime rate or the U.S. base rate, depending on the currency drawn. No amounts were drawn on these credit facilities as at December 31, 2014.

On December 23, 2014, CDS entered into a US$400.0 or Canadian dollar equivalent secured standby credit agreement with a syndicate of banks to support processing and settlement activities in the event of a participant default. On the same day, CDS cancelled its existing US$200.0 million secured standby credit arrangement. Borrowings under the secured facility are obtained by pledging or providing collateral pledged by participants primarily in the form of debt instruments issued or guaranteed by federal, provincial and/or municipal governments in Canada or U.S. treasury instruments. The facility can be drawn in either U.S. or Canadian currencies and depending upon the currency drawn, the borrowing rate for the secured standby credit arrangement is the U.S. base rate or the Canadian prime rate. No amounts were drawn on these credit facilities as at December 31, 2014.

In addition, CDS has signed agreements that would allow the Bank of Canada to provide emergency last-resort liquidity to CDS at the discretion of the Bank of Canada. This liquidity facility is intended to provide end-of-day liquidity for payment obligations arising from CDSX, and only in the event that CDS is unable to access liquidity from its standby liquidity facility or in the event that the liquidity under such facilities is insufficient. Use of this facility would be on a fully collateralized basis.

To backstop its clearing operations, NGX currently has a credit agreement in place with a Canadian Schedule I bank which includes a US$100.0 million clearing backstop fund. TMX Group Inc. is NGX's unsecured guarantor for this fund up to a maximum of US$100.0 million. On July 11, 2014, the NGX credit facility was extended to July 31, 2015. No amounts were drawn on this facility as at December 31, 2014.

NGX also has an Electronic Funds Transfer (EFT) Daylight liquidity facility of $300.0 million in place with a major Canadian chartered bank.   In addition, a $20.0 million overdraft facility is in place with the same major Canadian chartered bank. This facility is only available to repay the Daylight liquidity facility on the business day following a settlement day.

Shorcan maintains a facility with a major chartered bank to provide end of day liquidity to cover any shortfalls due to timing of payments and receipts. Utilization of this facility is secured by collateral in the form of securities.

Contractual Obligations

(in millions of dollars)	Total	Less than 1 year	1 – 3 years	4 – 5 years	5+ years
Debt	236.2	236.2	—	—	—
Debentures	1,007.8	7.8	350.0	400.0	250.0
Financial Lease Obligation	3.4	2.1	1.3	—	—
Operating Leases	153.3	21.6	34.1	18.7	78.9
Clearing and Other Obligations[20]	17,895.6	9,900.2	717.6	8.3	7,269.4

MANAGING CAPITAL[21]

Our primary objectives in managing capital, which we define to include our cash and cash equivalents, marketable securities, share capital, Commercial Paper, Debentures, and various credit facilities, include:

- Maintaining sufficient capital for operations to ensure market confidence and to meet regulatory requirements and credit facility requirements (see **Commercial Paper, Debentures, Credit and Liquidity Facilities** for a description of certain financial covenants under the Credit Agreement). Currently, we target to retain a minimum of $250.0 million in cash, cash equivalents and marketable securities. This amount is subject to change;
- Reducing the debt levels to be below the Total Leverage Ratios under the Credit Agreement, which decrease over time;
- Maintaining our credit ratings in a range consistent with our current A (high) and R1 (low) credit ratings from DBRS;
- Using excess cash to invest in and continue to grow the business; and
- Returning capital to shareholders through methods such as dividends paid to shareholders and purchasing shares for cancellation pursuant to normal course issuer bids.

We achieve the above objectives while managing our capital subject to capital maintenance requirements imposed on us and our subsidiaries. Certain of the requirements described below may impose restrictions on the amount of upstream dividends or other amounts that a subsidiary may distribute to its shareholders.

- In respect of TSX, as required by the OSC to maintain certain financial ratios on both a consolidated and non-consolidated basis, as defined in the OSC recognition order, as follows:
    - a current ratio of greater than or equal to 1.1:1;
    - a debt to cash flow ratio of less than or equal to 4:1; and
    - a financial leverage ratio of less than or equal to 4:1.

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[20] Clearing and Other Obligations includes fair value of open energy contracts, energy contracts payable, balances and cash collateral held with derivatives clearing members and balances with participants of CDS. There are offsetting assets in these clearing operations.

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

- In respect of TSXV, as required by various provincial securities commissions to maintain sufficient financial resources.
- In respect of NGX, to:
    - maintain adequate financial resources as required by the Alberta Securities Commission;
    - maintain a current ratio of not less than 1:1 as required by a major Canadian chartered bank;
    - maintain sufficient financial resources to cover 12 months of operating expenses as required by the U.S. Commodity Futures Trading Commission ("CFTC"); and
    - maintain sufficient financial resources to cover the failure of its single largest Contracting Party under extreme but plausible market conditions as required by the CFTC.
- In respect of MX, as required by the AMF to maintain certain regulatory ratios as defined in the AMF recognition order, as follows:
    - a working capital ratio of more than 1.5:1;
    - a cash flow to total debt outstanding ratio of more than 20%; and
    - a financial leverage ratio of less than 4.0.
- In respect of CDCC, to maintain certain amounts, as follows:
    - maintain sufficient financial resources as required by the OSC:
    - $5.0 million cash and cash equivalents or marketable securities as part of the Clearing Member default recovery process plus an additional $5.0 million in the event that the initial $5.0 million is fully utilized during a default; and sufficient cash, cash equivalents and marketable securities to cover 12 months of operating expenses, excluding amortization and depreciation; and
    - $20.0 million total shareholders' equity.
- In respect of Shorcan:
    - by IIROC which requires Shorcan to maintain a minimum level of shareholder's equity of $0.5 million;
    - by the National Futures Association which requires Shorcan to maintain a minimum level of net capital; and
    - by the OSC which requires Shorcan to maintain a minimum level of excess working capital.
- In respect of TMX Select, IIROC requires TMX Select to maintain an adequate level of risk adjusted capital.
- In respect of CDS and CDS Clearing, as required by the OSC and the AMF to maintain certain financial ratios as defined in the OSC recognition order, as follows:
    - a debt to cash flow ratio of less than or equal to 4.0; and
    - a financial leverage ratio of less than or equal to 4.0.

    - In addition, the OSC requires CDS and CDS Clearing to maintain working capital to cover 6 months of operating expenses (excluding, in the case of CDS, the amount of shared services fees charged to CDS Clearing).

- In respect of Alpha Exchange Inc., as required by the OSC to maintain certain financial ratios on both a consolidated and non-consolidated basis as defined in the OSC recognition order, as follows:

    - a current ratio of greater than or equal to 1.1:1;

    - a debt to cash flow ratio of less than or equal to 4.0:1; and

    - a financial leverage ratio of less than or equal to 4.0:1.

- As of December 31, 2014, we were in compliance with all of these externally imposed capital requirements. See **Loans Payable** in this MD&A for a description of the financial covenants imposed on us under the Credit Agreement.

FINANCIAL INSTRUMENTS

Cash, Cash Equivalents and Marketable Securities

Our financial instruments include cash, cash equivalents and investments in marketable securities which are held to earn investment income. These instruments include units in a money market fund and a short-term bond and mortgage fund, managed by an external advisor, as well as Bank deposits, notes and Treasury Bills.

We have designated our marketable securities as fair value through profit and loss. Fair values have been determined by reference to quoted market prices or are based on observable market information. Unrealized gains of $0.1 million and realized gains of $0.3 million have been reflected in net income for the year ended December 31, 2014, compared with unrealized losses of $0.2 million for the year ended December 31, 2013.

The primary risks related to cash, cash equivalents and marketable securities are credit risk, market risk and liquidity risk. For a description of these risks, please refer to **Credit Risk - Cash and cash equivalents, Credit Risk – Marketable Securities, Market Risk - Interest Rate Risk – Marketable Securities, Liquidity Risk - Cash and cash equivalents and Liquidity Risk - Marketable securities**.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents contains tax withheld by CDS on entitlement payments made by CDS on behalf of CDS participants. The restricted cash and cash equivalents related to this withheld tax is ultimately under the control of CDS; however, the amount is payable to various taxation authorities within a relatively short period of time and so is restricted from use in normal operations. An equivalent and offsetting amount is included in the consolidated balance sheet under the caption Participants' tax withholdings. At December 31, 2014, we had restricted cash and cash equivalents of $75.6 million.

The primary risks related to restricted cash and cash equivalents are credit risk and liquidity risk. For a description of these risks, please refer to **Credit Risk - Restricted Cash and cash equivalents and Liquidity Risk - Restricted Cash and cash equivalents**.

Trade Receivables

Our financial instruments include accounts receivable, which represents amounts that our customers owe us. The carrying value is based on the actual amounts owed by the customers, net of a provision for that portion which may not be collectible.

The primary risks related to trade receivables are credit risk and market risk. For a description of these risks, please refer to **Credit Risk – Trade Receivables and Market Risk - Foreign Currency Risk**.

CDS – Participant cash collateral and entitlements and other funds

As part of CDS's clearing operations, CDS Participant Rules require participants to pledge collateral to CDS in the form of cash or securities in amounts calculated in relation to their activities. Cash pledged and deposited with CDS is recognized as an asset and an equivalent and offsetting liability is recognized as these amounts are ultimately owed to the participants. There is no impact on the consolidated income statement. Securities pledged do not result in an economic inflow to CDS, and therefore, are not recognized.

Securities held in custody by CDS for participants and associated non-cash entitlement transactions on these securities are not financial assets of the corporation nor do these transactions give rise to a contractual or constructive obligation. All cash dividends, interest, and other cash distributions received by the corporation on securities held in custody awaiting distribution are recognized as an asset and offsetting liability as these amounts are ultimately owed to participants.

The primary risks associated with these financial instruments are credit risk, market risk and liquidity risk. For a description of these risks, please refer to **Credit Risk – CDS, Other Market Price Risk – CDS, Market Risk - Foreign Currency Risk, Liquidity Risk - Balances with Clearing members and participants, Liquidity Risk - New York Link service - CDS and Liquidity Risk - Credit and liquidity facilities - Clearing operations.**

CDCC – Daily Settlements due to and due from Clearing Members

As part of CDCC's clearing operations, amounts due from and to Clearing Members as a result of marking to market open futures positions and settling options transactions each day are required to be collected from or paid to Clearing Members prior to the commencement of trading the next day. The amounts due from and due to Clearing Members are recognized in the consolidated assets and liabilities as Balances with Clearing Members and participants. There is no impact on the consolidated statements of income.

The primary risks associated with these financial instruments are credit risk, market risk and liquidity risk. For a description of these risks, please refer to **Credit Risk – CDCC, Other Market Price Risk - CDCC, Liquidity Risk – Balances with Clearing members and participants** and **Liquidity Risk - Credit and liquidity facilities - Clearing operations.**

CDCC – Clearing Members' cash margin deposits and clearing fund cash deposits

These balances represent the cash deposits of Clearing Members held in the name of CDCC as margins against open positions and as part of the clearing fund. The cash held is recognized as an asset and an equivalent and offsetting liability is recognized as these amounts are ultimately owed to the Clearing Members. There is no impact on the consolidated income statement. The primary risks associated with these financial instruments are credit risk, market risk and liquidity risk. For a description of these risks, please refer to **Credit Risk - CDCC, Other Market Price Risk - CDCC, Liquidity Risk - Balances with Clearing members and participants and Liquidity Risk - Credit and liquidity facilities - Clearing operations.**

CDCC – Net amounts receivable/payable on open REPO agreements

In February 2012, CDCC launched the clearing of fixed income REPO agreements. OTC REPO agreements between buying and selling Clearing Members are novated to CDCC whereby the rights and obligations of the Clearing Members under the REPO agreements are cancelled and replaced by new agreements with CDCC. Once novation occurs, CDCC becomes the counterparty to both the buying and selling Clearing Member. As a result, the contractual right to receive and return the principal amount of the REPO as well as the contractual right to receive and pay interest on the REPO is thus transferred to CDCC. These balances represent outstanding balances on open REPO agreements. Receivable and payable balances outstanding with the same Clearing Member are offset when they are in the same currency and are to be settled on the same day, as CDCC has a legally enforceable right to offset and the intention to net settle. The balances include both the original principal amount of the REPO and the accrued interest, both of which are carried at amortized cost. As CDCC is the central counterparty, an equivalent amount is recognized in both TMX Group's' assets and liabilities.

The primary risks associated with these financial instruments are credit risk, market risk and liquidity risk. For a description of these risks, please refer to **Credit Risk - CDCC, Other Market Price Risk - CDCC, Liquidity Risk - Balances with Clearing members and participants and Liquidity Risk - Credit and liquidity facilities - Clearing operations.**

NGX – Energy Contracts

The NGX clearing balances include the following:

- Energy contracts receivable and energy contracts payable -- These balances represent the amounts receivable and payable where physical delivery of energy trading contracts has occurred and/or settlement amounts have been determined but payments have not yet been made. There is no impact on the consolidated income statement as an equivalent amount is recognized in both the assets and the liabilities.

- Fair value of open energy contracts – These balances represent the fair value at the balance sheet date of the undelivered physically settled energy trading contracts and the forward cash settled energy trading contracts. Fair value is determined based on the difference between the trade price when the contract was entered into and the settlement price. The settlement price is a price designated by NGX for each trading instrument in each trading hub at market close and is used in conjunction with published market price bands. Depending on the term and type of instrument, some settlement prices can be derived from actual trading data from NGX's trading system, basis values for NGX markets compared to NYMEX, daily market surveys and/or industry reports. There is no impact on the consolidated income statement as an equivalent amount is recognized in both the assets and the liabilities.

The primary risks associated with these financial instruments are credit risk, market risk and liquidity risk. For a description of these risks, please refer to **Credit Risk – NGX, Other Market Price Risk – NGX, Market Risk - Foreign Currency Risk, and Liquidity Risk - Fair value of open energy contracts and Energy contracts payable - NGX and Liquidity Risk - Credit and liquidity facilities - Clearing operations.**

NGX Collateral Pledged

NGX requires each contracting party to provide sufficient collateral, in the form of cash or letters of credit, in excess of the outstanding credit exposure as determined by NGX in accordance with its margin methodology. The cash collateral deposits and letters of credit are held by a major Canadian chartered bank. The collateral may be accessed by NGX in the event of default by a contracting party. The collateral is not included on our consolidated balance sheet.

The primary risks associated with these financial instruments are credit risk, market risk and liquidity risk. For a description of these risks, please refer to **Credit Risk – NGX, Other Market Price Risk – NGX, Market Risk - Foreign Currency Risk, and Liquidity Risk - Fair value of open energy contracts and Energy contracts payable - NGX and Liquidity Risk - Credit and liquidity facilities - Clearing operations**.

Commercial Paper

On May 30, 2014, TMX Group established a Commercial Paper Program to offer potential investors up to $400.0 million (or the equivalent U.S. dollars) of Commercial Paper to be issued in various maturities of up to one year from the date of issue. The Commercial Paper bears interest rates based on the prevailing market conditions at the time of issuance.

The Commercial Paper issued represents an unsecured obligation and ranks equally with all other senior unsecured obligations of TMX Group. The Commercial Paper has been assigned a rating of "R-1 (low)" with a Stable trend by DBRS.

The Commercial Paper is subject to market risk and liquidity risk. For a description of these risks, please refer to **Market Risk – Interest Rate Risk - Commercial Paper and Debentures, Market Risk - Foreign Currency Risk and Liquidity Risk - Commercial Paper, Debentures and Credit Facility**.

Debentures

On September 30, 2013, we completed the offering of $1.0 billion aggregate principal amount of Debentures to accredited investors in Canada. The offering consisted of a $400-million principal amount Series A Debentures with a 3.253% coupon and a five-year term, a $250-million Series B Debentures with a 4.461% coupon and a 10-year term, a $350-million Series C Debentures with a floating rate coupon (three-month CDOR + 70 bps) and a three-year term (see **Commercial Paper, Debentures, Credit and Liquidity Facilities – Debentures**). The net proceeds were used to repay a significant portion of outstanding indebtedness under the TMX Group's Credit Agreement outstanding at that time. The Debentures received a credit rating of A (high) with a Stable trend from DBRS. The fair value of the Debentures was obtained using market prices as inputs.

The Debentures are subject to market risk and liquidity risk. For a description of these risks, please refer to **Market Risk – Interest Rate Risk - Commercial Paper and Debentures, Liquidity Risk - Commercial Paper, Debentures and Credit Facility.**

Interest Rate Swaps (IRS)

We entered into a series of IRS agreements to partially manage our exposure to interest rate fluctuations on the Series C Debentures payable. In addition, we entered into interest rate swaps with a notional value of $50.0 million that provide a partial economic hedge to interest rate fluctuations related to our Commercial Paper (see **Commercial Paper, Debentures, Credit and Liquidity Facilities – Interest Rate Swaps**). We mark to market the fair value of the IRSs, which is determined by using observable market information. At December 31, 2014, the fair value of the IRSs was a liability of $0.6 million. The counterparties on these IRSs are major Canadian chartered banks. The unrealized fair value loss on these IRSs designated as cash flow hedges was $0.2 million for 2014 (net of $0.1 million of tax). This is reflected in the calculation of Total comprehensive income. In addition, there was a charge of $1.3 million to net income related to the net settlement on these IRSs.

IRSs are subject to credit risk. For a description of this risk, please refer to **Credit Risk – Interest Rate Swaps (IRS).**

Total Return Swaps (TRS)

We have entered into a series of TRSs which synthetically replicate the economics of TMX Group purchasing our shares as a partial economic hedge to the share appreciation rights of the non-performance element of Restricted share units (RSUs). We have also entered into a series of TRSs as a partial fair value hedge against the share price appreciation associated with the Deferred share units (DSUs). We mark to market the fair value of the TRSs as an adjustment to income, and simultaneously mark to market the liability to holders of the units as an adjustment to income. Fair value is obtained from a pricing service based on a discounted cash flow model. The fair value of the TRSs and the obligation to unit holders are reflected on the consolidated balance sheet. The contracts are settled in cash upon maturity.

Unrealized losses and realized gains of $1.7 million and $1.5 million, respectively, have been reflected in net income in the financial statements for the year ended December 31, 2014 (2013 – unrealized gains and realized losses of $0.6 million and $0.6 million, respectively).

TRSs are subject to credit risk. For a description of this risk, please refer to **Credit Risk – Total Return Swaps (TRS).**

Foreign Exchange Forwards

We have entered into foreign exchange forward contracts to manage our exposure to foreign exchange fluctuations of our U.S. dollar denominated Commercial Paper. Using observable market information, we mark to market the fair value of the foreign exchange forwards, as an adjustment to income and simultaneously mark to market the U.S. dollar Commercial Paper. The fair value of the foreign exchange forwards is reflected on the consolidated balance sheet. The contracts are settled in cash upon maturity.

Unrealized losses of $0.2 million and no realized losses have been reflected in net income in the financial statements for the year ended December 31, 2014 (2013 – nil).

Foreign Exchange Forwards are subject to credit risk. For a description of this risk, please refer to **Credit Risk – Foreign Exchange Forwards.**

CRITICAL ACCOUNTING ESTIMATES[22]

Goodwill and Intangible Assets – Valuation and Impairment Testing

We recorded goodwill and intangible assets valued at $4,650.3 million as at December 31, 2014, down by $156.6 million from $4,806.9 million at December 31, 2013, reflecting a non-cash impairment charge on BOX in Q2/14 and amortization for 2014. Management has determined that the testing for impairment for some of these assets involves making critical accounting estimates.

Goodwill is recognized at cost on acquisition less any subsequent impairment in value. We measure goodwill arising on a business combination as the fair value of the consideration transferred less the fair value of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Intangible assets are recognized at cost less accumulated amortization, where applicable, and any impairment in value. Cost includes any expenditure that is directly attributable to the acquisition of the asset. The cost of internally developed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the assets to a working condition for their intended use.

In accounting for the Maple Transaction, all of our assets were recorded based on fair value in Q3/12. The purchase price for TMX Group Inc. was based on a TMX Group Inc. share price of $50.00 per share. This resulted in a significant amount of goodwill and intangible assets.

Assets are considered to have indefinite lives where management believes that there is no foreseeable limit to the period over which the assets are expected to generate net cash flows.

We test for impairment as follows:

The carrying amounts of our goodwill and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, are tested for impairment at least annually even if there is no indication of impairment, and the recoverable amount is estimated each year at the same time.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or CGU). For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

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[22] The *"Critical Accounting Estimates"* section above contains certain forward-looking statements. Please refer to *"Caution Regarding Forward-Looking Information"* for a discussion of risks and uncertainties related to such statements.

The recoverable amount of an asset or CGU is based on the higher of the value in use or fair value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset, or its CGU, exceeds its estimated recoverable amount. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis. Impairment losses along with any related deferred income tax effects are recognized in the consolidated income statement.

Derivative Markets – BOX

Goodwill and intangible assets

As at June 30, 2014, we determined that the fair value of the BOX CGU was lower than its carrying amount. This fair value of BOX had declined below the carrying value primarily due to lower revenue projections for the business.

BOX operates in a highly competitive environment in the U.S. In Q3/12, BOX had a market share of 3.7%. In Q1/14, its market share declined to 2.1%. We took measures to improve BOX's performance, including implementing a number of price reductions in March 2014. While market share improved to 2.7% in Q2/14 as volumes increased as a result of price reductions, the increase in volume was not sufficient to offset the impact of these price reductions, and BOX revenue declined in Q2/14 compared with Q1/14.

We expect BOX to continue to face increased competition and slower long-term growth rates within the U.S. equity options market. In making this assessment of the fair value of BOX, we utilized a value in use calculation. The value in use for BOX was determined using a discounted cash flow methodology based on management's best estimate of the forecasted cash flows for the business discounted at a pre-tax discount rate of 13.8% (15.7% at December 31, 2013). The impact of the above calculation resulted in a non-cash impairment charge for Q2/14. This non-cash impairment charge had the effect of reducing the carrying value of BOX as follows:

(In millions of dollars)	Carrying value pre-asset impairment	Impairment charges	Carrying value as of June 30, 2014
Cash	$19.6	$ -	**$19.6**
Other assets	4.6	-	**4.6**
Technology	7.9	(5.1)	**2.8**
Customer list	129.6	(83.3)	**46.3**
Regulatory designations and trade name	6.2	(4.0)	**2.2**
Goodwill	36.0	(36.0)	**-**
Total net assets / impairment charge before income taxes	**203.9**	**(128.4)**	**75.5**
Deferred income tax assets	7.3	3.6	**10.9**
Deferred income tax liabilities	(25.0)	18.6	**(6.4)**
Total net assets / impairment charge	**186.2**	**(106.2)**	**80.0**
Non-controlling interests (46.2%)	(77.4)	42.6	**(34.8)**
Attributable to shareholders of TMX Group	**108.8**	**(63.6)**	**45.2**

Based on current assumptions, the recoverable amount for BOX remains above carrying value, and as such no further impairment has been identified.

Cash Markets – Toronto Stock Exchange (TSX)

Goodwill and Indefinite Life Intangible Assets

Included with the TSX CGU carrying values is $1,859.3 million of goodwill and indefinite life intangible assets recognized as a result of the acquisitions under the Maple Transaction in 2012.

Overall, equities markets trading volumes on TSX in 2014 increased by about 5% compared with 2013. In 2014, our combined monthly average share of volume, including TSX, TSXV, TMX Select, and Alpha, was 75%, down from the combined monthly average of 80% in 2013. The total value of financings raised on TSX increased by 32% in 2014 over 2013 and the year-end market capitalization of listed issuers increased by 8% from the end of 2013 to the end of 2014. The total number of listing transactions billed relating to additional listing fees increased in 2014 compared with 2013; however, the total number of corporate transactions billed relating to initial listing fees declined. In Q4/14, there was a significant overall decline in the number of listing transactions billed on TSX, which generated additional listing fee revenue.

In 2014, management updated its growth projections. The discount rate and the terminal growth rate were unchanged from 2013. The cash flow projections cover a period of five years.

Based on current assumptions, the recoverable amount for TSX remains above carrying value, and as such no impairment has been identified. However, management has identified three key assumptions, the pre-tax discount rate, the terminal growth rate, and the cash flow projections, where it would be reasonably possible that an individual change could cause

the carrying amount to exceed the recoverable amount. Changes in these assumptions that would cause the carrying value to equal the recoverable amount are a 1.0% increase in the pre-tax discount rate, a 1.5% reduction in the terminal growth rate, or a 7.4% decrease in cash flow.

Cash Markets – TSX Venture Exchange (TSXV)

Goodwill and Indefinite Life Intangible Assets

Included with the TSXV CGU carrying value is $518.3 million of goodwill and indefinite life intangible assets recognized as a result of the acquisitions under the Maple Transaction in 2012.

Overall, TSXV equities markets trading volumes in 2014 increased by about 5% compared with 2013. The total value of financings raised on TSXV increased by 39%; however, the year-end market capitalization of listed issuers decreased by 20%. The S&P/TSX Venture composite index reached an all-time low in December 2014 and closed the year at 695.53 down by about 25% from the end of 2013. This reflects the impact of declining commodity prices, including energy prices. A significant proportion of issuers listed on TSXV are resource and energy industry based companies; therefore, TSXV's current ability to grow revenue from these customers is somewhat limited.

In 2014, management updated its growth projections. The discount rate and the terminal growth rate were unchanged from 2013. The cash flow projections cover a period of five years.

Based on current assumptions, the recoverable amount for TSXV remains above carrying value, and as such no impairment has been identified. However, management has identified three key assumptions, the pre-tax discount rate, the terminal growth rate, and the cash flow projections, where it would be reasonably possible that an individual change could cause the carrying amount to exceed the recoverable amount. Changes in these assumptions that would cause the carrying value to equal the recoverable amount are a 0.3% increase in the pre-tax discount rate, a 0.4% reduction in the terminal growth rate, or a 2.5% decrease in cash flow.

Derivative Markets – Montreal Exchange (MX)

Goodwill and indefinite life intangible assets

Included with the MX CGU carrying value are $937.3 million of goodwill and indefinite life intangible assets recognized as a result of the acquisitions under the Maple Transaction in 2012.

In January 2015, the Bank of Canada reduced its target for the overnight rate from 1.0% to 0.75%. It said that its decision was in response to the recent sharp drop in oil prices, which will be negative for growth and underlying inflation in Canada[23]. The low and stable interest rate environment has somewhat limited the growth in fixed income derivatives volumes and overall derivatives activity. However, the view of management is that this reduction is temporary and that the fundamental growth opportunities that were included in the original valuation of MX are still valid. There was a 6% increase in overall volumes for 2014 on MX, including volume increases in bond and interest rate futures. In addition, the size of the Canadian derivatives market relative to the size of the underlying cash market is still substantially below that of global peers, thus leaving much room for growth if new technology, products and participants are added to the

[23] Source: Bank of Canada January 21, 2015 press release.

marketplace. Lastly, the global push from regulators and market participants to move over-the-counter derivatives products to exchange traded and/or centrally cleared models suggests further upside potential.

In 2014, management updated its growth projections. The discount rate and the terminal growth rate were unchanged from 2013. The cash flow projections cover a period of eight years, which is consistent with the original acquisition economics, and reflects the stage of its product life cycle with significant long-term growth potential remaining beyond a five-year forecast.

Based on current assumptions, the recoverable amount for MX remains above carrying value, and as such no impairment has been identified. However, management has identified three key assumptions, the pre-tax discount rate, the terminal growth rate, and the cash flow projections, where it would be reasonably possible that an individual change could cause the carrying amount to exceed the recoverable amount. Changes in these assumptions that would cause the carrying value to equal the recoverable amount are a 0.8% increase in the pre-tax discount rate, a 1.3% reduction in the terminal growth rate, or an 11.1% decrease in cash flow.

Energy Markets – Natural Gas Exchange (NGX)

Goodwill and Indefinite Life Intangible Assets

Included with the NGX CGU carrying value is $121.6 million of goodwill and indefinite life intangible assets recognized as a result of the acquisitions under the Maple Transaction in 2012.

Overall, NGX trading volumes in 2014 increased by about 4% compared with 2013. In the aftermath of a very active winter with extreme weather conditions in Q1/14, natural gas trading volumes declined through to Q4/14 where they rebounded due to short term volatility in some of the natural gas markets serviced by NGX. NGX has continued to expand and diversify its product offering and added U.S. physical power clearing services in Western U.S. markets in 2014 as well as adding 12 new delivery points to increase geographic coverage in U.S. markets, which it expects will contribute to growth in revenue. In addition, NGX is looking to offer trading and clearing services for other asset classes. It expects this will also generate revenue growth. However, lower natural gas prices and low volatility may continue to limit NGX's ability to grow revenue.

In 2014, management updated its growth projections, which included assumptions related to new business opportunities. While the discount rate was increased from 2013, the terminal growth rate remained unchanged. The cash flow projections cover a period of five years.

Based on current assumptions, the recoverable amount for NGX remains above carrying value, and as such no impairment has been identified. However, management has identified three key assumptions, the pre-tax discount rate, the terminal growth rate, and the cash flow projections, where it would be reasonably possible that an individual change could cause the carrying amount to exceed the recoverable amount. Changes in these assumptions that would cause the carrying value to equal the recoverable amount are a 5.3% increase in the pre-tax discount rate, a 9.6% reduction in the terminal growth rate, or a 32.4% decrease in cash flow.

SELECT ANNUAL AND QUARTERLY FINANCIAL INFORMATION

Review of Fourth Quarter Results

Compared with Q4/13

- Revenue was $182.7 million in Q4/14, up $2.0 million, or 1%, from revenue of $180.7 million in Q4/13.

Revenue increased in the following:

- Cash markets trading revenue increased reflecting a 16% increase in overall volume of securities traded on our equities marketplaces.
- Canadian derivatives markets trading revenue increased reflecting a 23% increase in MX volumes.
- Energy markets trading revenue increased mainly due to a 12% increase in total energy volumes traded, an increase in Shorcan Energy Brokers revenue and the positive impact of the appreciation of the U.S. dollar against the Canadian dollar in Q4/14 compared with Q4/13.[24]
- There was an increase in Information services revenue reflecting the positive impact of the appreciation of the U.S. dollar against the Canadian dollar in Q4/14 compared with Q4/13 and new wireless revenue from the acquisition of the microwave network business of Strike (acquired October 31, 2014).
- Technology services and other revenue increased primarily due to significantly higher Razor Risk revenue, as milestones were achieved with one customer, and higher foreign exchange gains on U.S. dollar denominated balances.

The increases were largely offset by the following:

- Issuer services revenue declined reflecting a decrease in both initial and additional listing fees in Q4/14 compared with Q4/13. *Initial listing fee revenue* decreased reflecting a decline in the number of corporate listing transactions billed on TSX and a lower number of new issuers listed on TSXV. *Additional listing fee revenue* decreased reflecting a significant overall decline in the number of listing transactions billed on TSX.
- BOX revenue declined due to lower average fees as a result of the price reduction implemented in March 2014, partially offset by a 10% increase in trading volumes and positive impact of the appreciation of the U.S. dollar against the Canadian dollar in Q4/14 compared with Q4/13.
- The increase in Information services revenue was more than offset by other factors including lower revenue recoveries related to under-reported usage of real-time quotes in prior periods and lower index licensing revenue. During Q4/13, there were various revenue recoveries of approximately $2.8 million.

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[24] NGX total energy volume includes trading and clearing in natural gas, crude oil and electricity.

    - Technology services and other revenue was somewhat reduced by the decrease in revenue from the discontinuation of CDS services largely relating to the administration of SEDAR, SEDI and NRD. These operations were transitioned to a new service provider on January 13, 2014; the CDS agreement ended on January 31, 2014.

- Operating expenses increased by 6% over Q4/13 reflecting increased costs related to initiatives and to support the growth in Razor Risk's revenue. These increases were partially offset by the elimination of operating expenses resulting from the termination of the agreement with Canadian securities regulators to provide SEDAR, SEDI and NRD services, which ended January 31, 2014. In addition, there was a decrease in costs related to the reversal of a $2.5 million commodity tax provision taken in 2011, which was more than offset by a charge of approximately $1.2 million relating to consolidation of facilities, a charge of approximately $1.2 million for the accelerated amortization of assets relating to the restructuring of our equities trading offering, and approximately $0.7 million due to recording a future obligation related to retiring assets.

- Net income attributable to TMX Group shareholders for Q4/14 decreased slightly from Q4/13. There were significantly higher costs related to initiatives to enhance our equities trading offerings, and to support the growth in Razor Risk's revenue. The increase in operating expenses was partially offset by slightly higher revenue, an increase in net income from equity accounted investees and lower net financing costs.

- The decrease in *Cash Flows from Operating Activities* in Q4/14 compared with Q4/13 reflected a decrease in income from operations (excluding depreciation and amortization) and a decrease in trade and other payables.

- In Q4/14, *Cash Flows used in Financing Activities* was higher than in Q4/13 primarily due to higher net drawings on CDCC's liquidity facility related to REPO transactions and higher interest paid.

- In Q4/14, *Cash Flows from Investing Activities* was lower than in Q4/13 reflecting higher costs related to additions to premises and equipment and intangible assets, and a net cash outflow of $14.7 million related the cost of acquisitions (net of cash acquired).

Compared with Q3/14

See table and analysis below.

A comparison of select financial information (including revenue, net income, total assets, non-current liabilities and earnings per share) for both 2014 and 2013 is contained in various sections of this MD&A. Cash dividends declared per common share were $1.60 in both 2013 and 2014. TMX Group was an acquisition corporation formed solely for the purpose of pursuing the Maple Transaction. Prior to the completion of the CDS and Alpha acquisitions on August 1, 2012 and the initial take up of 80% of the common shares of TMX Group Inc. on July 31, 2012, it had no material assets, history of earnings and had not commenced commercial operations. Management believes that the required historical annual information for the 2012 financial year would not be useful to investors and other users of our financial information in evaluating the operating performance and profitability for 2012. In the quarterly financial information table below, we have compared the results for the most recent eight quarters of TMX Group.

(in millions of dollars except per share amounts - unaudited)

	Dec 31 2014	Sept 30 2014	Jun 30 2014	Mar 31 2014	Dec 31 2013	Sept 30 2013	Jun 30 2013	Mar 31 2013
Revenue	$182.7	$170.2	$182.3	$182.1	$180.7	$165.3	$182.3	$172.2
Income from operations	67.0	63.1	71.3	77.3	71.3	58.9	67.3	60.2
Net Income attributable to TMX Group shareholders	41.1	39.4	(26.4)	46.4	41.4	19.2	25.5	37.8
Earnings per share:								
Basic	0.76	0.73	(0.49)	0.86	0.77	0.35	0.47	0.70
Diluted	0.76	0.73	(0.49)	0.86	0.77	0.35	0.47	0.70

Q4/14 compared with Q3/14

- Revenue in Q4/14 increased by 7% compared with Q3/14. Cash, Canadian derivatives and energy markets trading revenue increased in Q4/14 compared with Q3/14, reflecting higher overall volumes. In addition, there was higher CDS depository revenue, net of rebates, and significantly higher revenue from Razor Risk in Q4/14 compared with Q3/14, as milestones were achieved with one customer.

- Operating expenses increased by 8% from Q3/14 to Q4/14. Compensation and benefit costs and information and trading systems costs increased reflecting higher costs related to initiatives to enhance our equities trading offerings and to support the growth in Razor Risk's revenue. There was a decrease in costs related to the reversal of a $2.5 million commodity tax provision taken in 2011, which was more than offset by a charge of approximately $1.2 million relating to consolidation of facilities, an increase in charges of approximately $0.8 million for the accelerated amortization of assets relating to the restructuring of our equities trading offering, and approximately $0.7 million due to recording a future obligation related to retiring assets. Operating expenses included costs from Strike for two months in Q4/14 (acquired October 31, 2014). There were also higher information and trading systems operating costs and higher marketing expenses in Q4/14 compared with Q4/13.

- Income from operations increased by 6% from Q3/14, reflecting the impact of higher revenue that was partially offset by higher overall operating expenses.

- Net income attributable to TMX Group shareholders in Q4/14 increased by 4% compared with Q3/14. The increase reflects the higher income from operations partially offset by higher Maple transaction and integration costs.

Q3/14 compared with Q2/14

- Revenue in Q3/14 was 7% lower compared to Q2/14 due to typical seasonal effects. Revenue from issuer services, cash markets trading, depository and information services decreased, partially offset by higher technology services and other revenue including increased foreign exchange gains on U.S. dollar and Euro denominated balances and higher Razor Risk revenue. The decrease in issuer services revenue reflected a decline of almost $4.0 million in fees related to share compensation arrangements for issuers listed on the TSX.

- Operating expenses decreased by 4% from Q2/14 to Q3/14 primarily due to lower costs associated with our employee performance incentive plans, reduced external fees, lower depreciation and amortization expense and reduced marketing costs, partially offset by lower capitalization of labour and additional costs associated with initiatives including Razor Risk. Generally, there are higher initiative costs during the fourth quarter compared with other quarters.

- Income from operations decreased by 12% from Q2/14, reflecting the impact of lower revenue partially offset by lower overall operating expenses.

- There was net income attributable to TMX Group shareholders in Q3/14 compared to a net loss if Q2/14. In Q2/14, we recorded impairment charges related to BOX of which our share was $63.6 million. The impact of this was partially offset by higher income from operations in Q2/14 compared with Q3/14.

Q2/14 compared with Q1/14

- Revenue in Q2/14 was in line with Q1/14, reflecting higher revenue from initial and additional listing fees, offset by lower trading and clearing revenue across our marketplaces and the elimination of revenue related to providing SEDAR, SEDI and NRD services following the termination of the agreement with Canadian securities regulators on January 31, 2014.

- Operating expenses in Q2/14 increased by 6% from Q1/14 primarily due to higher costs associated with our employee performance incentive plans, increased recruitment costs, higher project and information and trading systems operating costs, and increased marketing expenses, partially offset by lower payroll taxes. Generally, there are lower marketing and initiative expenses during the first part of the year compared with the second half.

- Income from operations decreased by 8% from Q1/14, reflecting the impact of higher overall operating expenses.

- Net loss attributable to TMX Group shareholders in Q2/14 reflects the recognition of non-cash impairment charges related to BOX and other assets, lower income from operations, and higher net finance costs resulting from credit facility refinancing costs related to the establishment of a Commercial Paper Program.

Q1/14 compared with Q4/13

- Revenue in Q1/14 was 1% higher than Q4/13 primarily due to higher revenue from cash, Canadian derivatives, and energy markets trading and clearing, partially offset by lower revenue from initial listing fees and lower revenue related to providing SEDAR, SEDI and NRD services following the termination of the agreement with Canadian securities regulators on January 31, 2014.
- Operating expenses in Q1/14 decreased by 4% from Q4/13 primarily due to lower information and trading systems expenses, lower general and administration costs including reduced marketing expenses somewhat offset by higher bad debts expense, and lower operating expenses related to providing SEDAR, SEDI and NRD services following the termination of the agreement with Canadian securities regulators on January 31, 2014. The decreases were partially offset by higher compensation and benefits costs. Operating expenses in Q1/14 were somewhat lower due to the timing of initiative spending. Generally, there are lower marketing and other initiative costs in the first quarter compared with the fourth quarter, but higher payroll taxes in the first quarter compared with other quarters.
- Income from operations increased by 8% from Q4/13, reflecting the combined impact of higher revenue and lower overall operating expenses.
- Net income attributable to TMX Group Shareholders increased by 12% from Q4/13, reflecting higher income from operations, partially offset by an increase in Maple Transaction and integration costs.

Q4/13 compared with Q3/13

- Revenue in Q4/13 was 9% higher than Q3/13 primarily due to increased initial and additional listing fee revenue as well as increased information services and technology services and other revenue.
- Operating expenses in Q4/13 increased by 3% over Q3/13 primarily due to higher information and trading systems costs reflecting increased operating and telecommunications costs. In addition, there were higher general and administration costs reflecting increased marketing costs and initiative spending. These increases were partially offset by higher capitalization of costs associated with technology initiatives and lower short-term employee performance incentive plan expense.
- Income from operations increased by 21% from Q3/13, reflecting the combined impact of higher revenue somewhat offset by higher operating expenses.
- Net income attributable to TMX Group Shareholders increased by 116% from Q3/13 partially due to higher income from operations and lower finance costs. In addition, during Q3/13 net income was reduced by $16.4 million of credit facility refinancing costs.

Q3/13 compared with Q2/13

- Revenue in Q3/13 was 9% lower than in Q2/13 primarily due to lower additional listing fee revenue as well as both cash markets and derivatives markets trading and clearing revenue.
- Operating expenses in Q3/13 decreased by 7% over Q2/13 primarily due to reduced information and trading system costs reflecting lower fees to ICE (relating to NGX's technology and clearing alliance with ICE), and a

decrease in project costs. In addition, there were reduced general and administration costs reflecting lower bad debt expenses and overall reduced operating expenses due to realized synergies from the integration of TMX Group Inc., CDS, and Alpha.

- Income from operations decreased by 12% from Q2/13, reflecting the combined impact of lower revenue and somewhat offset by lower operating expenses.
- Net income attributable to TMX Group shareholders decreased by 25% primarily due to lower income from operations and $16.4 million of credit facility refinancing costs.

Q2/13 compared with Q1/13

- Revenue in Q2/13 was 6% higher than in Q1/13 primarily due to higher other issuer services revenue, including Equity Transfer (acquired April 5, 2013), higher initial and additional listing fee revenue, and higher derivatives markets trading and clearing revenue, somewhat offset by lower information services revenue following the sale of PC-Bond on April 5, 2013.
- Operating expenses in Q2/13 increased slightly over Q1/13 primarily due to the inclusion of Equity Transfer and an increase in general and administration expenses.
- Income from operations of $67.3 million increased by 12% reflecting the 6% increase in revenue, partially offset by a 3% increase in operating expenses.
- Net income attributable to TMX Group shareholders decreased in Q2/13 over Q1/13 primarily due to significantly higher income tax accounting adjustments related to the sale of PC-Bond. The decrease was partially offset by the higher revenue and the gain on the sale of PC-Bond. (See **Gain on sale of PC-Bond** and **Income tax expense**.)

RISKS AND UNCERTAINTIES

We have in place an integrated risk management framework in which the Board assumes overall stewardship responsibility. It oversees the adequacy and effectiveness of TMX Group's risk management framework and establishes TMX Group's Risk Appetite Statements (RAS). The Finance & Audit Committee of the Board assesses the adequacy of risk management policies and processes and the Risk Management Committee (RMC), comprised of senior management, oversees the implementation of risk management policies and processes. The management framework supporting the risk management objectives includes regular assessments of principal key enterprise risks (KERs), and implementation of risk management tactics, which are monitored and adjusted as required.

The RMC has established a list of KERs that it believes are the most significant risks that TMX Group is exposed to. The RMC undertakes a formal review of these KERs at least annually by evaluating the impact and likelihood of each risk after taking into account known mitigations and established internal controls. The RMC also discusses any new or emerging risks that should be considered. These KERs are grouped under one of the risk categories of strategic, financial, operational as well as legal and regulatory. The overall risk in each category is assessed against TMX Group's RAS. The RMC is not aware of the residual risk in any of the four categories exceeding TMX Group's RAS. These KERs are taken into account when developing and implementing TMX Group strategies, tactics, policies, operating procedures and governance processes, including the design and implementation of compensation policies and practices.

The risks and uncertainties described below are not the only ones facing TMX Group. Additional risks and uncertainties not presently known to us or that we currently believe are immaterial may also adversely affect our business. If any of the following risks actually occur, our reputation, business, financial condition, or operating results could be materially adversely affected.

Strategic Risks

Competition Risk

Our issuer services business competes with other exchanges, OTC markets, and other sources

We compete for listings with North American exchanges in a broad range of sectors and also internationally, particularly for resource companies and SMEs. Domestically, we compete for junior listings with Canadian Securities Exchange (CSE, formerly CNSX Markets Inc.).

While some Canadian issuers seek a listing on another major North American or international exchange, historically, the vast majority of these issuers also list on TSX or TSXV and do not bypass our markets. We also compete with institutions and various market participants that offer alternative forms of financing that are not necessarily traded in public markets including private venture capital and various forms of debt financing.

In addition, crowdfunding, a new way for start-ups and SMEs to raise capital through small amounts of money raised from a large number of people over the internet via an internet portal intermediary, is emerging. In December 2013 the securities regulatory authority in Saskatchewan published a general order creating an alternative form of crowdfunding prospectus exemption targeted at start-ups. In March 2014, the OSC published a proposed crowdfunding prospectus exemption along with proposed regulatory requirements applicable to online crowdfunding portals. Also in March 2014, the securities regulatory authorities in Manitoba, New Brunswick, Nova Scotia, Quebec and Saskatchewan published proposed prospectus exemptions related to crowdfunding, as well as general orders creating a form of crowdfunding prospectus exemption targeted at start-ups. In addition, the British Columbia Securities Commission proposed a start-up crowdfunding prospectus exemption similar to the existing Saskatchewan exemption.

Finally, as we build out our listed company services business, we may also face direct competition from domestic and international companies that provide various investor relations and other shareholder services.

Our equity exchanges face competition from other exchanges, other marketplaces and trading mechanisms

We face competition for business from other exchanges, especially those in the U.S. as they continue to consolidate and investing becomes more global. We face competition from foreign exchanges for listings of Canadian-based issuers and trading in their securities. In addition, the variety of other marketplaces and trading venues in the U.S. that trade Canadian securities, including dark markets and internalization facilities, places increasing competitive pressure on our business. Interlistings generally raise the profile of issuers in the global market, and trading volumes for these issuers' securities often increase across all markets including TSX. Whether a significant portion of trading of a particular issuer remains in Canada following its interlisting depends on a number of factors, including the location of the issuer's shareholder base and the location of research analysts who cover the issuer. For example, some market participants in the U.S., known as wholesalers, are currently able to pay our customers for order flow under U.S. securities laws and

regulations. This practice is not permissible in Canada, and therefore puts us at a competitive disadvantage. IIROC recently published guidance and a technical notice to clarify the requirements for investment dealers when orders in Canadian-listed securities are executed away from Canadian markets, an important step in IIROC's approach to addressing concerns about the routing of orders to the U.S. If we are unable to continue to provide competitive trade execution, the volume traded in all interlisted issuers on our equity exchanges could decrease in the future and adversely affect our operating results. Our combined market share (including TSX, Alpha, and TMX Select) of the total volume traded in Canadian based interlisted issues was 32% versus U.S. exchanges in 2014, compared with 33% in 2013. Our cash equities sales team is focused on attracting more foreign participants and order flow by raising the level of awareness of the benefits of trading on TSX, TSXV and Alpha.

Domestic competition in our cash equities trading business has intensified with the establishment of ATSs in Canada. Technological advances have lowered barriers to entry and have created a multiple marketplace environment for trading TSX and TSXV listed securities. There are currently 12 Canadian equity marketplaces which trade, or intend to trade, TSX and TSXV listed securities, including dark and visible trading venues. There are also sophisticated mechanisms to internalize order flow, liquidity aggregators and smart order routers that also facilitate trading on other venues. New market entrants have fragmented domestic equities market share and we continue to face significant competitive pressure from existing venues, and potential new entrants. In 2014, our combined monthly average share of volume, including TSX, TSXV, TMX Select, and Alpha, was 75%, down from the combined monthly average of 80% in 2013.

In Q2/13, a group consisting of money managers, pension fund managers, and institutional and retail brokers, including a bank-owned dealer, announced plans to create a new stock exchange. The OSC granted its approval in November 2014 and the exchange is expected to launch its listings and trading operations in the first half of 2015.

These new entrants may, among other things, respond more quickly to competitive pressures, develop similar or alternative products and services to those that TSX, TSXV and Alpha offer that are preferred by customers, develop and expand their network infrastructures and offerings more efficiently, adapt more swiftly to new or emerging technologies and changes in customer requirements, and adopt better, more user friendly and reliable technology. If these trading venues attract significant order flow, or other market structure changes occur in the marketplace which negatively impacts our ability to effectively compete, our issuer services, trading and information services revenue could be materially adversely affected.

There is also intense price competition in the cash equities markets where competitors may price their trading and data products more competitively. While we have developed a pricing mix to attract greater liquidity to our markets, the competitive environment in which we operate places significant pricing pressures on our trading and market data offerings. Some competitors may seek to increase their share of trading by reducing their transaction fees, by offering larger liquidity payments, by also offering inverted pricing or by offering other forms of financial or other incentives. We have in the past lowered our equity trading fees and we may, in the future, be required to adjust our pricing to respond to competitive pricing pressure. If we are unable to compete successfully with respect to the pricing of our offerings, our business, financial condition and results of operations could be materially adversely affected.

Our derivatives markets and clearing house face competition from other venues

MX and BOX are in direct competition with, among others, securities, options and other derivatives exchanges as well as ATSs or Electronic Crossing Networks (ECNs) and other trading and crossing venues, some of our Clearing Members and interdealer brokerage firms. This competition exists particularly in the U.S., but also in Europe and Asia. In Canada, MX's

competition in derivatives trading is the OTC market. In addition, OTC regulatory reform that is underway in Canada could encourage the formation of another clearing house in Canada. OTC alternative trading platforms (dark pools) represent increased competitive risk to MX with their lookalike futures products that are centrally cleared. We may in the future also face competition from other Canadian marketplaces. In the U.S., BOX will continue to face increased competition in the U.S. equity options market. These competitors may, among other things, respond more quickly to competitive pressures, develop similar products to those MX and BOX offer that are preferred by customers or they may develop alternative competitive products, they may price their products more competitively, develop and expand their network infrastructures and offerings more efficiently, adapt more swiftly to new or emerging technologies and changes in customer requirements and use better, more user friendly and reliable technology. Increased competition could lead to reduced interest in MX's and BOX's products which could materially adversely affect our business and operating results.

The Canadian exchange business is seeing more foreign entrants. CME, Board of Trade of the City of Chicago, Inc., Commodity Exchange, Inc., and New York Mercantile Exchange, Inc., each of which is a wholly-owned subsidiary of CME Group Inc. and each of which provides trading and execution services for a range of exchange-traded futures and options on futures, as well as a number of swap execution facilities, all received exemption orders from the OSC to operate as exchanges. In the U.S., MX competes for market share of trading single stock options based on Canadian-based interlistings, or dual listings. However, options traded in the U.S. are not fungible with those traded in Canada.

The Canadian clearing services market may become more competitive. In 2013, Canada's central bank designated SwapClear, a global system for clearing over-the-counter interest rate swaps, as subject to its regulatory oversight, citing the potential to pose systemic risk to the Canadian financial system. SwapClear is operated by LCH, a U.K.-based company that operates several central counter-party services. In addition, CME (which operates CME Clearing) and ICE Clear Credit LLC, which clear other OTC products, as well as LCH, have all received exemption orders from the OSC to operate as clearing agencies. CDCC is regulated as a clearing house in Quebec, Ontario and British Columbia.

The derivatives trading industry is characterized by intense price competition. While our derivatives markets have developed a pricing mix to attract greater liquidity to these markets while maintaining our average price per contract, market conditions may result in increased competition which, in turn, may place significant pricing pressures in the future. Some competitors may seek to increase their share of trading by reducing their transaction fees, by offering larger liquidity payments or by offering other forms of financial or other incentives. Our business, financial condition and results of operations could be materially adversely affected as a result of these developments.

While MX and CDCC are the only standardized financial derivatives exchange and clearing house headquartered in Canada, their various component activities are exposed, in varying degrees, to competition. We compete by offering market participants a state-of-the-art electronic trading platform, an efficient, cost-effective and liquid marketplace for trade execution and transparent market and quotation data. Additionally, we are continually enhancing our product offering and providing additional efficiencies to our customers. We are committed to improving the technology, services, market integrity and liquidity of our markets. In addition to competition from foreign derivatives exchanges, the majority of derivatives trading occurs OTC or bilaterally between institutions. OTC alternative trading platforms (dark pools) represent increased competitive risk to MX with their look-alike futures products that are centrally cleared. We may in the future also face competition from other Canadian marketplaces.

With respect to providing clearing services for certain OTC-traded contracts, CDCC is targeting markets that already are or could easily be the focus of foreign clearing houses. The nature of these markets makes them attractive targets for all

clearing houses throughout the world. Once such services are in place in a given clearing house, the main criterion for attracting such business is merely that both counterparties to a transaction clear through members of the clearing house.

BOX operates in a highly competitive environment in the U.S. In Q3/12, BOX had a market share of 3.7%. In Q1/14, its market share declined to 2.1%. We took measures to improve BOX's performance, including implementing price reductions in March 2014. While market share improved to 2.7% in Q2/14 as volumes increased as a result of price reductions, the increase in volume was not sufficient to offset the impact of these price reductions, and BOX revenue declined in Q2/14 compared with Q1/14. Based on tests for impairment of goodwill and intangible assets at the end of Q2/14 we recognized a non-cash impairment charge (see **Impairment Charges and CRITICAL ACCOUNTING ESTIMATES**). Despite the pricing reductions that were made earlier in 2014, BOX's market share declined to 2.3% in Q4/14 in this highly competitive environment.

Our energy markets face competition from OTC markets and other sources

The NGX business faces trading competition in Canada and in the U.S. from competing exchanges, OTC electronic trading platforms, and from the OTC voice and bilateral markets. NGX's clearing business faces competition from recognized clearing facilities as well as bilateral credit lines between counterparties in the OTC markets. In the U.S. physical power and gas markets, our competition comes from the bilateral markets.

Our alliance with ICE provides access to leading technology and distribution, which allows us to compete in the exchange markets and positions us to provide clearing services to the OTC markets. NGX has arrangements with energy voice brokers to provide OTC clearing services for standard off-exchange bilateral energy transactions. NGX also has an alliance with Shorcan Energy Brokers, a wholly-owned subsidiary of Shorcan, to provide clearing services for their physical and financial crude contracts.

Shorcan Energy Brokers faces competition primarily from other brokerage firms. If NGX or Shorcan Energy Brokers is unable to compete with these platforms and markets, they may not be able to maintain or expand their businesses, which could materially affect their business and operating results.

Our fixed income markets face competition from OTC markets and other sources

Shorcan has several competitors in the fixed income IDB market. If Shorcan fails to attract institutional dealer order flow from this market, it would adversely affect its operating results.

Information Services

With the advent of a multi-marketplace environment in Canada, we face competition in market data, from other trading venues. Market data is generated from trading activity and the success of certain data products is linked to maintaining order flow. Our subsidiaries, including TMX Atrium and Strike Technologies, may face increased competition from other connectivity providers.

We have continued to diversify and target new data customers with initiatives such as the consolidation of our equities and derivatives data centres, new analytics products, the diversification of data content, and the expansion of our TMX Atrium network and co-location services.

Economic Risk

We depend on the economy of Canada

Our financial results are affected by the Canadian economy, including the resource sector. If the profit growth of Canadian-based companies is generally lower than the profit growth of companies based in other countries, the markets on which those other issuers are listed may be more attractive to investors than our equity exchanges. A prolonged economic downturn may also have a negative impact on investment performance, which could materially adversely affect the number of new listed issuers, the market capitalization of our listed issuers, additional securities being listed or reserved, trading volumes across our markets, the number of transactions related to our equity and fixed income clearing and settlement, depository, custodial and entitlement services and market data sales.

Our operating results may be adversely impacted by global economic conditions

The economic and market conditions in Canada, the United States, Europe and the rest of the world impact the different aspects of our business and our revenue drivers. In particular, lower commodity prices, including a declining price for crude oil, can negatively impact our business. In addition, increased uncertainty in Europe, including the possibility of sovereign defaults on debt, can also impact our business. Because listing, financing, trading and clearing activities are significantly affected by economic, political and market conditions and the overall level of investor confidence, they impact the level of listing activity (including IPOs), the market capitalization of our issuers, trading volumes and sales of data across our markets. In addition, our clearing customers face higher credit costs associated with complying with margining regimes which could result in lower volumes.

Global market and economic conditions have fluctuated in recent years and we have witnessed both high and low levels of volatility. While higher volatility in markets can generate increased transaction volume, prolonged negative economic conditions can adversely affect trading volumes and the demand for market data and can lead to slower collections of accounts receivable as well as increased counterparty risk which, in turn, could adversely affect our business, financial condition, and operating results. In addition, a low-volatility environment can result in lower levels of trading, particularly for derivative products.

We depend on market activity that is outside of our control

Our revenue is highly dependent upon the level of activity on our exchanges and clearing houses, including: the volume of securities traded on our cash markets; the number of transactions, volume of contracts or products traded and cleared on our derivatives and energy markets; the number and market capitalization of listed issuers; the number of new listings; the number of active traders and brokerage firms; the number of transactions related to our equity and fixed income clearing and settlement, depository services; and the number of subscribers to market data.

We do not have direct control over these variables. Among other things, these variables depend upon the relative attractiveness of securities traded on our exchanges and the relative attractiveness of our exchanges as a place to trade those securities as compared to other exchanges and other trading mechanisms. Those variables are in turn influenced by:

- the overall economic conditions and monetary policies in Canada, the United States, Europe, and in the world in general (especially growth levels, political stability and debt crisis);

- broad trends in business and corporate finance, including trends in the exchange industry, capital market trends and the mergers and acquisitions environment;
- the condition of the resource sector;
- the level and volatility of interest rates and resulting attractiveness of alternative asset classes;
- the regulatory environment for investment in securities, including the regulation of marketplaces and other market participants;
- the relative activity and performance of global capital markets;
- investor confidence in the prospects and integrity of our listed issuers, and the prospects of Canadian-based listed issuers in general;
- pricing volatility of global commodities and energy markets; and
- changes in tax legislation that would impact the relative attractiveness of certain types of securities.

We may be able to indirectly influence the volume and value of trading by providing efficient, reliable and low-cost trading; maximizing the availability of timely, reliable information upon which research, advice and investment decisions can be based; and maximizing the ease of access to trading facilities. However, those activities may not have a positive effect on or effectively counteract the factors that are outside of our control.

Strategic Planning Risk

Our strategic planning processes may not enable us to identify and properly respond to opportunities or threats resulting in our inability to develop new products that meet customers' evolving needs

Our strategic planning process includes a thorough analysis of the environment in which we operate as well as significant peer and competitive analysis. It is possible that we may not identify or respond to opportunities or threats in our industry despite the investment of time and resources in this process.

Execution Risk

We may not be successful in executing our strategy

We invest significant resources in the development and execution of our corporate strategy to grow profitability and maximize shareholder value. We may not succeed in executing our strategies effectively because of, among other things, increased global competition, inability to mobilize or co-ordinate internal resources on a timely basis, difficulty developing and introducing products or regulatory restrictions. In addition, we may have difficulty obtaining financing for new business opportunities, due to financial restrictions that currently or may in the future be placed on TMX Group under our Commercial Paper Program, Debentures, Credit Facility, Recognition Orders and under our regulatory oversight agreements. Any of these factors could materially adversely affect the success of our strategies.

New business activities may adversely affect income

We may enter new business activities which, while they could provide opportunities for us, may also impose restrictions on us and/or have an adverse effect on our existing profitability. While we would expect to realize new revenue from these new activities, there is a risk that this new revenue would not be greater than the associated costs or any related decline in existing revenue sources.

Expansion of our operations internationally involves unique challenges that we may not be able to meet

We continue to expand our operations internationally, including opening offices and acquiring distribution, technology and other systems in foreign jurisdictions, obtaining regulatory authorizations or exemptions to allow remote access to our markets by approved participants outside Canada. We expect that the expansion of access to our electronic markets will continue to increase the portion of our business that is generated from outside Canada. We face certain risks inherent in doing business in international markets, particularly in the regulated exchange and clearing businesses. These risks include:

- restrictions on the use of trading terminals or the contracts that may be traded;
- reduced protection for intellectual property rights;
- difficulties in staffing and managing foreign operations;
- potentially adverse tax consequences;
- enforcing agreements and collecting receivables through certain foreign legal systems; and
- foreign currency fluctuations for international business.

We would be required to comply with the laws and regulations of foreign governmental and regulatory authorities of each country in which we obtain authorizations or exemptions for remote access to our markets. These may include laws, rules and regulations relating to any aspect of the business. In many cases, the additional costs related to compliance can be substantial, and could outweigh the potential benefits. International expansion may expose TMX Group to geographic regions that may be subject to greater political, economic and social uncertainties than countries with developed economies.

Any of these factors could have a material adverse effect on the success of our plans to grow our international presence and market products and services and consequently on our business, financial condition and results of operations.

Commercial Risk

Our exchanges depend on the development, marketing and acceptance of new products and services

We are dependent to a great extent on developing and introducing new investment trading and clearing products and services and their acceptance by the investment community. While we continue to review and develop new products and services that respond to the needs of the marketplace, we may not continue to develop successful new products and services or we may not effectively promote and sell our products and services. Our current offerings may become

outdated or lose market favour before we can develop adequate enhancements or replacements. Other exchanges, ATSs or ECNs may introduce new products or services or enhancements that make our offerings less attractive. Even if we develop an attractive new product, we could lose trading activity to another marketplace that introduces a similar or identical offering which offers greater liquidity or lower cost. We also may not receive regulatory approval (in a timely manner or at all) for our new offerings. Any of these events could materially adversely affect our business, financial condition and operating results.

Integration Risk

We face risks associated with integrating the operations, systems, and personnel of acquisitions

As part of our strategy to sustain growth, we have and expect to continue to pursue appropriate acquisitions of other companies and technologies. An acquisition will only be successful if we can integrate the acquired businesses' operations, products and personnel; retain key personnel; and expand our financial and management controls and our reporting systems and procedures to accommodate the acquired businesses. It is possible that integrating an acquisition could result in less management time being devoted to other parts of our core business. In addition, pursuant to the Final Recognition Orders, prior regulatory approval is required before TMX Group can implement significant integration, combination or reorganization of businesses, operations or corporate functions among TMX Group entities. The requirement to obtain these approvals may restrict or delay TMX Group's ability to make planned changes to these aspects of its operations in the future which could have a material adverse effect on TMX Group's business, financial condition and results of operations. If an investment, acquisition or other transaction does not fulfill expectations, we may have to write down its value in the future and/or sell at a loss.

Operational Risks

Technology Risk

We depend heavily on information technology, which could fail or be subject to disruptions, including cyber attack

We are extremely dependent on our information technology systems. Trading and data on our cash equities markets, trading and clearing on our derivatives and energy markets and clearing, settlement and depository activity are conducted exclusively on an electronic basis. SOLA, the MX proprietary trading system, is currently in use at BOX and other venues. In addition, we provide the technical operations services related to BOX's trading and surveillance platforms.

We have incident and disaster recovery and contingency plans as well as back-up procedures to mitigate the risk of an interruption, failure or disruption , including those due to cyber attacks on our critical information technology including that of TSX, TSXV, MX, CDCC and CDS .. We also test and exercise our disaster recovery plans for trading on TSX, TSXV, MX, CDCC and CDS, and, in the case of our cash equities markets, include customers in that process. However, depending on an actual failure or disruption, those plans may not be adequate as it is difficult to foresee every possible scenario and therefore we cannot entirely eliminate the risk of a system failure or interruption. We have experienced occasional information technology failures and delays in the past, and we could experience future information technology failures, delays or other interruptions.

The current technological architecture for our cash equities, energy, derivatives trading and clearing, and market data information technology systems may not effectively or efficiently support our changing business requirements. Over the past several years, we have made hardware and software upgrades in response to increases in order message and quote message volumes and to reduce overall average response time to optimize execution speeds of our cash equities, derivatives, energy, and market data platforms.

We are continually improving our information technology systems so that we can handle increases and changes in our trading, clearing, settlement and depository activities and market data volumes to respond to customer demand for improved performance. This requires ongoing expenditures which may require us to expend significant amounts of resources in the future. While system changes may introduce risk, we have and follow, standard deployment processes for managing and testing these changes.

If the TMX Quantum XA or, as applicable, TSX Quantum, trading enterprise, the SOLA derivatives trading enterprise, the SOLA Clearing platform or NGX's clearing system fails to perform in accordance with expectations, our business, financial condition and operating results may be materially adversely affected.

If our systems are significantly compromised or disrupted or if we suffer repeated failures, this could interrupt our cash equities trading services, MX's trading and CDCC's and NGX's clearing services, CDS's clearing, settlement and depository services, as well as the services we provide to BOX; cause delays in settlement; cause us to lose data; corrupt our trading and clearing operations, data and records; or disrupt our business operations, including BOX's operations. This could undermine confidence in our exchanges and materially adversely affect our reputation or operating results, and may lead to customer claims, litigation and regulatory sanctions. Failure of CDS's systems could also affect other systemically important financial infrastructures such as the Large Value Transfer System operated by the Canadian Payments Association.

Our networks and those of our third-party service providers may be vulnerable to security risks

Our networks and those of our third-party service providers, our POs and approved participants and our customers may be vulnerable to cyber risks, including unauthorized access, computer viruses, denial of service attacks, and other security issues. Persons who circumvent security measures could wrongfully use our information or cause interruptions or malfunctions in our operations which could damage the integrity of our markets and data provision, any of which could have a material adverse effect on our business, financial condition and results of operations. We may be required to expend significant resources to protect against the threat of security breaches or to alleviate problems, including reputational harm and litigation, caused by any breaches. Although we intend to continue to implement industry-standard security measures, these measures may prove to be inadequate and result in system failures and delays that could lower trading volume and have a material adverse effect on our business, financial condition and results of operations.

Geopolitical, Climate Change & Business Continuity Risks

Geopolitical, climate change and other factors could interrupt our critical business functions

The continuity of our critical business functions could be interrupted by geopolitical upheaval, including terrorist, criminal and political, or by other types of external disruptions, including human error, climate change, natural disasters, power

loss, telecommunication failures, theft, sabotage and vandalism. Given our position in the Canadian capital markets, we may be more likely than other companies to be a target of such activities.

We have a series of integrated disaster recovery and business continuity plans for critical business functions to mitigate the risk of an interruption. We currently maintain duplicate facilities to provide redundancy and back-up to reduce the risk and recovery time of system disruptions for key systems including those for TSX, TSXV, MX, CDCC and CDS. However, not all systems are duplicated, and any major disruption may affect our existing and back-up facilities. Any interruption in our key services could impair our reputation, damage our brand name, and negatively impact our financial condition and operating results.

Human Resources Risk

We need to retain and attract qualified personnel

Our success depends to a significant extent upon the continued employment and performance of a number of key management personnel whose compensation is partially tied to vested share options and long-term incentive plans that mature over time. The value of this compensation is dependent upon total shareholder return performance factors, which includes appreciation in our share price. The loss of the services of key personnel could materially adversely affect our business and operating results. We also believe that our future success will depend in large part on our ability to attract and retain highly skilled technical, managerial and marketing personnel. There can be no assurance that we will be successful in retaining and attracting the personnel we require.

Depository and Clearing Operations Risk

Our clearing and depository businesses could be exposed to loss due to operational failures

CDS holds securities on behalf of its participants in safe keeping. A portion of this securities inventory is held in physical form. This risk is mitigated through layers of physical security arrangements as well as insurance coverage. However, CDS may be exposed to the risk of the loss or theft of these securities.

The operational processes at CDS, CDCC and NGX, which provide clearing and central-counterparty services, are subject to the risk of failure for which they may be held liable. These process failures may result in material financial losses. To mitigate this risk, CDS and CDCC have instituted a comprehensive set of internal controls, which are audited by an external party on at least an annual basis. CDS, CDCC and NGX are the sole clearers for the transactions they process. Alternative arrangements would need to be made if they were unable to operate.

Operations Risk relating to Transfer Agent and Corporates Trust Services Business

Our transfer agent and corporate trust services business could be exposed to losses due to operational risks

The principal risks associated with the services and products offered by TMX Equity Transfer are operational in nature as TMX Equity Transfer does not lend money or trade in marketable securities. The most significant operational risks include securities issuance and transfers, corporate actions processing, disbursements, escrows, corporate trust and segregated

accounts reconciliation activities. To mitigate these risks, the management has instituted a comprehensive set of internal controls, which are audited by an external party on at least an annual basis.

Model Risk

We are dependent on the accuracy and effective implementation of risk models

CDS, CDCC, and NGX use financial models to estimate risk exposures and the value of margin and collateral to mitigate those exposures. These models are subject to risks including the incorrect use of variables input into the models, the misspecification of the model or errors in the implementation and/or use of models and their results. The model risks are mitigated through model testing prior to implementation and ongoing internal controls to regularly assess the adequacy of the models. Failure of the models may result in under or over estimation of financial risk exposures and may create systemic risks.

Interface/Dependency Risk

We depend on an adequate number of clients

If we determine that there is not a fair market, the markets will be shut down. There will not be a fair market if too few POs, or approved participants are able to access our cash equity or derivatives exchanges, including market data information generated from these exchanges, or if too few contracting parties are able to access NGX's market. If trading on our exchanges is interrupted or ceases, it could materially adversely affect our equity, derivatives or energy operations, our financial condition and our operating results.

Our trading and clearing operations depend primarily on a small number of clients

During 2014, approximately 49% of our trading and related revenue, net of rebates, on TSX and approximately 63% of our trading and related revenue on TSXV were accounted for by the top ten POs on each exchange based on volumes traded.

Approximately 59% of CDS's revenue, net of rebates, in 2014 was accounted for by the top ten customers (excluding securities regulators).

Approximately 57% of MX and CDCC's trading and clearing revenue, net of rebates, in 2014 was accounted for by the top ten participants based on volume of contracts traded.

If there was a significant decrease in revenue from several of these customers, there would be a negative impact on our business.

We depend on third-party suppliers and service providers

We depend on a number of third parties, such as IIROC, data processors, software and hardware suppliers, communication and network suppliers, suppliers of electricity, and many other vendors, for elements of our businesses including trading, clearing, routing, providing market data and other products and services. These third parties may not

be able to provide their services without interruption, or in an efficient, cost-effective manner. In addition, we may not be able to renew our agreements with these third parties on favourable terms or at all. These third parties also may not be able to adequately expand their services to meet our needs. If a third party suffers an interruption in or stops providing services and we cannot make suitable alternative arrangements, or if we fail to renew certain of our agreements on favourable terms or at all, our business, financial condition or operating results could be materially adversely affected.

Legal & Regulatory Risk

Regulatory Climate

We are subject to significant regulatory constraints. We operate in a highly regulated industry and are subject to extensive government regulation and we could be subject to increased regulatory scrutiny in the future. Regulators in Canada, as well as regulators in other jurisdictions where we do business, such as the U.S., regulate us, our exchanges, and clearing houses. Regulators in other jurisdictions may regulate our future operations. Canadian regulators propose changes including amendments to National Instruments on an ongoing basis, and we regularly respond with our comments (see **Initiatives and Regulatory Changes - Cash Markets Trading and Clearing and Information Services**).

TSX Inc. has a representative office in China for TSX and TSXV, which is subject to regulation by the China Securities Regulatory Commission (CSRC).

MX is recognized as an exchange and SRO in Québec. In addition, MX carries on certain activities in the United States as a Foreign Board of Trade (FBOT) in compliance with a no-action letter issued by the Commodity Futures Trading Commission (CFTC) and is recognized as a foreign market in France. MX can also undertake certain activities in Israel subject to the conditions listed in a no-action letter issued by the Israel Securities Authority.

CDCC is regulated as a clearing house in Quebec, Ontario and British Columbia. The Canadian Derivatives Clearing Service (CDSC) operated by CDCC have been designated by the Bank of Canada (BOC) as being of systemic importance under the Payment Clearing and Settlement Act (Canada). Under such designation, the BOC has broad powers relating to the regulation and oversight of CDCC. CDCC is also subject to regulatory requirements of the SEC and various U.S. state securities regulators.

NGX operates as an FBOT and is registered as a Derivatives Clearing Organization by the CFTC.

BOX is an electronic equity options market and is regulated by the SEC. CDSX and CDCS have been designated by the Bank of Canada (BOC) as being of systemic importance under the Payment Clearing and Settlement Act (Canada). Under such designation, the BOC has broad powers relating to the regulation and oversight of CDS Clearing and CDCC.

The Canadian securities regulators, regulating our cash equities, derivatives and energy exchanges and clearing operations, the SEC, which regulates BOX, and the CFTC, which regulates NGX, have broad powers to audit, investigate and enforce compliance with their regulations and impose sanctions for non-compliance.

Those Canadian and American regulators are vested with broad powers to prohibit us from engaging in certain business activities or suspend or revoke approval as a recognized exchange, ATS or clearing agency, as the case may be, and, in the

case of MX, as an SRO. In the case of actual or alleged non-compliance with legal or regulatory requirements, our marketplaces or clearing agencies could be subject to investigations and administrative or judicial proceedings that may result in substantial penalties, including revocation of our approval as a recognized exchange, ATS, clearing agency and SRO, as applicable. Any such investigation or proceeding, whether successful or not, would result in substantial costs and diversions of resources and might also harm our reputation, any of which may have a material adverse effect on our business, financial condition and results of operations.

There may be a conflict, real or perceived, between our regulatory responsibilities and the interests of some of our participants or our own business activities. Given our ownership structure, there may be conflicts or potential conflicts arising from the involvement of, among others, directors, officers or employees of certain shareholders in the management or oversight of our exchanges or clearing houses or in the interaction between certain Nominating Investors[25] and certain of our marketplaces, either directly or indirectly. While we have implemented stringent governance measures and have and will continue to put into place policies and procedures to manage conflicts and potential conflicts, any failure to diligently and fairly manage conflicts or potential conflicts could significantly harm our reputation, prompt regulatory action and materially adversely affect our business, financial condition and results of operations.

This regulation may impose barriers or constraints which limit our ability to build an efficient, competitive organization and may also limit our ability to expand global operations. Securities and other regulators also impose financial and corporate governance restrictions on us and our equity, derivatives and energy exchanges and clearing houses and operations. Some of our regulators must approve or review our exchanges' listing rules, trading rules, clearing, settlement and depository rules, fee structures and features and operations of, or changes to, our systems. These approvals or reviews may increase our costs and delay our plans for implementation. There could also be regulatory changes that impact our customers and that could materially adversely affect our business and results of operations.

TMX Group could be subject to increased regulatory scrutiny in the future. The multi-market environment in Canada and the impact of global economic conditions continue to lead to more aggressive regulation of our businesses by securities and other regulatory agencies in Canada, the U.S., and abroad and could extend to areas of our businesses that to date have not been regulated. NGX and CDCC have applied to the European Commission to be recognized as foreign clearing houses under European Market Infrastructure Regulation, but have not yet been recognized.

Regulatory Compliance Risks

A number of regulatory initiatives and changes, for example the CPMI-IOSCO Principles for Financial Market Infrastructures (PFMIs), have been identified or proposed or are being implemented by regulators, including in Canada, the U.S., and Europe. In some cases we cannot be certain whether or in what form, regulatory changes will take place, and cannot predict with certainty their impact on our businesses and operations. Changes in, and additions to, the rules affecting our exchanges and clearing houses could require us to change the manner in which we and our members conduct business or govern ourselves. Failure to make the required changes and comply on a timely basis could result in material reductions to activity or revenue, sanctions and/or restrictions by the applicable regulatory authorities.

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[25] "*Nominating Investors"* consist of Alberta Investment Management Corporation, Caisse de dépôt et placement du Québec, Canada Pension Plan Investment Board, CIBC World Markets Inc., National Bank Group Inc., Ontario Teachers' Pension Plan Board, Scotia Capital Inc. and TD Securities Inc., either directly or through an affiliate.

Expanding U.S. and European regulation and proposed initiatives will increase the regulation of and cost of compliance for our markets whose business is impacted by U.S. and European regulatory developments. Implementation of certain regulatory changes may have a cost and other impacts on participants, who may as a result, choose to restructure their trading and clearing activity. Market reaction may present opportunities for market infrastructures such as exchanges and clearing houses. However, any opportunities will depend on, in addition to other factors, market infrastructures' ability to align their products and services with these market changes in order to retain liquidity.

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

CDS Clearing, NGX, and CDCC operate financial market infrastructures including central counterparties for cash and derivative markets, commodity markets, securities settlement systems and central securities depositories which are subject to PFMIs for these types of services which are reflected in the requirements of CDS's, NGX's, and CDCC's regulators. The ongoing implementation of PFMIs by regulators of these businesses will continue to impact the cost of regulatory compliance.

Unexpected and new regulatory requirements could make it more costly to comply with relevant regulations and for affected markets to operate their existing businesses or to enter into new business areas. In addition, high levels of regulation may stifle growth and innovation in capital markets generally and may adversely affect our business, financial condition, and results of operations.

Equity Transfer is in the process of applying for the requisite trust licenses to continue to provide certain transfer agency and corporate trust services. These services must be provided by a trust company. We will continue to operate the transfer agent and trust business with Equity providing services that must be provided by a trust company until we obtain the requisite trust licenses.

Our recognition orders impose significant regulatory constraints on our ongoing business

Under the Final Recognition Orders, TMX Group and its regulated subsidiaries are subject to extensive additional regulation and regulatory oversight. The Recognition Orders impose significant regulatory constraints on our ongoing business. The additional regulatory and oversight provisions provided for in the Recognition Orders provide the applicable regulators with broad powers that could, depending on how such powers are exercised in the future, impose barriers or constraints which limit TMX Group's ability to build an efficient, competitive organization which could have a material adverse effect on TMX Group's business, financial condition and results of operations.

With respect to fees charged by TSX Inc., TMX Select Inc. and Alpha Exchange Inc., the OSC has, under the Final Recognition Orders, the right to require those marketplaces to submit a fee, fee model or incentive that has previously been approved by the OSC for re-approval. In such circumstances, if the OSC decides not to re-approve the fee, fee model or incentive, the previous fee model or incentive must be revoked. This power extends to fees, fee models and incentives that are currently in place for TSX Inc., TMX Select Inc. and Alpha Exchange Inc. and, accordingly, could result in existing fees, fee models and incentives being revoked in the future, which could have a material adverse effect on our business, financial condition and results of operations.

With respect to the fees charged by all of our equity marketplaces (TSX Inc., TMX Select Inc., Alpha Exchange Inc., and TSX Venture Exchange Inc.), the Recognition Orders also impose prohibitions on arrangements or volume-based discounts or incentives that are accessible only to a particular marketplace participant and also impose restrictions on arrangements or volume-based discounts or incentives that are accessible only to a class of marketplace participants. Such prohibitions and restrictions may limit the ability of our equity marketplaces to introduce new products in the future or to introduce them on a timely basis, which could materially adversely affect the success of our future strategies, financial condition and results of operations.

With respect to CDS, under the applicable Recognition Orders, all fees are subject to approval of the applicable regulators. In addition, we may only seek approval for fee increases on clearing and other core CDS Clearing services (which services are outlined in the OSC and AMF Recognition Orders) where there has been a significant change from circumstances as at August 1, 2012, the effective date of the Recognition Orders, and approval may or may not be granted. Accordingly, even where CDS costs may be rising in the future (including as a result of trading volumes falling), we would only be permitted to seek a fee increase on such services if we could establish to the applicable regulators that there has been a significant change. Such constraints on the ability to raise CDS fees could have a material adverse impact on our business, financial condition and results of operations in the future. In Q4/14, CDS proposed a number of changes to its fee schedule, which were published for public comment (see **Issuer Services - Revenue Description - CDS**).

We have incurred increased costs to comply with the additional regulatory requirements that are imposed pursuant to the Recognition Orders. The AMF's Final Recognition Order for CDS also requires CDS to reimburse the AMF for the costs and fees incurred by the AMF for the analysis of applications for approval related to fees for CDS Clearing services. In addition, TMX Group and its subsidiaries are subject to OSC participation and activity fees. The overall scope of the additional regulatory costs may have a material adverse effect on our business, financial condition, and results of operations.

Pursuant to the Recognition Orders, prior regulatory approval is also required before we can implement changes to a number of aspects of our operations. This includes prior regulatory approval of (a) changes to internal cost allocation models and any transfer pricing between affiliated entities, (b) significant integration, combination or reorganization of businesses, operations or corporate functions between TMX Group entities, (c) non-ordinary course changes to TSXV's operations, and (d) any outsourcing of key services or systems by a marketplace. The requirement to obtain approvals may restrict or delay our ability to make planned changes to these aspects of our operations in the future which could have a material adverse effect on our business, financial condition and results of operations.

Market Integrity

We may fail to maintain a well-regulated, fair market due to our actions relating to market operations

During 2014, there was an increased focus, particularly in the U.S., on high frequency trading including the impact on all market participants' ability to achieve best execution on their transactions in a transparent market environment. We have announced a number of changes aimed at further improving the Canadian trading landscape by introducing a trading model with superior trading economics for retail and institutional orders, offering effective solutions to participants who may not use speed-based trading strategies. While we believe that these changes will reduce market complexity and further contribute to a fair market environment, it is possible that regulators or market participants may not accept some or all of our proposed changes, or that if implemented the changes may not result in achieving our goals.

Litigation/Legal Proceedings Risk

We are subject to risks of litigation and legal proceedings

Some aspects of our business involve risks of litigation. Dissatisfied customers, among others, may make claims with respect to the manner in which we operate or they may challenge our regulatory actions, decisions or jurisdiction. Although we benefit from certain contractual indemnities and limitations on liabilities, these rights may not be sufficient. In addition, with civil liability for misrepresentations in our continuous disclosure documents and statements and for the failure to make timely disclosures of material changes in Ontario and certain other jurisdictions, dissatisfied shareholders can more easily make claims against us. We could incur significant legal expenses defending claims, even those without merit. If a lawsuit or claim is resolved against us, it could materially adversely affect our reputation, business, financial condition and operating results.

Intellectual Property Risk

We may be unable to protect our intellectual property

To protect our intellectual property rights, we rely on a combination of trade-mark laws, copyright laws, patent laws, trade secret protection, confidentiality agreements, and other contractual arrangements with our affiliates, customers, strategic partners, and others. This protection may not be adequate to deter others from misappropriating our proprietary information. We may not be able to detect the unauthorized use of, or take adequate steps to enforce, our intellectual property rights. We have registered, or applied to register, our trade-marks in Canada and in some other jurisdictions. If we fail to protect our intellectual property adequately, it could harm our brand, affect our ability to compete effectively and may limit our ability to maintain or increase information services revenue. It could also take significant time and money to defend our intellectual property rights, which could adversely affect our business, financial condition, and operating results.

We license a variety of intellectual property from third parties. Others may bring infringement claims against us or our customers in the future because of an alleged breach of such a license. If someone successfully asserts an infringement claim, we may be required to spend significant time and money to develop or license intellectual property that does not infringe upon the rights of that other person or to obtain a license for the intellectual property from the owner. We may not succeed in developing or obtaining a license on commercially acceptable terms, if at all. In addition, any litigation could be lengthy and costly and could adversely affect us even we are successful.

Financial Risks

Cost Structure Risk

Our cost structure is largely fixed

Most of our expenses are fixed and cannot be easily lowered in the short-term if our revenue decreases, which could have an adverse effect on our operating results and financial condition.

Market Event Risk

Our derivatives and cash markets clearing businesses may be harmed by a systemic market event

In the case of sudden, large price movements, certain market participants may not be able to meet their obligations to brokers who, in turn, may not be able to meet their obligations to their counterparties. The impact of such an event could have a material adverse effect on CDCC and CDS's businesses. In such cases, it could be possible that Clearing Members and/or participants default with CDCC and/or CDS. As referred to in the ***Financial Risk Management – Credit Risk – CDS*** **and *Credit Risk – CDCC* sections**, CDCC and/or CDS would use its risk management mechanisms to manage such a default. In extreme situations such as large-scale market price moves or multiple defaults occurring at the same time, all these mechanisms may prove insufficient and could result in significant losses.

Capital Structure Risk

We have approximately $1.2 billion of indebtedness and are subject to ongoing covenants under the Trust Indentures governing the Debentures and the terms of our Credit Facility and Commercial Paper Program.

The Trust Indentures governing the Debentures impose various restrictions on TMX Group and its subsidiaries, including restrictions on the ability of TMX Group and each of its material subsidiaries (as defined in the Trust Indentures) to create a lien on these entities' assets, limitations on the ability of material subsidiaries of TMX Group to enter into certain types of indebtedness, and requirements to repurchase outstanding Debentures on change of control of TSX Inc. or MX coupled with a triggering event (i.e., rating of the Debentures is lowered to below investment grade).

The terms of our Credit Facility and Commercial Paper Program.

Our Credit Agreement requires us to satisfy and maintain an interest coverage ratio and a leverage ratio, among other covenants, including the timely payment of principal and interest when due. It is important that we meet all of the terms under our Credit Facility since it provides a 100% backstop to our Commercial Paper Program (see Loans Payable). Our ability to meet the financial ratios under the Credit Facility and other covenants, including the timely payment of principal and interest when due, under the Credit Agreement and Trust Indentures are dependent on our cash flows and earnings, level of indebtedness and other financial performance measures, which are affected by prevailing interest rates and general economic, market, financial, competitive, regulatory and other factors, such as the volume of securities traded on our equity markets, the number of transactions cleared and settled in our cash market clearing, settlement and depository services, the number of transactions, volume of contracts or products traded and cleared on our cash, derivatives and energy markets, the number of new and additional listings on our equity markets, the number and market capitalization of listed issuers, the number of subscribers to market data, fee regulation by securities regulatory authorities, and increased competition from other exchanges and marketplaces, all of which are beyond our control, as well as on our ability to control our expenses.

Based on the current level of operations and anticipated growth, we believe that our cash flows from operations and our available cash are adequate to meet our current liquidity needs. However, we cannot guarantee that our businesses will generate sufficient earnings or cash flows from operations or that anticipated growth will be realized or that we will be able to control our expenses in an amount sufficient to enable us to satisfy the financial ratios and other covenants, or pay our indebtedness or fund our other liquidity needs. If we do not have sufficient funds, we may be required to

renegotiate the terms of, restructure, or refinance all or a portion of our indebtedness on or before our stated maturity, reduce or delay capital investments and acquisitions, reduce or eliminate our dividends, or sell assets. Our ability to renegotiate, restructure, or refinance our indebtedness would depend on the condition of the financial markets and our financial condition at that time. Failure to comply with the financial ratios as well as covenants of the Credit Agreement could result in a default under the Trust Indentures, which, if not cured or waived, could result in TMX Group being required to repay outstanding borrowings under both the Credit Agreement and the Debentures before their due dates. In addition, an event of default under the Trust Indentures governing the Debentures that would result in an acceleration of maturity of the applicable series of Debentures could lead to an acceleration of the maturity of the Credit Agreement.

In addition, if we fail to comply or are reasonably likely to fail to comply with any financial covenant or ratio contained in any Final Recognition Order, such failure could result in a default under the Credit Agreement as well, if a governmental authority issues a decision or orders restrictions on us or any of our subsidiaries as a result of the non-compliance where a requisite majority of the lenders determine that the restrictions have or will have a material adverse effect as defined in the Credit Agreement. It will also be a default under the Credit Agreement if a governmental authority issues a decision or orders restrictions on our or any of our subsidiaries' ability to move cash or cash equivalents among TMX Group and our subsidiaries, where a requisite majority of the lenders determine that the restrictions have or will have a material adverse effect. If these events of default under the Credit Agreement were to result in an acceleration of maturity under the Credit Agreement, the event(s) could constitute an event of default under the Trust Indentures, which in turn would result in the acceleration of maturity of the outstanding Debentures. If we are forced to refinance these borrowings on less favourable terms or cannot refinance these borrowings, our business, results of operations, and financial condition would be adversely affected.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our indebtedness service obligations to increase significantly / Our hedging arrangements could also increase indebtedness

Borrowings under the Commercial Paper Program, Credit Agreement and floating rate Series C Debentures incur interest at variable rates and expose us to interest rate risk. If interest rates increase, our debt service obligations on our variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing the indebtedness, would correspondingly decrease. Although we have entered into various interest rate hedging arrangements to partially mitigate this risk, there is no assurance that such hedging arrangements will be effective. In addition, if interest rates decrease, we would accrue indebtedness in connection with these hedging arrangements, which may impact our ability to meet our financial ratios under the Credit Agreement.

Our ability to incur additional indebtedness could be impacted by adverse changes to our credit rating

In connection with the Debenture offering, we obtained an issuer rating of A (high) from DBRS with a Stable trend. The Debentures obtained the same credit rating from DBRS with a Stable trend. The Commercial Paper has been assigned a rating of "R-1 (low)" with a Stable trend by DBRS.

DBRS will regularly evaluate and monitor the rating of our Commercial Paper and the rating of our Debentures outstanding. A downgrade from our existing rating could adversely affect our cost of borrowing and/or our ability to access sources of liquidity and capital and reduce financing options available to us.

The shareholdings of the investors may adversely affect the liquidity of TMX Group shares

In aggregate the Nominating Investors[26] hold a significant proportion of the common shares outstanding of TMX Group. In addition, each of CIBC World Markets, National Bank Group Inc., Scotia Capital Inc. and 1802146 Ontario Limited, an affiliate of TD Securities Inc., has agreed to maintain a specified minimum ownership interest in TMX Group Limited for a period of five years following completion of the Maple Acquisition of TMX Group Inc. on September 14, 2012. The substantial number of common shares that are held by these investors may adversely affect the liquidity of the common shares held by the public. Based on the criteria for eligibility in the S&P/TSX Composite Index, there is a risk that we could be removed from the index if there is no improvement in the liquidity for our common shares which could make our shares less attractive to certain investors, particularly index funds.

Financial Risk Management

Credit Risk

Credit risk is the risk of loss due to the failure of a borrower, counterparty, clearing member or participant to honour their financial obligations. It arises principally from the clearing operations of CDS, NGX and CDCC, cash and cash equivalents, restricted cash and cash equivalents, marketable securities, trade receivables, total return swaps, interest rate swaps, the brokerage operations of Shorcan and Shorcan Energy Brokers, and the operations of Equity Transfer.

Credit Risk – CDS

The primary credit risk of CDS and its subsidiaries is the risk of loss due to the failure of a participant in CDS Clearing's clearing and settlement services to honour its financial obligations. To a lesser extent, CDS is exposed to credit risk through the performance of services in advance of payment.

Through the clearing and settlement services operated by CDS Clearing, credit risk exposures are created. During the course of each business day, transaction settlements can result in a net payment obligation of a participant to CDS Clearing or the obligation of CDS Clearing to pay a participant. The potential failure of the participant to meet its payment obligation to CDS Clearing results in payment risk, a specific form of credit risk. Payment risk is a form of credit risk in securities settlement whereby a seller will deliver securities and not receive payment, or that a buyer will make payment and not receive the purchased securities. Payment risk is mitigated by delivery payment finality in CDSX, CDS's multilateral clearing and settlement system, as set out in the CDS Participant Rules.

In the settlement services offered by CDS Clearing, payment risk is transferred entirely from CDS Clearing to participants who accept this risk pursuant to the contractual rules for the settlement services. This transfer of payment risk occurs primarily by means of participants acting as extenders of credit to other participants through lines of credit managed within the settlement system or, alternatively, by means of risk-sharing arrangements whereby groups of participants cross-guarantee the payment obligations of other members of the group. Should a participant be unable to meet its payment obligations to CDS Clearing, these surviving participants are required to make the payment. Payment risk is

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[26] "Nominating Investors" consist of Alberta Investment Management Corporation, Caisse de dépôt et placement du Québec, Canada Pension Plan Investment Board, CIBC World Markets Inc., National Bank Group Inc., Ontario Teachers' Pension Plan Board, Scotia Capital Inc. and TD Securities Inc., either directly or through an affiliate.

mitigated on behalf of participants through the enforcement of limits on the magnitude of payment obligations of each participant and the requirement of each participant to collateralize its payment obligation. Both of these mitigants are enforced in real time in the settlement system.

Through New York Link (NYL) and DTC Direct Link (DDL), credit risk exposures are created. During the course of each business day, settlement transactions by NSCC/DTC can result in a net payment obligation from NSCC/DTC to CDS Clearing or the obligation of CDS Clearing to make a payment to NSCC/DTC. As a corollary result, CDS has a legal right to receive the funds from sponsored participants in a debit position or has an obligation to pay the funds to sponsored participants in a credit position.

The potential failure of the participant to meet its payment obligation to CDS Clearing in CDS Clearing's NYL or DDL services results in a payment risk. To mitigate the risk of default, CDS Clearing has in place default risk mitigation mechanisms to minimize losses to the surviving participants as set out in the CDS Participant Rules. The process includes participants posting collateral with CDS Clearing and NSCC/DTC.

The risk exposure of CDS Clearing in these central counterparty services is mitigated through a daily mark-to-market of each participant's obligations as well as risk-based collateral requirements calculated daily. These mitigants are intended to cover the vast majority of market changes and are tested against actual price changes on a regular basis. This testing is supplemented with analysis of the effects of extreme market conditions on a collateral valuation and market risk measurements. Should the collateral of a defaulter in a central counterparty service be insufficient, either because the value of the collateral has declined or the loss to be covered by the collateral exceeded the collateral requirement, the surviving participants in the service are required to cover any residual losses.

As a result of calculations of participants' exposure at December 31, 2014, the total amount of collateral required by CDS Clearing was $3,690.7 million (2013 – $3,237.8 million). The actual collateral pledged to CDS Clearing at December 31, 2014 was $4,655.3 million (2013 $3,987.6 million). The collateral pledged at December 31, 2014 was comprised of Cash (included within Balances with participants on the consolidated balance sheet) of $348.5 million (2013 $318.9 million) and Treasury bills and Fixed Income Securities of $4,306.8 million (2013 - $3,668.7 million). Non-cash collateral is not included on our consolidated balance sheet.

CDS may receive payment from securities issuers for entitlements, for example, maturity or interest payments, prior to the date of payment to the participants holding those securities. In rare circumstances, due to the timing of receipt of these payments or due to market conditions, these funds may be held with a major Canadian chartered bank. As a result, CDS could be exposed to the credit risk associated with the potential failure of the bank.

See **Other Credit and Liquidity Facilities** for a description of CDS's credit and liquidity facilities.

Credit Risk – NGX

NGX is exposed to credit risk in the event that contracting parties default on their contractual obligations to NGX resulting in the failure to settle on the amounts due.

NGX is the central counterparty to each transaction (whether it relates to natural gas, electricity or crude oil contracts) cleared through its clearing operations. By providing a clearing and settlement facility, NGX is subject to the risk of a counterparty default. NGX manages this risk by applying standard rules and regulations, and using a conservative

margining regime based on industry best practices. This margining regime involves monitoring client portfolios in real-time and requiring participants to deposit liquid collateral in excess of those valuations. NGX conducts market stress scenarios, liquidation simulations, and backtesting regularly to test the ongoing integrity of its clearing operation. NGX also manages and mitigates these risks through a framework of policies, regulations and procedures.

NGX requires each contracting party to provide sufficient collateral, in the form of cash or letters of credit, in excess of the outstanding credit exposure as determined by NGX in accordance with its margining methodology. The cash collateral deposits and letters of credit are held by a major Canadian chartered bank. This collateral may be accessed by NGX in the event of default by a contracting party. NGX measures total potential exposure for both credit and market risk for each contracting party on a real-time basis as the aggregate of:

- outstanding energy contracts receivable;
- "Variation Margin," comprised of the aggregate "mark to market" exposure for all forward purchase and sale contracts; and
- "Initial Margin," an amount that estimates the potential contracting party loss in their portfolio under an adverse price movement to a 99.7% confidence interval during a liquidation period.

As a result of these calculations of contracting party exposure at December 31, 2014, NGX had access to cash collateral deposits of $555.0 million (2013 - $719.3 million) million and letters of credit of $2,768.7 million (2013 - $1,794.1 million). These amounts are not included in our consolidated balance sheet.

See **Other Credit and Liquidity Facilities** for a description of NGX's credit facilities.

Credit Risk – CDCC

CDCC is exposed to credit risk in the event that Clearing Members fail to satisfy any of the contractual obligations as stipulated within CDCC's rules**.**

CDCC is exposed to the risk of default of its Clearing Members since it acts as the central counterparty for all transactions carried out on MX's markets and on certain OTC markets which are serviced by CDCC. It primarily supports the credit risk of one or more counterparties defaulting on their financial obligations, in which case, the obligations of those counterparties would become the responsibility of CDCC.

The first line of defence in CDCC's credit risk management process is the adoption of strict membership criteria which include both financial and regulatory requirements. In addition, CDCC performs on-going monitoring of the financial viability of its Clearing Members against the relevant criteria as a means of ensuring the on-going compliance of its Clearing Members. In the event that a Clearing Member fails to continue to satisfy any of its membership criteria, CDCC has the right through its rules, to impose various sanctions on such Clearing Members.

One of CDCC's principal risk management practices with regards to counterparty credit risk is the collection of risk-based margin deposits in the form of cash, equities and liquid government securities. Should a Clearing Member fail to meet settlements and/or daily margin calls or otherwise not honour its obligations under open futures and options contracts, margin deposits would be seized and would then be available to apply against the costs incurred to liquidate the Clearing

Member's positions. CDCC's margining system is complemented by a Daily Capital Margin Monitoring (DCMM) process that evaluates the financial strength of a Clearing Member against its margin requirements. CDCC monitors the margin requirement of a Clearing Member as a percentage of its capital (net allowable assets). CDCC will make additional margin calls when the ratio of margin requirement/net allowable assets exceeds 100%. The additional margin is equal to the excess of the ratio over 100% and is meant to ensure that Clearing Member leverage in the clearing activities does not exceed the value of the firm.

An additional component to CDCC's overall credit risk is its exposure in the default management process. CDCC holds $10.0 million of its cash and cash equivalents and marketable securities to cover the potential loss incurred due to Clearing Member defaults. This $10.0 million would be accessed in the event that a defaulting Clearing Members' margin and clearing fund deposits are insufficient to cover the loss incurred by CDCC. The $10.0 million is allocated into two separate tranches. The first tranche of $5.0 million is intended to cover the loss resulting from the first defaulting Clearing Member. If the loss incurred is greater than $5.0 million, and as such the first tranche is fully depleted, CDCC will fully replenish the first tranche using the second tranche of $5.0 million. This second tranche is in place to ensure there is $5.0 million available in the event of an additional Clearing Member default.

CDCC's cash margin deposits and cash clearing fund deposits are held at the Bank of Canada thereby alleviating the credit risk CDCC were to face with deposits held at commercial banks. The actual cash collateral pledged to CDCC at December 31, 2014 was $511.6 million (2013 - $309.3 million) CDCC's non-cash margin deposits and non-cash clearing fund deposits are pledged to CDCC under irrevocable agreements and are held by approved depositories. This collateral may be seized by CDCC in the event of default by a Clearing Member. At December 31, 2014, non-cash margin deposits of $4,098.1 million (2013 - $3,691.9 million) and non-cash clearing fund deposits of $291.0 million (2013 - $287.0 million) had been pledged to CDCC. Non cash collateral is held in government securities, put letters of guarantee, and equity securities and is not included in our consolidated balance sheet.

See **Other Credit and Liquidity Facilities** for a description of CDCC's credit facilities.

Credit Risk – Cash and cash equivalents and Restricted cash and cash equivalents

We manage our exposure to credit risk on our cash and cash equivalents and restricted cash and cash equivalents by holding the majority of our cash and cash equivalents with major Canadian chartered banks or in Government of Canada treasury bills.

Credit Risk – Marketable Securities

We manage exposure to credit risk arising from investments in marketable securities by holding investment funds that actively manage credit risk or by holding high-grade individual fixed income securities with credit ratings of A/R1-low or better. In addition, when holding individual fixed income securities, we will limit our exposure to any non-government security. Our investment policy will only allow excess cash to be invested within money market securities or fixed income securities.

The majority of the portfolio is held within Bank deposits, notes and Treasury Bills. In addition, a portion of the portfolio is held within a money market fund and a specific short-term bond and mortgage fund. The money market fund manages credit risk by limiting investments to government or government-guaranteed treasury bills, and high-grade corporate notes. The short term bond and mortgage fund manages credit risk by limiting investments to high-quality Canadian

corporate bonds, government bonds and up to 40% of the fund's net assets in conventional first mortgages and mortgages guaranteed under the National Housing Act (Canada). Corporate bonds held must have a minimum credit rating of BBB by DBRS at the time of purchase. Mortgages may not comprise more than 40% of the portfolio and must be either multi-residential conventional first mortgages or multi-residential government guaranteed mortgages.

Credit Risk – Trade Receivables

Our exposure to credit risk resulting from uncollectable accounts is influenced by the individual characteristics of our customers, many of whom are banks and financial institutions. We invoice our customers on a regular basis and maintain a collections team to monitor customer accounts and minimize the amount of overdue receivables. There is no concentration of credit risk arising from accounts receivable from a single customer. In addition, customers that fail to maintain their account in good standing risk loss of listing, trading, clearing, data access privileges and other services.

Credit Risk – Total Return Swaps (TRS)

Due to the bilateral nature of the TRSs, we are exposed to the counterparty credit risk. To manage this credit risk, we only enter into the TRSs with major Canadian chartered banks.

Credit Risk – Interest Rate Swaps (IRS)

Due to the bilateral nature of the IRSs, we are exposed to the counterparty credit risk. To manage this credit risk, we only enter into the IRSs with major Canadian chartered banks.

Credit Risk – Foreign Exchange Forwards

Due to the bilateral nature of the Foreign Exchange Forward contracts, we are exposed to the counterparty credit risk. To manage this credit risk, we only enter into the Foreign Exchange Forward contracts with major Canadian chartered banks.

Credit Risk – Shorcan and Shorcan Energy Brokers

Shorcan and Shorcan Energy Brokers are exposed to credit risk in the event that customers fail to settle on the contracted settlement date. This risk is limited by their status as agents, in that they do not purchase or sell securities for their own account. As agents, in the event of a failed trade, Shorcan or Shorcan Energy Brokers has the right to withdraw its normal policy of anonymity and advise the two counterparties to settle directly.

Credit Risk – Equity Transfer

Equity Transfer is exposed to credit risk on foreign exchange transactions processed for clients in the event that either the client or the financial counterparty fails to settle contracts for which foreign exchange rates have moved unfavourably. The risk of a financial counterparty failing to settle a transaction is considered remote as Equity Transfer deals only with reputable financial institutions comprised of major Canadian chartered banks.

Market Risk

Market risk is the risk of loss due to changes in market prices and rates such as equity prices, interest rates and foreign exchange rates.

Equity Price Risk – RSUs, DSUs, TRS

We are exposed to market risk relating to equity prices when we grant DSUs and RSUs to our directors and employees, respectively, as our obligation under these arrangements are partly based on our share price. We have entered into TRSs as a partial fair value hedge to the share appreciation rights of these RSUs and DSUs.

Interest Rate Risk – Marketable Securities

We are exposed to market risk on interest earned on our marketable securities. We have engaged external investment fund managers to manage the asset mix and the risks associated with the majority of these investments. At December 31, 2014, TMX Group held $59.7 million in marketable securities of which 48.2% were held in a short-term bond and mortgage fund, 48.4% were held in a money market fund, 0.8% were held in treasury bills and 2.6% were held in other term deposits.

Interest Rate Risk – Commercial Paper and Debentures

We are exposed to market risk relating to interest paid on our **Commercial Paper** and **Series C Debentures**. Assuming Commercial Paper outstanding of approximately $233.9 million (balance at December 31, 2014), the approximate annual impact on income before income taxes of a 0.25% rise and a 0.25% fall in interest rates with respect to Commercial Paper is a decrease of $0.6 million and an increase of $0.6 million, respectively. We partially manage the market risk relating to interest paid on our Commercial Paper through interest rate swaps with a notional value of $50.0 million. They will expire on September 30, 2015. The approximate impact on income before income taxes of a 0.25% rise and a 0.25% fall in interest rates with respect to our Series C Debentures is a decrease of $0.9 million and an increase of $0.9 million, respectively. We manage the market risk relating to interest paid on our Series C Debentures through interest rate swaps with a notional value of $350.0 million. They will expire on July 31, 2016. **(See Commercial Paper, Debentures, Credit and Liquidity Facilities – Interest Rate Swaps)**.

Other Market Price Risk – CDS, CDCC, NGX, Shorcan, and Shorcan Energy Brokers

We are exposed to market risk factors from the activities of CDS, NGX, CDCC, Shorcan, and Shorcan Energy Brokers if a customer, contracting party or clearing member, as the case may be, fails to take or deliver either securities, energy products or derivatives products on the contracted settlement or delivery date where the contracted price is less favourable than the current market price.

CDS is exposed to market risk as a result of its role as central counterparty in its continuous net settlement services. In these services, CDS is obligated to fulfill security delivery and receipt and payment obligations to participants who are members of those services. The potential for security prices to change between trade execution and settlement creates replacement cost risk, a form of market risk. Should a participant counterparty to a transaction be ultimately unable to

meet its security receipt and payment obligation or security delivery, the surviving counterparty can be exposed to replacement cost risk by having to execute a replacement transaction at a less favourable price.

Replacement cost risk exposure of CDS in these central counterparty services is mitigated through a daily mark-to-market of each participant's obligations as well as risk-based collateral requirements calculated daily. These mitigants are intended to cover the vast majority of market changes and are tested against actual price changes on a regular basis. This testing is supplemented with analysis of the effects of extreme market conditions on collateral valuation and market risk measurements. Should the collateral of a defaulter in a central counterparty service be insufficient, either because the value of the collateral has declined or the loss to be covered by the collateral exceeded the collateral requirement, the surviving participants in the service are required to cover any residual losses.

Settlements in the clearing and settlement services occur in both Canadian and U.S. dollars. Foreign exchange risk is created when the currency of the payment obligation is different from the valuation currency of the collateral supporting that payment obligation. This risk is mitigated by discounting the collateral value of securities where these mismatches occur.

CDCC is exposed to market risk in the event of a Clearing Member default and has risk management strategies in place to mitigate the potential to loss due to changing market conditions.

The primary mitigation to the market risk that CDCC would be facing further to a Clearing Member default is the collection of margin fund deposits that aim to cover any liabilities that a Clearing Member may incur by using CDCC's CCP services. Replacement Cost risk is managed by ensuring that the mark-to-market exposure of all open trade positions are covered daily. In addition, CDCC collects additional risk-based margin collateral that is representative of the worst-case liquidating value, under normal market conditions, that CDCC would be exposed to in the default management process.

CDCC also maintains a clearing fund of deposits of cash and securities from all Clearing Members. The aggregate level of clearing funds required from all Clearing Members must cover the worst loss that CDCC could face if one counterparty were to fail under various extreme but plausible market conditions. Each Clearing Member contributes to the clearing fund in proportion to the residual risk that it brings to the clearing system. If, by a Clearing Member's default, further funding is necessary to complete a liquidation, CDCC has the right to require other Clearing Members to contribute additional amounts equal to their previous contribution to the clearing fund.

NGX is exposed to market price risk as a result of its role as a central counterparty to natural gas, electricity and crude oil transactions. NGX requires each contracting party to provide sufficient collateral, in the form of cash or letters of credit, in excess of the outstanding credit exposure which includes mark-to-market exposure of all open trade positions. In addition, NGX collects additional risk-based margin collateral that is representative of the liquidating value within a defined confidence interval and liquidation period under normal market conditions that NGX would be exposed to in the default management process.

Shorcan and Shorcan Energy Brokers' risk is limited by their status as an agent, in that they do not purchase or sell securities or commodities for their own account, the short period of time between trade date and settlement date, and the defaulting customer's liability for any difference between the amounts received upon sale of, and the amount paid to acquire, the securities or commodities.

We are also exposed to other market price risk on a portion of our sustaining listing fee revenue, which is based on the quoted market values of listed issuers as at December 31 of the previous year

Foreign Currency Risk

We are exposed to market risk relating to foreign currency rates applicable to our cash and cash equivalents, trade receivables and trade payables, principally denominated in U.S. dollars. We are also exposed to market risk on revenue and expenses where we invoice or procure in a foreign currency, principally in U.S. dollars. The approximate impact of a 10% rise or a 10% decline in the Canadian dollar compared with the U.S. dollar on these cash flows is a $5.6 million decrease or increase in cash. At December 31, 2014, cash and cash equivalents and trade receivables, net of current liabilities, excluding BOX, include US$28.5, which are exposed to changes in the US-Canadian dollar exchange rate (2013 – US$23.2), £0.5, which are exposed to changes in the British Pound Sterling-Canadian dollar exchange rate, and €0.9, which are exposed to changes in the Euro-Canadian dollar exchange rate. The approximate impact of a 10% rise or a 10% decline in the Canadian dollar compared with the U.S. dollar, AUD, and Euro on these balances as at December 31, 2014 is a $3.8 million decrease or increase in income before income taxes, respectively. In addition, net assets related to BOX, Finexeo, Razor and other operations are denominated in US dollars, Euros (EUR), Australian dollars (AUD) and British Pound Sterling (GBP) respectively, and the effect of foreign exchange rate movements on the Company's share of these net assets is included in other comprehensive income. These are denominated in U.S. dollars, Euros, and Australian dollars, respectively, and the effect of foreign exchange rate movements on TMX Group's share of these net assets is included in other comprehensive income. The approximate impact of a 10% rise or a 10% decline in the Canadian dollar compared with the U.S. dollar, AUD, and Euro on these transactions as at December 31, 2014 is a $7.2 million decrease or increase in equity attributable to equity holders, respectively.

We are exposed to market risk relating to foreign currency rates applicable to some of our Commercial Paper. As at December 31, 2014 we borrowed US$75.0 million under our Commercial Paper Program. U.S. $60.0 million has been fully hedged with the use of foreign exchange forward contracts and the maturity dates of these contracts coincide with the maturity dates of the underlying individual U.S. dollar denominated Commercial Paper. In addition, US$15.0 million is not hedged with forward contracts but is partially hedged by our U.S. dollar assets. With respect to the US$15.0 million of Commercial Paper, the approximate impact of a 10% rise or a 10% decline in the Canadian dollar compared with the U.S. dollar is a $1.5 million increase or decrease in income before income taxes, respectively.

NGX offers contracts denominated in both Canadian and U.S. dollars and accepts collateral in either currency. Settlement always occurs in the contracted currency. Market risk relating to foreign exchange rates could be created if there is a default and the currency of the required payment obligation is different from the currency of the collateral supporting that payment obligation. This risk is mitigated by converting the foreign denominated collateral at current foreign exchange rates and then adjusting collateral positions to mitigate any foreign exchange risk present.

Settlements in the clearing and settlement services offered by CDS occur in both Canadian and U.S. dollars. Market risk relating to foreign exchange rates could be created if there is a default and the currency of the payment obligation is different from the currency of the collateral supporting that payment obligation. This risk is mitigated by discounting the collateral value of securities where these mismatches occur.

We do not currently employ currency hedging strategies and therefore significant moves in exchange rates, specifically a strengthening of the Canadian dollar against the U.S. dollar can have an adverse effect on the value of our revenue or assets in Canadian dollars.

Liquidity Risk

Liquidity risk is the risk of loss due to the inability of TMX Group or its participants/customers to meet their financial obligations in a timely manner or at reasonable prices. We manage liquidity risk through the management of our cash and cash equivalents and marketable securities, all of which are held in short term instruments, and our Debentures, Commercial Paper as well as credit and liquidity facilities. In the clearing and depository services, liquidity risk results from the requirement to convert collateral to cash in the event of the default of a participant.

Cash and cash equivalents and Restricted cash and cash equivalents

Cash and cash equivalents and restricted cash and cash equivalents consist of cash and highly liquid investments.

Marketable securities

Our investment policy will only allow excess cash to be invested within money market securities or fixed income securities. The majority of the portfolio is held within Bank deposits, notes and Treasury Bills. In addition, a portion of the portfolio is held within a money market fund and a specific short-term bond and mortgage fund. The money market fund limits our investments to government or government-guaranteed treasury bills, and high-grade corporate notes. The short-term bond and mortgage fund limits our investments to high-quality Canadian corporate bonds, government bonds and up to 40% of the fund's net assets in conventional first mortgages and mortgages guaranteed under the National Housing Act (Canada). Fund units can be redeemed on any day that Canadian banks are open for business. Funds will be received the day following the redemption.

Individual fixed income securities held will have credit ratings of A/R1-low or better and are highly liquid.

CDS marketable securities are composed of Canadian and U.S. government-issued or government-backed fixed income securities with maturities of less than one year.

Balances with Clearing Members and participants

The margin deposits of CDCC and CDS and clearing fund margins of CDCC are held in liquid instruments. Cash margin deposits and cash clearing fund deposits from Clearing Members, which are recognized on the consolidated balance sheet, are held by CDCC with the Bank of Canada. Non-cash margin deposits and non-cash clearing fund deposits pledged to CDCC under irrevocable agreements are in government securities and other securities and are held with approved depositories. Cash collateral from CDS's participants, which is recognized on the consolidated balance sheet, is held by CDS at the Bank of Canada and NSCC/DTC. Non-cash collateral, which is not recognized on the consolidated balance sheet, pledged by participants under Participant Rules is held by CDS in liquid government and fixed income securities.

New York Link service – CDS

The design of CDS's New York Link service does not apply strict limits to a participant's end-of-day payment obligation, creating the potential for unlimited liquidity risk exposure if a user of the service were to default on its obligation. CDS manages this risk through active monitoring of payment obligations and a committed liquidity facility which covers the vast majority of potential participant default scenarios. Residual liquidity risk in excess of CDS's liquidity facility is

transferred to surviving participant users of the New York Link service and as a result CDS's liquidity risk exposure is limited to a maximum of its available liquidity facility.

Fair value of open energy contracts and Energy contracts payable – NGX

NGX requires each contracting party to provide sufficient collateral, in the form of cash or letters of credit, to exceed its outstanding credit exposure, including contract replacement costs at current market prices, as determined by NGX in accordance with its margining methodology. The cash collateral deposits and letters of credit are held by a major Canadian chartered bank. NGX also ensures that it maintains sufficient liquid resources to cover twelve months of operating costs as well as the daily settlement requirement of its largest single participant under a stressed market scenario.

Credit and liquidity facilities – Clearing operations

In response to the liquidity risk that CDS, CDCC and NGX are exposed to through their clearing operations, they have arranged various facilities (see ***Other Credit and Liquidity Facilities***).

CDS maintains unsecured operating demand loans totaling $6.0 million to support short-term operating requirements. To support processing and settlement activities of participants, an unsecured overdraft facility and demand loans of $15.0 million and an overnight facility of US$5.5 million are available.

CDS maintains a secured standby liquidity facility of U.S. $400.0 million, or Canadian dollar equivalent that can be drawn in either U.S. or Canadian currency. . This arrangement is available to support processing and settlement activities in the event of a participant default. Borrowings under the secured facility are obtained by pledging or providing collateral pledged by participants primarily in the form of debt instruments issued or guaranteed by federal, provincial and/or municipal governments in Canada or U.S. treasury instruments.

In addition, CDS has signed agreements that would allow the Bank of Canada to provide emergency last-resort liquidity to CDS at the discretion of the Bank of Canada. This liquidity facility is intended to provide end of day liquidity for payment obligations arising from CDSX, and only in the event that CDS is unable to access liquidity from its standby liquidity facility or in the event that the liquidity under such facilities is insufficient. Use of this facility would be on a fully collateralized basis.

CDCC maintains daylight liquidity facilities for a total of $600.0 million to provide liquidity on the basis of collateral in the form of securities that have been received by, or pledged to, CDCC. The daylight liquidity facilities must be cleared to zero at the end of each day.

The syndicated revolving standby liquidity facility for a total of $300.0 million is in place to provide end of day liquidity in the event that CDCC is unable to clear the daylight liquidity facilities to zero as well as to provide a source of overnight funding for securities that are not eligible to be pledged at the Bank of Canada. Advances under the facility will be secured by collateral in the form of securities that have been received by CDCC. The syndicated REPO facility is also in place to provide end of day liquidity in the event that CDCC is unable to clear the daylight liquidity facilities to zero. The facility will provide liquidity in exchange for securities that have been received by CDCC. CDCC also maintains a $12,264.0 million repurchase facility with a syndicate of six major Canadian chartered banks. This facility is comprised of $1,200.0 million in committed liquidity and $11,064.0 million in uncommitted liquidity and is in place to provide end of day liquidity in the

event that CDCC is unable to clear the daylight liquidity facilities to zero. The facility will provide liquidity in exchange for securities that have been received by CDCC.

Finally, CDCC's Bank of Canada liquidity facility is intended to provide end of day liquidity only in the event that CDCC is unable to access liquidity from the revolving standby liquidity facility and the syndicated REPO facility or in the event that the liquidity under such facilities is insufficient. Use of this facility would be on a fully collateralized basis.

Similarly, in response to the liquidity risk that NGX is exposed to through its clearing and settlement operations, it maintains an unsecured clearing backstop fund in the form of a letter of credit maintained with a custodian in an amount of US$100.0 million, a $300.0 million daylight liquidity facility, and an overdraft facility of $20.0 million.

Commercial Paper, Debentures and Credit Facility

Our capital structure includes approximately $1.2 billion of indebtedness. As highlighted in the **Capital Structure Risk**, we rely on our Commercial Paper Program, Debentures and Credit Facility as a source of financing. If our indebtedness under the terms of our Commercial Paper Program, Debentures or Credit Facility (if drawn) was to become due prior to the maturity dates as a result of not meeting covenants under the Trust Indentures, the terms of the Commercial Paper Program or the Credit Facility, we could be required to seek more costly sources of financing, or potentially would not be able to obtain an alternative form of financing. The specific liquidity risk related to Commercial Paper is that we are unable to borrow under a new Commercial Paper issuance in order to pay for Commercial Paper that is coming due because of a lack of liquidity or demand for our Commercial Paper in the market. To mitigate this risk, we entered into a Credit Agreement on May 30, 2014 that provides 100% coverage or backstop to the Commercial Paper Program (see **Loans Payable**).

ACCOUNTING AND CONTROL MATTERS

Changes in Accounting Policies

Effective January 1, 2014, we adopted the following new amendments and interpretation to IFRS:

- Investment Entities – Amendments to IFRS 10, *Consolidated Financial Statements*, IFRS 12, *Disclosure of Interests in Other Entities* and IAS 27, *Separate Financial Statements*;
- Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32, *Financial Instruments: Presentation*;
- Novation of derivatives and continuation of hedge accounting – Amendments to IAS 39, *Financial Instruments: Recognition and Measurement*; and
- International Financial Reporting Interpretations Committee (IFRIC) 21, *Levies*.

There was no impact on the financial statements as a result of their adoption.

Future Changes in Accounting Policies

A number of other new standards and amendments to standards are not yet effective and have not been applied in preparing the financial statements. These amended and new standards are required to be implemented for our financial year beginning on or after January 1, 2015, unless otherwise noted:

- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19, *Employee Benefits*) – The narrow- scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The amendments apply retrospectively for annual periods beginning on or after July 1, 2014 with earlier application permitted.

- Annual Improvements cycle 2010-2012, cycle 2011-2013, and cycle 2012-2014 (Amendments to various standards) – These narrow-scope amendments apply to a total of eleven standards as part of the IASB's annual improvements process. The IASB uses the annual improvements process to make non-urgent but necessary amendments to IFRS. Most amendments will apply prospectively for annual periods beginning on or after July 1, 2014 for the 2010-2012 and 2011-2013 cycles and on or after January 1, 2016 for the 2012-2014 cycle. Earlier application is permitted with special transitional requirements.

- Business combination accounting for interest in a joint operation (Amendments to IFRS 11, *Joint Arrangements*) – The amendments require business combination accounting to be applied when a joint operation that constitutes a business is acquired. The amendments are effective for annual periods beginning on or after January 1, 2016 with earlier application permitted.

- Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10, *Consolidated Financial Statements* and IAS 28, *Investments in Associates and Joint Ventures*) – The amendments require full gain recognition when the transfer of assets involving an associate or joint venture meet the definition of a business under IFRS 3, *Business Combinations.* The amendments also introduce new accounting that involves neither a cost nor full step-up of certain retained assets that are not businesses. The amendments are effective for annual periods beginning on or after January 1, 2016 with earlier application permitted.

- Clarification of acceptable methods of depreciation and amortization (Amendments to IAS 16, *Property, Plant and Equipment* and IAS 38, *Intangible Assets*) – The amendments explicitly prohibit the use of revenue-based methods of depreciation for property, plant and equipment and introduce a rebuttable presumption that its use for intangible assets is inappropriate. The amendments are effective for annual periods beginning on or after January 1, 2016 with earlier application permitted.

- IFRS 9, *Financial Instruments* – IFRS 9 replaces the guidance in IAS 39, *Financial Instruments: Recognition and Measurement*, for the classification and measurement of financial assets and financial liabilities and new standards for hedge accounting. Financial assets will be classified into one of two categories on initial recognition: amortized cost or fair value. For financial liabilities measured at fair value under the fair value option, changes in fair value attributable to changes in credit risk will be recognized in other comprehensive income, with the remainder of the change recognized in profit or loss. IFRS 9 will provide for more hedging strategies to qualify for hedge accounting, introduce more judgment in assessing the effectiveness of a hedging relationship, and include a single, forward-

looking "expected loss" impairment model. The mandatory date for IFRS 9 is for annual periods beginning on or after January 1, 2018, with early application permitted for annual periods beginning on or after January 1, 2015.

- IFRS 15, *Revenue from Contracts with Customers* – The IASB and the U.S. Financial Accounting Standards Board ("FASB") jointly issued converged accounting standards on the recognition of revenue from contracts with customers; the IASB's standard is IFRS 15, *Revenue from Contracts with Customers*. The previous requirements of both IFRS and U.S. GAAP were different and often resulted in different accounting for transactions that were economically similar. IFRS 15 and its U.S. GAAP equivalent, contain a single revenue model that applies to contracts with customers with the exception of contracts for insurance, financial instruments and leases. Under the model, there are two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The mandatory effective date for IFRS 15 is for annual periods beginning on or after January 1, 2017 with either full retrospective application, retrospective with optional practical expedients or a modified prospective approach with disclosure requirements.

We intend to adopt each of the above amendments and standards, as applicable, in the year in which they are effective. We are reviewing these new amendments and standards to determine the potential impact, if any, on our financial statements once they are adopted. At this time, the extent of the impact of adoption of these new standards and amendments has not yet been determined.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

Disclosure Controls and Procedures

TMX Group's disclosure controls and procedures as defined in National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109) are designed to provide reasonable assurance that information required to be disclosed in our filings under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. They are also designed to provide reasonable assurance that all information required to be disclosed in these filings is accumulated and communicated to management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) as appropriate, to allow timely decisions regarding public disclosure. We regularly review our disclosure controls and procedures; however, they cannot provide an absolute level of assurance because of the inherent limitations in control systems to prevent or detect all misstatements due to error or fraud.

Our management, including the CEO and CFO, conducted an evaluation of the effectiveness of our disclosure controls and procedures as of December 31, 2014. Based on this evaluation, the CEO and CFO have concluded that our disclosure controls and procedures were effective as of December 31, 2014.

Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in NI 52-109. Internal control over financial reporting means a process designed by or under the supervision of the CEO and CFO, and effected by our board of directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS, and includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of TMX Group; (2) are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of TMX Group are being made only in accordance with authorizations of management and directors of TMX Group; and (3) are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of TMX Group's assets that could have a material effect on the financial statements.

All internal control systems have inherent limitations and therefore our internal control over financial reporting can only provide reasonable assurance and may not prevent or detect misstatements due to error or fraud.

Our management, including the CEO and CFO, conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2014 using the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework (2013). Based on this evaluation, the CEO and CFO have concluded that our internal control over financial reporting was effective as of December 31, 2014.

Changes in Internal Control over Financial Reporting

There were no changes to internal control over financial reporting during the quarter and year ended December 31, 2014 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Related Party Relationships and Transactions

Parent

The shares of TMX Group are widely held and, as such, there is no ultimate controlling party of TMX Group. While in aggregate the Nominating Investors[27] own a significant portion of the common shares outstanding of TMX Group, under the OSC and AMF Recognition Orders, no person or combination of persons, acting jointly or in concert, is permitted to beneficially own or exercise control of direction over more than 10% of any class or series of voting shares of TMX Group without prior approval of the OSC and the AMF.

[27] *"Nominating Investors"* consist of Alberta Investment Management Corporation, Caisse de dépôt et placement du Québec, Canada Pension Plan Investment Board, CIBC World Markets Inc., National Bank Group Inc., Ontario Teachers' Pension Plan Board, Scotia Capital Inc. and TD Securities Inc., either directly or through an affiliate.

Key management personnel compensation

Compensation for key management personnel, including TMX Group's Board of Directors, was as follows for the year:

(in millions of dollars)	2014	2013
Salaries and other short-term employee benefits	**$9.6**	$9.7
Post-employment benefits	**1.4**	1.5
Share-based payments	**7.7**	9.8
	18.7	21.0

Related party transactions

In aggregate, the Nominating Investors[28] hold a significant proportion of our common shares outstanding. TMX Group and its subsidiaries transact with a number of the Nominating Investors[28] on a regular basis through their normal operations. Transactions are conducted at prevailing market prices and on general market terms and conditions.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

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

Examples of forward-looking information in this MD&A include, but are not limited to, factors relating to stock, derivatives and energy exchanges and clearing houses and the business, strategic goals and priorities, market condition, pricing, proposed technology and other initiatives, financial condition, operations and prospects of TMX Group which are subject to significant risks and uncertainties. These risks include: competition from other exchanges or marketplaces, including alternative trading systems and new technologies, on a national and international basis; dependence on the economy of Canada; adverse effects on our results caused by global economic uncertainties including changes in business cycles that impact our sector; failure to retain and attract qualified personnel; geopolitical and other factors which could cause business interruption; dependence on information technology; vulnerability of our networks and third party service providers to security risks; failure to implement our strategies; regulatory constraints; constraints imposed by our level of indebtedness, risks of litigation or regulatory proceedings; dependence on adequate numbers of customers; failure to develop, market or gain acceptance of new products; currency risk; adverse effect of new business activities; not being able to meet cash requirements because of our holding company structure and restrictions on paying dividends; dependence on third-party suppliers and service providers; dependence of trading operations on a small number of clients; risks associated with our clearing operations; challenges related to international expansion;

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[28] *Nominating Investors"* consist of Alberta Investment Management Corporation, Caisse de dépôt et placement du Québec, Canada Pension Plan Investment Board, CIBC World Markets Inc., National Bank Group Inc., Ontario Teachers' Pension Plan Board, Scotia Capital Inc. and TD Securities Inc., either directly or through an affiliate.

restrictions on ownership of TMX Group common shares; inability to protect our intellectual property; adverse effect of a systemic market event on certain of our businesses; risks associated with the credit of customers; cost structures being largely fixed; dependence on market activity that cannot be controlled; the regulatory constraints that apply to the business of TMX Group and its regulated subsidiaries, costs of on exchange clearing and depository services, trading volumes (which could be higher or lower than estimated) and revenues; future levels of revenues being lower than expected or costs being higher than expected.

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

While we anticipate that subsequent events and developments may cause our views to change, we have no intention to update this forward-looking information, except as required by applicable securities law. This forward-looking information should not be relied upon as representing our views as of any date subsequent to the date of this MD&A. We have attempted to identify important factors that could cause actual actions, events or results to differ materially from those current expectations described in forward-looking information. However, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended and that could cause actual actions, events or results to differ materially from current expectations. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. These factors are not intended to represent a complete list of the factors that could affect us. A description of the above-mentioned items is contained under the heading **RISKS AND UNCERTAINTIES** in this MD&A.

MANAGEMENT STATEMENT

Management is responsible for the preparation, integrity and fair presentation of the consolidated financial statements, management's discussion and analysis, and other information in this annual report. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards and, in the opinion of management, fairly reflect the financial position, results of operations and changes in the financial position of TMX Group Limited. Financial information contained throughout this annual report is consistent with the consolidated financial statements.

Acting through the Finance and Audit Committee, comprised of non-management directors, all of whom are independent directors within the meaning of Multilateral Instrument 52-110-Audit Committees, the Board of Directors oversees management's responsibility for financial reporting and internal control systems. The Finance and Audit Committee is responsible for reviewing the consolidated financial statements and management's discussion and analysis and recommending them to the Board of Directors for approval. To discharge its duties the Committee meets with management and external auditors to discuss audit plans, internal controls over accounting and financial reporting processes, auditing matters and financial reporting issues.

TMX Group's external auditors appointed by the shareholders, KPMG LLP, are responsible for auditing the consolidated financial statements and expressing an opinion thereon. The external auditors have full and free access to, and meet periodically with, management and the Finance and Audit Committee to discuss the audit.

Louis V. Eccleston
Chief Executive Officer
TMX Group Limited

Michael Ptasznik
Chief Financial Officer
TMX Group Limited

February 3, 2015

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Toronto, ON M5H 2S5

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of TMX Group Limited:

We have audited the accompanying consolidated financial statements of TMX Group Limited (the "Company"), which comprise the consolidated balance sheets as at December 31, 2014 and 2013, the consolidated income statements, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
KPMG Canada provides services to KPMG LLP.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of TMX Group Limited as at December 31, 2014 and 2013, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

February 3, 2015
Toronto, Canada

TMX GROUP LIMITED
Consolidated Balance Sheets

(in millions of Canadian dollars)	*Note*	**December 31, 2014**	December 31, 2013
Assets			
Current assets:			
Cash and cash equivalents	*6*	**$ 214.0**	$ 212.2
Restricted cash and cash equivalents	*6*	**75.6**	102.9
Marketable securities	*6*	**59.7**	67.0
Trade and other receivables	*7*	**91.3**	83.6
Energy contracts receivable	*8*	**696.5**	764.9
Fair value of open energy contracts	*8*	**201.3**	72.7
Balances with Clearing Members and Participants	*8*	**8,807.2**	10,164.7
Other current assets	*10*	**14.7**	17.2
		10,160.3	11,485.2
Non-current assets:			
Fair value of open energy contracts	*8*	**12.5**	14.2
Goodwill and intangible assets	*9*	**4,650.3**	4,806.9
Other non-current assets	*10*	**123.1**	129.0
Deferred income tax assets	*15*	**17.9**	60.2
Total Assets		**$ 14,964.1**	$ 16,495.5
Liabilities and Equity			
Current liabilities:			
Trade and other payables	*11*	**$ 77.1**	$ 104.9
Participants' tax withholdings	*6*	**75.6**	102.9
Energy contracts payable	*8*	**696.5**	764.9
Fair value of open energy contracts	*8*	**201.3**	72.7
Balances with Clearing Members and Participants	*8*	**8,807.2**	10,164.7
Commercial Paper	*12*	**233.9**	—
Liquidity facilities drawn	*12*	**2.2**	1.3
Other current liabilities	*13*	**34.9**	25.4
		10,128.7	11,236.8
Non-current liabilities:			
Fair value of open energy contracts	*8*	**12.5**	14.2
Loans payable	*12*	**—**	331.4
Debentures	*12*	**997.2**	996.4
Other non-current liabilities	*13*	**52.6**	45.4
Deferred income tax liabilities	*15*	**827.2**	900.5
Total Liabilities		**12,018.2**	13,524.7
Equity:			
Share capital	*21*	**2,858.3**	2,849.2
Contributed surplus – share option plan	*22*	**7.2**	5.2
Retained earnings		**34.0**	27.4
Accumulated other comprehensive income		**9.3**	6.0
Total Equity attributable to equity holders of the		**2,908.8**	2,887.8
Non-controlling interests		**37.1**	83.0
Total Equity		**2,945.9**	2,970.8
Commitments and contingent liabilities	*19&20*		
Total Liabilities and Equity		**$ 14,964.1**	$ 16,495.5

See accompanying notes which form an integral part of these consolidated financial statements.

Approved on behalf of the Board of Directors on February 3, 2015:

"Charles Winograd" Chair — "William Linton" Director

TMX GROUP LIMITED
Consolidated Income Statements

(In millions of Canadian dollars, except per share amounts)	*Note*	For the year ended December 31, **2014**	2013
Revenue:			
Issuer services		**$ 198.3**	$ 189.3
Trading, clearing, depository and related		**303.9**	303.1
Information services		**187.8**	181.5
Technology services and other		**27.3**	26.6
REPO interest:			
Interest income		**77.1**	73.4
Interest expense		**(77.1)**	(73.4)
Net REPO interest		**—**	—
Total revenue		**717.3**	700.5
Expenses:			
Compensation and benefits		**206.8**	204.8
Information and trading systems		**70.0**	74.2
General and administration		**91.6**	91.2
Depreciation and amortization		**70.3**	72.6
Total operating expenses		**438.7**	442.8
Income from operations		**278.6**	257.7
Net income from equity accounted investees	*16*	**3.0**	2.6
Impairment charges	*9*	**(136.1)**	—
Gain on sale of a subsidiary		**—**	5.4
Maple transaction and integration costs		**(6.7)**	(7.2)
Finance income (costs):			
Finance income	*4*	**4.2**	3.1
Finance costs	*4*	**(43.2)**	(60.6)
Credit facility refinancing expenses	*4*	**(3.6)**	(16.4)
Net finance costs		**(42.6)**	(73.9)
Income before income taxes		**96.2**	184.6
Income tax expense	*15*	**41.6**	60.9
Net income		**$ 54.6**	$ 123.7
Net income (loss) attributable to:			
Equity holders of the Company		**100.5**	123.9
Non-controlling interests		**(45.9)**	(0.2)
		$ 54.6	$ 123.7
Earnings per share (attributable to equity holders of the Company):	*5*		
Basic		**$ 1.85**	$ 2.29
Diluted		**$ 1.85**	$ 2.29

See accompanying notes which form an integral part of these consolidated financial statements.

TMX GROUP LIMITED
Consolidated Statements of Comprehensive Income

(in millions of Canadian dollars)

	Note	**2014**	2013
		For the year ended December 31,	
Net income		**$ 54.6**	$ 123.7
Other comprehensive (loss) income:			
Items that will not be reclassified to the consolidated income statements:			
Actuarial (losses) gains on defined benefit pension and other post-retirement benefit plans (net of tax benefit of $2.5, 2013 – tax expense of $3.7)	*17*	**(7.1)**	10.3
Total items that will not be reclassified to the consolidated income statements		**(7.1)**	10.3
Items that may be reclassified subsequently to the consolidated income statements:			
Unrealized gains on translating financial statements of foreign operations		**6.3**	12.3
Change in fair value of effective portion of interest rate swaps designated as cash flow hedges (net of tax benefit of $0.1, 2013 – tax benefit of $0.6)	*14*	**(0.2)**	0.8
Reclassification to net income of losses (gains) on interest rate swaps (net of tax expense of $0.2, 2013 – tax expense of $0.2)	*14*	**0.5**	(0.7)
Total items that may be reclassified subsequently to the consolidated income statements		**6.6**	12.4
Total comprehensive income		**$ 54.1**	$ 146.4
Total comprehensive income (loss) attributable to:			
Equity holders of the Company		**$ 96.7**	$ 141.3
Non-controlling interests		**(42.6)**	5.1
		$ 54.1	$ 146.4

See accompanying notes which form an integral part of these consolidated financial statements.

TMX GROUP LIMITED

Consolidated Statements of Changes in Equity

(in millions of Canadian dollars) **For the year ended December 31, 2014**

		Attributable to equity holders of the Company						
	Note	Share capital	Contributed surplus – share option plan	Accumulated other comprehensive income	Retained earnings	Total attributable to equity holders	Non-controlling interests	Total equity
Balance at January 1, 2014		$ 2,849.2	$ 5.2	$ 6.0	$ 27.4	$ 2,887.8	$ 83.0	$ 2,970.8
Net income (loss)		—	—	—	100.5	100.5	(45.9)	54.6
Other comprehensive income (loss):								
Foreign currency translation differences		—	—	3.0	—	3.0	3.3	6.3
Net change in interest rate swaps designated as cash flow hedges, net of taxes	*14*	—	—	0.3	—	0.3	—	0.3
Actuarial losses on defined benefit pension and other post-retirement benefit plans, net of taxes	*17*	—	—	—	(7.1)	(7.1)	—	(7.1)
Total comprehensive income (loss)		—	—	3.3	93.4	96.7	(42.6)	54.1
Dividends to equity holders	*27*	—	—	—	(86.8)	(86.8)	—	(86.8)
Dividend to non-controlling interests		—	—	—	—	—	(3.3)	(3.3)
Proceeds from exercised share options		8.4	—	—	—	8.4	—	8.4
Cost of exercised share options		0.7	(0.7)	—	—	—	—	—
Cost of share option plan	*22*	—	2.7	—	—	2.7	—	2.7
Balance at December 31, 2014		$ 2,858.3	$ 7.2	$ 9.3	$ 34.0	$ 2,908.8	$ 37.1	$ 2,945.9

See accompanying notes which form an integral part of these consolidated financial statements.

TMX GROUP LIMITED
Consolidated Statements of Changes in Equity

For the year ended December 31, 2013

(in millions of Canadian dollars)		Attributable to equity holders of the Company						
	Note	Share capital	Contributed surplus – share option plan	Accumulated other comprehensive (loss) income	(Deficit) Retained earnings	Total attributable to equity holders	Non-controlling interests	Total equity
Balance at January 1, 2013		$ 2,833.7	$ 4.0	$ (1.1)	$ (20.4)	$ 2,816.2	$ 83.2	$ 2,899.4
Net income (loss)		—	—	—	123.9	123.9	(0.2)	123.7
Other comprehensive income:								
Foreign currency translation differences		—	—	7.0	—	7.0	5.3	12.3
Net change in interest rate swaps designated as cash flow hedges, net of taxes		—	—	0.1	—	0.1	—	0.1
Actuarial gains on defined benefit pension and other post-retirement benefit plans, net of taxes		—	—	—	10.3	10.3	—	10.3
Total comprehensive income		—	—	7.1	134.2	141.3	5.1	146.4
Dividends to equity holders		—	—	—	(86.4)	(86.4)	—	(86.4)
Dividend to non-controlling interests		—	—	—	—	—	(5.3)	(5.3)
Proceeds from exercised share options		14.5	—	—	—	14.5	—	14.5
Cost of exercised share options		1.0	(1.0)	—	—	—	—	—
Cost of share option plan		—	2.2	—	—	2.2	—	2.2
Balance at December 31, 2013		$ 2,849.2	$ 5.2	$ 6.0	$ 27.4	$ 2,887.8	$ 83.0	$ 2,970.8

See accompanying notes which form an integral part of these consolidated financial statements.

TMX GROUP LIMITED
Consolidated Statements of Cash Flows

(in millions of Canadian dollars)	*Note*	**For the year ended December 31, 2014**	2013
Cash flows from (used in) operating activities:			
Income before income taxes		**$ 96.2**	$ 184.6
Adjustments to determine net cash flows:			
Depreciation and amortization		**70.3**	72.6
Impairment charges	*9*	**136.1**	—
Net finance costs	*4*	**42.6**	73.9
Maple transaction and integration costs		**6.7**	7.2
Maple transaction and integration related cash outlays		**(6.7)**	(14.1)
Net income from equity accounted investees	*16*	**(3.0)**	(2.6)
Gain on sale of a subsidiary		**—**	(5.4)
Cost of share option plan	*22*	**2.7**	2.2
Employee defined benefits expense	*17*	**6.8**	4.5
Net settlement on interest rate swaps	*14*	**(1.3)**	(2.0)
Trade and other receivables, and prepaid expenses		**(9.9)**	6.2
Trade and other payables		**(29.8)**	28.1
Provisions		**(1.4)**	(1.3)
Deferred revenue		**2.3**	1.7
Other non-current assets and non-current liabilities		**0.9**	(0.4)
Cash received on unwind of interest rate swaps		**—**	1.6
Cash paid for employee defined benefits	*17*	**(3.0)**	(7.0)
Income taxes paid		**(56.6)**	(54.9)
		252.9	294.9
Cash flows from (used in) financing activities:			
Interest paid		**(37.3)**	(47.8)
Reduction in obligations under finance leases	*20*	**(2.5)**	(2.6)
Proceeds from exercised options	*22*	**8.4**	14.5
Dividends paid to equity holders	*27*	**(86.8)**	(86.4)
Dividend paid to non-controlling interests		**(3.3)**	(5.3)
Financing and refinancing fees, expensed	*12*	**(0.3)**	(0.8)
Net movement of Commercial Paper, net of fees	*12*	**231.6**	—
Credit and liquidity facilities drawn, net	*12*	**0.9**	1.3
Proceeds from issuance of debentures, net of financing costs		**—**	996.2
Net repayment of loans payable, net of financing costs		**(336.0)**	(1,146.6)
		(225.3)	(277.5)
Cash flows from (used in) investing activities:			
Interest received		**3.7**	3.4
Dividends received	*16*	**3.9**	—
Additions to premises and equipment and intangible assets		**(27.8)**	(28.4)
Acquisitions, net of cash acquired		**(14.7)**	(64.0)
Proceeds from sale of a subsidiary		**—**	104.0
Marketable securities		**7.3**	21.8
		(27.6)	36.8
Increase in cash and cash equivalents		**—**	54.2
Cash and cash equivalents, beginning of the period		**212.2**	156.5
Unrealized foreign exchange gain on cash and cash equivalents held in foreign currencies		**1.8**	1.5
Cash and cash equivalents, end of the period		**$ 214.0**	$ 212.2

See accompanying notes which form an integral part of these consolidated financial statements.

TMX GROUP LIMITED

Notes to the Consolidated Financial Statements

(In millions of Canadian dollars, except per share amounts)

GENERAL INFORMATION

TMX Group Limited (formerly Maple Group Acquisition Corporation (“Maple”)) is a company domiciled in Canada and incorporated under the Business Corporations Act (Ontario). The registered office is located at The Exchange Tower, 130 King Street West, Toronto, Ontario, Canada.

TMX Group Limited controls, directly or indirectly, a number of entities which operate exchanges, markets, and clearinghouses primarily for capital markets in Canada and provides select services globally, including:

- TSX Inc. (“TSX”), which operates Toronto Stock Exchange, a national stock exchange serving the senior equities market; TSX Venture Exchange Inc. (“TSX Venture Exchange”), which operates TSX Venture Exchange, a national stock exchange serving the public venture equity market; and Alpha Trading Systems Inc. ("Alpha"), which also operates an exchange for the trading of securities;
- Montréal Exchange Inc. ("MX"), Canada’s national derivatives exchange, and its subsidiaries, including Canadian Derivatives Clearing Corporation (“CDCC”), the clearing house for options and futures contracts traded at MX and certain over-the-counter (“OTC”) products and fixed income repurchase (“REPO”) agreements and BOX Market, LLC ("BOX") which provides a market for the trading of U.S. equity options;
- The Canadian Depository for Securities Limited and its subsidiaries ("CDS"), including CDS Clearing and Depository Services Inc. (“CDS Clearing”), which operates the automated facilities for the clearing and settlement of equities and fixed income transactions and custody of securities in Canada;
- Natural Gas Exchange Inc. (“NGX”), which operates NGX, an exchange for the trading and clearing of natural gas, electricity, and crude oil contracts in North America and Shorcan Energy Brokers Inc. (“Shorcan Energy Brokers”), a wholly-owned subsidiary of Shorcan, for brokering of crude oil contracts; and
- Shorcan Brokers Limited ("Shorcan"), a fixed income inter-dealer broker and registered exempt market dealer; The Equicom Group Inc., an investor relations and corporate communications services provider; Finexeo S.A. (“Finexeo”), a provider of low-latency network and infrastructure solutions for the global investment community; TMX Equity Transfer Services Inc. ("Equity Transfer"), a provider of corporate trust, registrar, transfer agency and foreign exchange services; and Razor Risk Technologies Limited (“Razor”), a provider of risk management technology solutions.

The audited annual consolidated financial statements as at and for the year ended December 31, 2014 (the “financial statements”), comprise the accounts of TMX Group Limited and its subsidiaries (collectively referred to as the “Company”), and the Company’s interests in equity accounted investees.

NOTE 1 – BASIS OF PREPARATION

(A) STATEMENT OF COMPLIANCE

The financial statements have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”) and IFRS Interpretations Committee (“IFRIC”) interpretations, as issued by the International Accounting Standards Board (“IASB”).

The financial statements were approved by the Company’s Board of Directors on February 3, 2015.

(B) BASIS OF MEASUREMENT

The financial statements have been prepared on the historical cost basis except for the following items which are measured at fair value:

- Financial instruments (note 23);
- Investment in privately-owned company (note 10);
- Liabilities arising from share-based payment plans (note 22); and
- Legal obligations associated with the restoration costs on the retirement of premises and equipment (note 19).

The Company uses a fair value hierarchy to categorize the inputs used in its valuation of assets and liabilities carried at fair value. Fair values are categorized into: Level 1 – to the extent of the Company's use of unadjusted quoted market prices; Level 2 – using observable market information as inputs; and Level 3 – using unobservable market information.

(C) USE OF ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that management considers to be relevant. Actual results could differ from these estimates and assumptions.

Judgements, estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Estimates that have a significant risk of resulting in a material adjustment in these financial statements have been made in the following areas in the preparation of the financial statements:

- Impairment of goodwill and indefinite life intangible assets – impairment tests are completed using the higher of fair value less costs of disposal, where available, and value-in-use calculations, determined using management's best estimates of future cash flows, long-term growth rates and appropriate discount rates. Purchased intangibles are valued on acquisition using established methodologies and amortized over their estimated useful economic lives, except in those cases where intangibles are determined to have indefinite lives, where there is no foreseeable limit over which these intangibles would generate net cash flows. These valuations and lives are based on management's best estimates of future performance and periods over which value from the intangible assets will be derived (note 9);
- Income taxes – the accounting for income taxes requires estimates to be made, such as the recoverability of deferred tax assets. Where differences arise between estimated income tax provisions and final income tax liabilities, an adjustment is made when the difference is identified (note 15);
- Measurement of defined benefit obligations for pensions, other post-retirement and post-employment benefits – the valuations of the defined benefit assets and liabilities are based on actuarial assumptions made by management with advice from the Company's external actuary (note 17);
- Provisions and contingencies – management judgement is required to assess whether provisions and/or contingencies should be recognized or disclosed, and at what amount. Management bases its decisions on past experience and other factors it considers to be relevant on a case by case basis (note 19); and
- Share-based payments – The liabilities associated with the Company's share-based payment plans are measured at fair value using a recognized option pricing model based on management's assumptions. Management's assumptions are based on historical share price movements, dividend policy and past experience for the Company (note 22).

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES AND NEW ACCOUNTING POLICES ADOPTED

The accounting policies set out below have been applied consistently to all periods presented in the financial statements, unless otherwise indicated. Similarly, the accounting policies have been applied consistently by all the Company's entities.

(A) BASIS OF CONSOLIDATION

Subsidiaries are entities controlled by the Company, and they are consolidated from the date on which control is transferred to the Company until the date that control ceases. Balances and transactions between the Company's subsidiaries have been eliminated on consolidation. On loss of control of a subsidiary, the Company derecognizes the assets and liabilities of the entity, and any related non-controlling interests and equity. Any gain or loss is recognized in the consolidated income statement and any retained interests measured at fair value at the date of loss of control.

Non-controlling interests are measured at the proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Company's interest that do not result in a loss of control are accounted for as equity transactions.

Equity accounted investees are entities in which the Company has determined it has significant influence, but not control, over the financial and operating policies. Investments in these entities are recognized initially at cost and subsequently accounted for using the equity method of accounting.

(B) FOREIGN CURRENCY

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency.

The assets and liabilities of the Company's foreign operations for which the Canadian dollar is not the functional currency are translated at the rate of exchange in effect at the balance sheet date. Revenue and expenses are translated at the relevant average monthly exchange rates. The resulting unrealized exchange gain or loss is included in accumulated other comprehensive income (loss) within equity.

Revenues earned, expenses incurred and capital assets purchased in foreign currencies are translated into the functional currency at the prevailing exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the period end rate or at the transaction rate when settled. Resulting unrealized and realized foreign exchange gains and losses are recognized within technology services and other revenue in the consolidated income statement for the period.

(C) REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized when the service or supply is provided, when it is probable that the economic benefits will flow to the Company, and when the revenue and the costs incurred in respect of the transaction can be reliably measured.

(i) Issuer services

Issuer services revenue includes revenue from initial and additional listings, annual sustaining services and other issuer services. Initial and additional listings are recognized when the listing has occurred. Sustaining services for existing issuers are billed during the first quarter of the year and the amount is recorded as deferred revenue and amortized over the year on a straight-line basis. Sustaining services for new issuers are billed when the issuers' securities are officially listed and the amount is recorded as deferred revenue and amortized over the remainder of the year on a straight-line basis. Other issuer services revenue is recognized as the services are provided.

(ii) Trading, clearing, depository and related

Trading and related revenues for cash markets (primarily through TSX, TSX Venture Exchange, Alpha and Shorcan) and for derivatives markets (through MX and BOX) are recognized in the month in which the trades are executed or when the related services are provided.

Revenues related to cash markets clearing, settlement and depository services through CDS are recognized as follows:

- Clearing services include the reporting and confirmation of all trade types within the multilateral clearing and settlement system referred to as CDSX. Clearing services also include the netting and novation of exchange trades through CDS' Continuous Net Settlement ("CNS") service prior to settlement. The related fees are recognized as follows:
    - Reporting fees are recognized when the trades are delivered to CDS,
    - Netting and novation fees are recognized when the trades are netted and novated, and
    - Other clearing related fees are recognized when services are performed.
- Settlement revenue is recognized on the settlement date of the related transaction.
- Depository fees are charged for custody of securities, depository related activities and processing of entitlement and corporate actions and are recognized when the services are performed.
- Under the CDS recognition orders granted by the Ontario Securities Commission ("OSC") and the Autorité des marchés financiers ("AMF"), CDS is required to share any annual revenue increases on clearing and other core CDS Clearing services, as compared to revenues for the twelve-month period ended October 31, 2012, on a 50:50 basis with Participants. These rebates are recorded as a reduction in revenue in the consolidated income statement in the period to which they relate.
- International revenue consists of revenue generated through offering links as channels to Participants to effect cross border transactions and custodial relationships with other international organizations. The related fees are recognized when the services are performed.

Revenue related to derivatives clearing through CDCC is recognized on the settlement date of the related transaction. Fees earned by CDCC for providing the clearing service for the REPO clearing services are included within trading, clearing, depository and related revenue and are recognized on the novation date of the related transaction. Unrealized gains and losses on derivative contracts are equal and offsetting and hence have no impact on the consolidated income statement.

Energy trading, clearing, settlement and related revenues relating to NGX are recognized over the period the services are provided. Unrealized gains and losses on open energy contracts are equal and offsetting and hence have no impact on the consolidated income statement.

(iii) Information services

Real time market data revenue is recognized based on usage as reported by customers and vendors, less a provision for sales adjustments from the same customers. The Company conducts periodic audits of the information provided and records adjustments to revenues, if any, at the time that collectability of the revenue is reasonably assured. BOX revenue from the Options Price Reporting Authority ("OPRA") is received quarterly based on its pro-rata share of industry trade (not contract) volume. Estimates of OPRA's quarterly revenue are made and accrued each month. Other information services revenue is recorded and recognized as revenue when the services are provided.

(iv) Technology services and other

Revenue from technology services may contain multiple elements. These elements may include one or more of the following: licensing, software, maintenance and support or professional services such as technology development. In a multiple element arrangement, the Company allocates revenue to each element of the arrangement. Revenue from licensing as well as support and maintenance services is recognized ratably over the term of the license or maintenance period. Revenue from professional services is recognized based on the percentage of completion of the contract at the reporting date. The percentage of completion is assessed based on actual hours incurred and estimated hours required to complete the contract. Revenue from time and materials contracts is recognized as hours are incurred.

Technology services and other also includes revenue from the operation of the SEDAR, SEDI and NRD services through CDS, which are based on the recovery of the cost of operating these services and the associated contracted management fee for operating the services. These revenues are recognized when the services are performed.

Other revenue is recorded and recognized as revenue over the period the service is provided.

(v) REPO interest

As part of its REPO clearing service, CDCC earns interest income and incurs interest expense on all REPO transactions that clear through CDCC. The interest income and interest expense are equal; however as CDCC does not have a legal right to offset these amounts, they are recognized separately on the consolidated income statement. The interest income is earned, and the interest expense incurred, over the term of the REPO agreements.

(D) FINANCE INCOME AND COSTS

Finance income comprises interest income on funds invested, and changes in the fair value of marketable securities. Finance costs comprise interest expense on borrowings and finance leases. Any realized gains or losses on interest rate swaps are also included within net finance costs in the consolidated income statement.

(E) EARNINGS PER SHARE

Basic earnings per share is determined by dividing net income attributable to the equity holders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted earnings per share is determined by dividing the net income attributable to the equity holders of the Company by the weighted average number of common shares outstanding during the reporting period, adjusted for the effects of all potential dilutive common shares arising from share options granted to employees.

(F) SEGMENT REPORTING

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. In addition, there are certain corporate costs and/or balances that are not allocated across the group and these are included within the Corporate segment. All operating segments' results are reviewed regularly by the Executive Management Committee ("Executive Committee") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(G) CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash and liquid investments having an original maturity of three months or less.

Cash and cash equivalents also include restricted cash. MX operates a separate regulatory division, responsible for the approval of Participants and market regulation, which operates on a cost recovery basis. Restricted cash includes the surplus of this regulatory division with an equivalent and off-setting amount is included in trade and other payables.

Restricted cash and cash equivalents contains tax withheld by CDS on entitlement payments made by CDS on behalf of CDS Participants. The restricted cash and cash equivalents related to this withheld tax is ultimately under the control of CDS; however, the amount is payable to various taxation authorities within a relatively short period of time and so is restricted from use in normal operations. An equivalent and off-setting amount is included in the consolidated balance sheet under the caption Participants' tax withholdings.

(H) MARKETABLE SECURITIES

Marketable securities consist of pooled fund investments in Canadian money market funds and short-term bond and mortgage funds in addition to Canadian and US government-issued or government-backed fixed income securities, treasury bills and certain term deposits. They are carried at their estimated fair values, with changes in fair value being recorded within finance income in the consolidated income statement in the period in which they occur. Estimated fair values are determined based on quoted market values or are based on observable market information.

(I) TRADE AND OTHER RECEIVABLES

Trade receivables generally have terms of 30 days. The recoverability of the trade receivables is assessed at each reporting date and an allowance for doubtful accounts is deducted from the asset's carrying value if the asset is not considered fully recoverable. Any change in the allowance is recognized within general and administration costs in the consolidated income statement.

(J) BALANCES WITH CONTRACTING PARTIES, CLEARING MEMBERS AND PARTICIPANTS

(i) NGX clearing and settlement balances

NGX clearing and settlement balances on the Company's consolidated balance sheet include the following:

- Energy contracts receivable and energy contracts payable – These balances represent the amounts receivable and payable where physical delivery of energy trading contracts has occurred and/or settlement amounts have been determined but payments have not yet been made. There is no impact on the consolidated balance sheet as an equivalent amount is recognized in both the assets and the liabilities.
- Fair value of open energy contracts – These balances represent the fair value at the balance sheet date of the undelivered physically settled energy trading contracts and the forward cash settled energy trading contracts. Fair value is determined based on the difference between the trade price when the contract was entered into and the settlement price. The settlement price is a price designated by NGX for each trading instrument in each trading hub at market close and is used in conjunction with published market price bands. Depending on the term and type of instrument, some settlement prices can be derived from actual trading data from NGX's trading system, daily market surveys and/or industry reports. There is no impact on the consolidated balance sheet as an equivalent amount is recognized in both the assets and the liabilities.

(ii) CDCC clearing, settlement and Clearing Member balances

Balances with Clearing Members and Participants on the Company's consolidated balance sheet includes balances with clearing members of CDCC ("Clearing Members") as follows:

- Daily settlements due from, and to, Clearing Members – These balances result from marking open futures positions to market and settling option transactions each day. These amounts are required to be collected from and paid to Clearing Members prior to the commencement of trading the next day. There is no impact on the consolidated balance sheet as an equivalent amount is recognized in both assets and liabilities.
- Net amounts receivable/payable on open REPO agreements – OTC REPO agreements between buying and selling Clearing Members are novated to CDCC whereby the rights and obligations of the Clearing Members under the REPO agreements are cancelled and replaced by new agreements with CDCC. Once novation occurs, CDCC becomes the counterparty to both the buying and selling Clearing Member. As a result, the contractual right to receive and return the principal amount of the REPO as well as the contractual right to receive and pay interest on the REPO is thus transferred to CDCC.

  These balances represent outstanding balances on open REPO agreements. Receivable and payable balances outstanding with the same Clearing Member are offset when they are in the same currency and are to be settled on the same day, as CDCC has a legally enforceable right to offset and the intention to net settle. The balances include both the original principal amount of the REPO and the accrued interest, both of which are carried at amortized cost. As CDCC is the central counterparty, an equivalent amount is recognized in both the Company's assets and liabilities.

- Clearing Members' cash collateral – Cash collateral, either as margin against open positions or as part of the clearing fund, are held by CDCC and are recognized as an asset and an equivalent and offsetting liability is recognized as these amounts are ultimately owed to the Clearing Members. There is no impact on the consolidated balance sheet.

(iii) CDS clearing, settlement and Participant balances

Balances with Clearing Members and Participants on the Company's consolidated balance sheet include the cash collateral pledged and deposited with CDS and cash dividends, interest and other cash distributions awaiting distribution ("entitlements and other funds") on securities held under custody in the depository. The cash held is recognized as an asset and an equivalent and offsetting liability is recognized as these amounts are ultimately owed to the Participants. There is no impact on the consolidated balance sheet.

(K) GOODWILL AND INTANGIBLE ASSETS

(i) Goodwill

Goodwill is recognized at cost on acquisition less any subsequent impairment in value.

The Company measures goodwill arising on a business combination as the fair value of the consideration transferred less the fair value of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

The Company elects on a transaction by transaction basis whether to measure non-controlling interests at fair value or at their proportionate share of the recognized amount of the identifiable net assets acquired, at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities as consideration, that the Company incurs in connection with a business combination are expensed as incurred.

(ii) Intangible assets

Intangible assets are recognized at cost less accumulated amortization, where applicable, and any impairment in value. Cost includes any expenditure that is directly attributable to the acquisition of the asset. The cost of internally developed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the assets to a working condition for their intended use.

Costs incurred in research activities, undertaken with the prospect of gaining new technical knowledge, are recognized in the consolidated income statement as incurred. Costs incurred in development activities are capitalized when all of the following criteria are met:

- It is technically feasible to complete the work such that the asset will be available for use or sale,
- The Company intends to complete the asset for use or sale,
- The Company will be able to use the asset once completed,
- The asset will be useful and is expected to generate future economic benefits for the Company,
- The Company has adequate resources available to complete the development of and to use the asset, and
- The Company is able to reliably measure the costs attributable to the asset during development.

Definite life intangible assets are amortized from the date of acquisition or, for internally developed intangible assets, from the time the asset is available for use. Amortization is recognized in the consolidated income statement on a straight-line basis over the estimated useful life of the asset. Residual values and the useful lives of the assets are reviewed at each year end, and revised as necessary.

Amortization is provided over the following useful lives of definite life intangible assets:

Asset	Basis	Rate
Customer relationships	Straight-line	17 – 34 years
Technology	Straight-line	1 – 6 years
Open interest	Straight-line	6 months

Trade names, derivative products, regulatory designations, index license products and structured products are considered to have indefinite lives as management believes that there is no foreseeable limit to the period over which these assets are expected to generate net cash flows.

(L) IMPAIRMENT

The carrying amounts of the Company's non-financial assets, other than deferred income tax assets and employee future benefit assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets that have indefinite useful lives, or that

are not yet available for use, are tested for impairment at least annually even if there is no indication of impairment, and the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

An impairment loss is recognized if the carrying amount of an asset, or its CGU, exceeds its estimated recoverable amount. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. Impairment losses are recognized in the consolidated income statement.

An impairment loss in respect of goodwill cannot be reversed. In respect of other non-financial assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(M) FINANCIAL INSTRUMENTS

(i) Non-derivative financial assets

Financial assets are recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets are generally derecognized when the contractual rights to the cash flows from the assets expire, or when the Company transfers the rights to receive the contractual cash flows on the financial assets to another party without retaining substantially all the risks and rewards of ownership of the financial assets.

Financial assets and liabilities are offset and the net amount presented in the consolidated balance sheet only when the Company has a current legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company classifies its non-derivative financial assets in the following categories, depending on the purpose for which they were acquired:

- Financial assets at fair value through profit or loss are classified as held for trading or assets designated as fair value through profit or loss by management and the Company manages the asset, and makes purchase and sale decisions, based on its fair value in accordance with the Company's documented risk management or investment strategy. Financial assets at fair value through profit or loss are measured at fair value, with changes recognized in the consolidated income statement. Transaction costs thereon are expensed as incurred.
- Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any incremental directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Short-term receivables with no stated interest rate are measured at the original transaction amounts where the effect of discounting is immaterial.
- Available for sale financial assets are non-derivative financial assets that are designated as available for sale or that are not classified in any of the previous categories. These assets are measured at fair value, both initially and subsequently, with changes in fair value, except for impairment losses and certain foreign exchange gains and losses, recognized in other comprehensive income until the asset is sold. Impairment losses are recognized in the consolidated income statement as incurred, as are foreign exchange gains and losses arising on monetary items. Foreign exchange gains and losses arising on non-monetary items, such as an investment in an equity instrument, are recognized in other comprehensive income. When an investment is derecognized, the cumulative gain or loss in accumulated other comprehensive income is reclassified to the consolidated income statement.

(ii) Non-derivative financial liabilities

The Company initially recognizes its financial liabilities on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original transaction amounts where the effect of discounting is immaterial.

(iii) Derivative financial instruments, including hedge accounting

The Company enters into certain derivative financial instrument contracts, including interest rate swaps to partially hedge interest rate exposure on its credit facilities and debentures (note 12), foreign currency forward contracts to partially hedge foreign currency exposure on its US-denominated Commercial Paper (note 12), and total return swaps to partially hedge its share price exposure on its cash-settled share-based compensation plans (note 22). Derivatives are recognized initially at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

- Hedge accounting – Where hedge accounting can be applied, a hedge relationship is designated and documented at its inception detailing the relationship between the hedging instrument(s) and hedged item(s), including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Company makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting changes in the fair value or cash flows of the hedged items over the life of the hedge. Hedge accounting is discontinued prospectively when the hedging instrument is no longer effective as a hedge, the hedging instrument is terminated or sold, or upon the sale or early termination of the hedged item. The cumulative gain or loss previously recognized in other comprehensive income is transferred to the consolidated income statement in the same period as the hedged item affects net income.
- Cash flow hedges – For cash flow hedges, the effective portion of the changes in the fair value of the hedging derivative, net of taxes, is recognized in other comprehensive income while any ineffective portion is recognized immediately in the consolidated income statement within net finance costs. Interest arising on the derivative is transferred from accumulated other comprehensive income within equity to net settlement on interest rate swaps within net finance costs in the consolidated income statement as it is incurred.
- Other derivatives – The Company holds total return swaps which, while providing a partial economic hedge against its share price exposure on its cash-settled share-based compensation plans (note 22), are not designated as hedges for accounting purposes. As such, these derivatives are recognized at fair value both initially and subsequently, with changes in the fair value recognized in the consolidated income statement.

(N) EMPLOYEE BENEFITS

(i) Defined contribution and defined benefit pension plans

The Company has registered pension plans with both a defined benefit tier and a defined contribution tier covering substantially all employees, as well as retirement compensation arrangements ("RCA") for senior management. The costs of these programs are being funded currently, except for the NGX RCA, and MX RCA, where a portion is guaranteed by a letter of guarantee.

The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, and that benefit is discounted to determine its present value and the fair value of any plan assets are deducted. The discount rates used are based on Canadian AA-rated corporate bond yields. The calculation is performed annually by an actuary based on management's best estimates using the projected benefit method pro-rated on service. If the calculation results in a surplus, accounting standards require that a limit is placed on the amount of this surplus that can be recognized as an asset. The total amount of defined benefit asset that can be recognized by the Company is limited to the present value of economic benefits available by way of future refunds of plan surplus and/or reductions in future contributions to the plan. In the determination of the economic benefit, minimum funding requirements resulting from the most recent actuarial funding valuations are also taken into consideration. An economic benefit is considered available to the Company if it is realizable during the life of the plan or on settlement of the plan obligations. The service cost, which represents the benefits accruing to the employees, along with the interest cost and the expected return on plan assets, is recognized in the consolidated income statement.

When the benefits of a plan are amended, the portion of the increased benefit relating to past service by employees is recognized immediately in the consolidated income statement.

The Company recognizes all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income.

For defined contribution plans, the expense is charged to the consolidated income statement as it is incurred.

(ii) Non-pension post-retirement and post-employment benefit plans

The Company also provides other post-retirement and post-employment benefits, such as supplementary medical and dental coverage and a long-term disability plan, which are funded on a cash basis by the Company, and contributions from plan members in some circumstances. The Company's net obligation in respect of these plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value. The discount rates used are based on Canadian AA-rated corporate bond yields. The calculation is performed annually by an actuary based on management's best estimates and it is performed using the projected benefit method pro-rated on service. For post-retirement plans, any actuarial gains and losses are recognized immediately in other comprehensive income in the period in which they arise. For the long-term disability plan, actuarial gains and losses are recognized within compensation and benefits expense in the consolidated income statement.

When the benefits of a plan are amended, the portion of the increased benefit relating to past service by employees is recognized immediately in the consolidated income statement.

(iii) Termination benefits

Termination benefits are recognized as an expense at the earlier of: (1) when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before retirement, or (2) when the Company recognizes costs related to a restructuring plan.

(iv) Short-term employee benefits

Short-term employee benefit obligations, such as wages, salaries and annual vacation entitlements, are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the Company's annual short-term incentive plan if a present legal or constructive obligation to pay an amount exists as a result of past service provided by the employee, and the obligation can be estimated reliably.

(v) Share-based payments

The Company has both equity-settled and cash-settled share-based compensation plans.

The Company accounts for all share-based plans to eligible employees that call for settlement by the issuance of equity instruments using the fair value based method. Under the fair value based method, compensation cost attributable to options to employees is measured at fair value at the grant date, using a recognized option pricing model, and amortized over the vesting period. The amount recognized as an expense is adjusted to reflect the actual number of options expected to vest.

Compensation cost attributable to employee awards that call for settlement in cash is measured at fair value at each reporting date. Changes in fair value between the grant date and the measurement date are recognized in the consolidated income statement over the vesting period, with a corresponding increase in either current or non-current liabilities, depending on the period in which the award is expected to be paid.

(O) LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases and any lease incentives received are recognized in the consolidated income statement on a straight-line basis over the term of the lease.

The Company has entered into leases for equipment where substantially all of the risks and rewards of ownership have transferred to the Company, and these are classified as finance leases. The leased assets are capitalized on inception of the lease at the lower of their fair value and the present value of the minimum lease payments, and then amortized over their useful lives. Payments made under finance leases are apportioned between the finance expense and a reduction in the outstanding liability, to achieve a constant periodic rate of interest on the remaining liability.

(P) PROVISIONS

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost. For onerous leases, the Company provides for the lower of the cost of meeting surplus property lease commitments, net of any sub-lease income, or the costs or penalties it would incur on breaking its lease commitments.

(Q) INCOME TAX

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in the consolidated income statement except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current income tax is the expected income tax payable or receivable on the taxable income or loss for the period using income tax rates enacted or substantively enacted at the reporting date in the countries where the Company has a permanent establishment and generates taxable income, and any adjustments to income tax payable in respect of previous years.

Deferred income tax is recognized in respect of certain temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is measured at the income tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred income tax asset is recognized only to the extent that it is probable that future taxable income will be available against which it can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Uncertain income tax positions are recognized in the financial statements using management's best estimate of the amount expected to be paid.

Income tax assets and liabilities are offset in the financial statements if there is a legally enforceable right to offset them and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different taxable entities but the Company intends to settle them on a net basis or where the income tax assets and liabilities will be realized simultaneously.

(R) FUTURE ACCOUNTING CHANGES

A number of other new standards and amendments to standards and interpretations are not yet effective for the year ending December 31, 2014, and have not been applied in preparing the financial statements. These new and amended standards and interpretations are required to be implemented for financial years beginning on or after January 1, 2015, unless otherwise noted:

- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19, *Employee Benefits*) – The amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The amendments apply retrospectively for annual periods beginning on or after July 1, 2014 with earlier application permitted.

- Annual Improvements cycle 2010-2012, cycle 2011-2013, and cycle 2012-2014 – These narrow-scope amendments apply to a total of thirteen standards as part of the IASB's annual improvements process. The IASB uses the annual improvements process to make non-urgent but necessary amendments to IFRS. Most amendments will apply prospectively for annual periods beginning on or after July 1, 2014 for the 2010-2012 and 2011-2013 cycles and on or after January 1, 2016 for the 2012-2014 cycle. Earlier application is permitted with special transitional requirements.

- Business combination accounting for interest in a joint operation (Amendments to IFRS 11, *Joint Arrangements*) – The amendments require business combination accounting to be applied when a joint operation that constitutes a business is acquired. The amendments are effective for annual periods beginning on or after January 1, 2016 with earlier application permitted.

- Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10, *Consolidated Financial Statements* and IAS 28, *Investments in Associates and Joint Ventures*) – The amendments require full gain recognition when the transfer of assets involving an associate or joint venture meet the definition of a business under IFRS 3, Business Combinations. The amendments also introduce new accounting that involves neither a cost nor full step-up of certain retained assets that are not businesses. The amendments are effective for annual periods beginning on or after January 1, 2016 with earlier application permitted.

- Clarification of acceptable methods of depreciation and amortization (Amendments to IAS 16, *Property, Plant and Equipment* and IAS 38, *Intangible Assets*) – The amendments explicitly prohibit the use of revenue-based methods of depreciation for property, plant and equipment and introduce a rebuttable presumption that its use for intangible assets is inappropriate. The amendments are effective for annual periods beginning on or after January 1, 2016 with earlier application permitted.
- IFRS 9, *Financial Instruments* – IFRS 9 replaces the guidance in IAS 39, *Financial Instruments: Recognition and Measurement*, for the classification and measurement of financial assets and financial liabilities and new standards for hedge accounting. Financial assets will be classified into one of two categories on initial recognition: amortized cost or fair value. For financial liabilities measured at fair value under the fair value option, changes in fair value attributable to changes in credit risk will be recognized in other comprehensive income, with the remainder of the change recognized in profit or loss. IFRS 9 will provide for more hedging strategies to qualify for hedge accounting, introduce more judgment in assessing the effectiveness of a hedging relationship, and include a single, forward-looking "expected loss" impairment model. The mandatory date for IFRS 9 is for annual periods beginning on or after January 1, 2018, with early application permitted for annual periods beginning on or after January 1, 2015.
- IFRS 15, *Revenue from Contracts with Customers* – The IASB and the U.S. Financial Accounting Standards Board ("FASB") jointly issued converged accounting standards on the recognition of revenue from contracts with customers; the IASB's standard is IFRS 15, Revenue from Contracts with Customers. The previous requirements of both IFRS and U.S. GAAP were different and often resulted in different accounting for transactions that were economically similar. IFRS 15 and its U.S. GAAP equivalent, contain a single revenue model that applies to contracts with customers with the exception of contracts for insurance, financial instruments and leases. Under the model, there are two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The mandatory effective date for IFRS 15 is for annual periods beginning on or after January 1, 2017 with either full retrospective application, retrospective with optional practical expedients or a modified prospective approach with disclosure requirements.

The Company intends to adopt each of the above standards, as applicable to the Company, in the year in which they are effective. The Company is reviewing these new standards and amendments to determine the potential impact on the Company's financial statements once they are adopted. At this time, the extent of the impact of adoption of these new standards and amendments has not yet been determined.

NOTE 3 – SEGMENT INFORMATION

The Company has four operating segments:

- The Cash Markets ("Cash") segment contains operations encompassing listing and trading of cash equities and fixed income products, information services as well as technology, risk management, investor relations and corporate trust services;
- The Derivatives Markets ("Derivatives") segment contains operations that provide markets for trading derivatives and clearing and settlement services for options and futures contracts and certain OTC products, including fixed income REPO transactions, and related information services;
- The Energy Markets ("Energy") segment contains the operations that provide a marketplace for trading and clearing of natural gas, crude oil and electricity contracts and the brokering of crude oil contracts; and
- CDS segment includes the operations encompassing clearing, settlement and depository facilities as well as information services. As of January 31, 2014, this segment no longer contains the results of CDS Inc., which operated the SEDAR, NRD and SEDI services on behalf of the Canadian Securities Administrators.

In addition, the Company has certain corporate costs and other balances not allocated to the operating segments. These balances, along with certain consolidation and elimination adjustments, are presented in the Corporate segment.

For the year ended	**Cash**	**Derivatives**	**Energy**	**CDS**	**Corporate**	**December 31, 2014 Total**
Revenue						
Issuer services	**$ 194.8**	**$ —**	**$ —**	**$ 3.6**	**$ (0.1)**	**$ 198.3**
Trading, clearing, depository and related	**91.3**	**103.2**	**46.7**	**62.8**	**(0.1)**	**303.9**
Information services	**161.3**	**19.0**	**0.9**	**7.5**	**(0.9)**	**187.8**
Technology services and other	**25.6**	**2.6**	**0.4**	**2.4**	**(3.7)**	**27.3**
REPO interest:						
Interest income	**—**	**77.1**	**—**	**—**	**—**	**77.1**
Interest expense	**—**	**(77.1)**	**—**	**—**	**—**	**(77.1)**
Net REPO interest	**—**	**—**	**—**	**—**	**—**	**—**
Total revenue	**473.0**	**124.8**	**48.0**	**76.3**	**(4.8)**	**717.3**
Amortization of intangibles related to acquisitions, net of non-controlling interests	**(1.1)**	**(4.0)**	**—**	**—**	**(31.4)**	**(36.5)**
Impairment charges, net of non-controlling interests	**—**	**(14.8)**	**—**	**—**	**(78.7)**	**(93.5)**
Net income (loss) attributable to equity holders of the Company	**$ 145.4**	**$ 14.4**	**$ 8.8**	**$ 6.8**	**$ (74.9)**	**$ 100.5**

For the year ended	Cash	Derivatives	Energy	CDS	Corporate	December 31, 2013 Total
Revenue						
Issuer services	$ 186.4	$ —	$ —	$ 3.0	$ (0.1)	$ 189.3
Trading, clearing, depository and related	90.2	109.2	41.9	61.9	(0.1)	303.1
Information services	157.6	17.4	0.7	6.1	(0.3)	181.5
Technology services and other	12.7	2.6	0.5	17.9	(7.1)	26.6
REPO interest:						
Interest income	—	73.4	—	—	—	73.4
Interest expense	—	(73.4)	—	—	—	(73.4)
Net REPO interest	—	—	—	—	—	—
Total revenue	446.9	129.2	43.1	88.9	(7.6)	700.5
Amortization of intangibles related to acquisitions, net of non-controlling interests	(1.2)	(4.0)	—	—	(34.9)	(40.1)
Gain on sale of a subsidiary	—	—	—	—	5.4	5.4
Deferred income tax recovery related to sale of a subsidiary	—	—	—	—	(11.3)	(11.3)
Net income (loss) attributable to equity holders of the Company	$ 130.2	$ 26.4	$ 8.6	$ 11.0	$ (52.3)	$ 123.9

The Company's assets and liabilities by reportable segment are as follows:

As at		**Cash**		**Derivatives**		**Energy**		**CDS**		**Corporate**		**December 31, 2014 Total**
Investments in equity accounted investees	**$**	**67.8**	**$**	**—**	**$**	**—**	**$**	**—**	**$**	**—**	**$**	**67.8**
Total assets		**1,941.4**		**9,896.8**		**999.8**		**526.1**		**1,600.0**		**14,964.1**
Total liabilities		**994.1**		**8,781.1**		**946.9**		**457.9**		**838.2**		**12,018.2**

As at		Cash		Derivatives		Energy		CDS		Corporate		December 31, 2013 Total
Investments in equity accounted investees	$	67.0	$	—	$	—	$	—	$	—	$	67.0
Total assets		1,902.1		11,291.8		941.9		532.1		1,827.6		16,495.5
Total liabilities		998.7		10,244.7		893.6		469.5		918.2		13,524.7

The Company's revenue by geography is as follows:

For the year ended		**December 31, 2014**		December 31, 2013
Canada	**$**	**496.5**	$	509.9
US		**151.8**		149.5
Other		**69.0**		41.1
	$	**717.3**	$	700.5

Revenue is allocated based on the country to which customer invoices are addressed.

The Company's non-current assets by geography is as follows:

As at		**December 31, 2014**		December 31, 2013
Canada	**$**	**4,662.5**	$	4,706.5
US		**79.5**		190.1
Other		**21.9**		21.8
	$	**4,763.9**	$	4,918.4

Non-current assets above are primarily comprised of goodwill and intangible assets, investments in equity accounted investees, and other assets and excludes both accrued employee benefit assets and deferred income tax assets.

NOTE 4 – FINANCE INCOME AND FINANCE COSTS

Net finance costs for the period is as follows:

For the year ended	Note	December 31, 2014	December 31, 2013
Finance income			
Interest income on funds invested		$ 3.7	$ 3.3
Fair value gains on marketable securities:			
– realized		0.3	—
– unrealized		0.1	(0.2)
Other		0.1	—
		4.2	3.1
Finance costs			
Interest expense on borrowings, including amortization of financing fees		(40.2)	(58.4)
Net settlement on interest rate swaps	14	(1.3)	(2.0)
Change in fair value of derivative instruments		(0.1)	—
Other		(1.6)	(0.2)
		(43.2)	(60.6)
Credit facility refinancing costs			
Write-off of prepaid financing fees	12	(3.3)	(18.5)
Gain on unwind of interest rate swaps		—	1.6
Gain on de-designated interest rate swaps		—	1.3
Other expenses associated with refinancing	12	(0.3)	(0.8)
		(3.6)	(16.4)
		$ (42.6)	$ (73.9)

NOTE 5 – EARNINGS PER SHARE

Basic and diluted earnings per share for the period are as follows:

For the year ended	December 31, 2014	December 31, 2013
Net income attributable to the equity holders of the Company	$ 100.5	$ 123.9
Weighted average number of common shares outstanding – basic	54,241,388	54,041,528
Effect of dilutive share options	91,833	77,990
Weighted average number of common shares outstanding – diluted	54,333,221	54,119,518
Basic earnings per share	$ 1.85	$ 2.29
Diluted earnings per share	$ 1.85	$ 2.29

NOTE 6 – CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND CASH EQUIVALENTS AND MARKETABLE SECURITIES

Cash and cash equivalents, restricted cash and cash equivalents and marketable securities are comprised of:

As at	December 31, 2014	December 31, 2013
Cash	$ 65.1	$ 56.7
Overnight money market	51.0	83.6
Treasury bills	71.7	69.8
Term deposits	24.0	—
Restricted cash – MX	2.2	2.1
Cash and cash equivalents	$ 214.0	$ 212.2
Restricted cash and cash equivalents – CDS Clearing	$ 75.6	$ 102.9
Restricted cash and cash equivalents	$ 75.6	$ 102.9
Money market funds	$ 28.9	$ 26.6
Bonds and bond funds	28.8	25.9
Treasury bills	0.5	11.5
Guaranteed Investment Certificates (“GICs”) and other deposits	1.5	3.0
Marketable securities	$ 59.7	$ 67.0

The Company’s exposure to interest rate risk and a sensitivity analysis for marketable securities is discussed in note 24.

NOTE 7 – TRADE AND OTHER RECEIVABLES

Trade and other receivables are comprised of:

As at	December 31, 2014	December 31, 2013
Trade receivables, gross	$ 81.2	$ 75.7
Less: Allowance for doubtful accounts	(5.2)	(4.4)
Trade receivables, net	76.0	71.3
Other receivables	15.3	12.3
Trade and other receivables	$ 91.3	$ 83.6

Trade and other receivables are regularly reviewed for objective evidence of impairment.

Trade receivables that are more than three months past due are considered to be impaired, and an allowance, which varies depending on the age of the receivable, is recorded within general and administration costs. Other specific trade receivables are also provided against as considered necessary.

The aging of the trade receivables was as follows:

As at	December 31, 2014		December 31, 2013	
	Gross	Allowance	Gross	Allowance
Not past due	$ 55.6	$ 0.1	$ 52.0	$ 0.2
Past due 1-90 days	18.5	0.8	18.0	0.2
More than 90 days past due	7.1	4.3	5.7	4.0
Trade receivables	$ 81.2	$ 5.2	$ 75.7	$ 4.4

The movement in the Company's allowance for doubtful accounts is as follows:

	December 31, 2014	December 31, 2013
Balance at January 1	$ 4.4	$ 7.8
Allowance recognized in the year, net of allowance released	2.8	1.6
Receivables written off as uncollectible	(2.0)	(5.0)
Balance at December 31	$ 5.2	$ 4.4

No allowance for impairment is considered necessary for other receivables.

NOTE 8 – BALANCES WITH CONTRACTING PARTIES, CLEARING MEMBERS AND PARTICIPANTS

(A) NGX CLEARING AND SETTLEMENT BALANCES

NGX requires each Contracting Party to sign the Contracting Party's agreement; a standardized agreement that allows for netting of positive and negative exposures associated with a single Contracting Party. The following table sets out the carrying amounts of recognized financial instruments that are subject to the agreement:

As at			**December 31, 2014**
	Gross amount	**Amount offset in the consolidated balance sheet**	**Net amounts presented in the consolidated balance sheet**
Financial assets			
Energy contracts receivable	$ 4,286.8	$ (3,590.3)	$ 696.5
Fair value of open energy contracts receivable	1,415.4	(1,201.6)	213.8
	5,702.2	(4,791.9)	910.3
Financial liabilities			
Energy contracts payable	(4,286.8)	3,590.3	(696.5)
Fair value of open energy contracts payable	(1,415.4)	1,201.6	(213.8)
	(5,702.2)	4,791.9	(910.3)
Net amount	$ —	$ —	$ —

As at			December 31, 2013
	Gross amount	Amount offset in the consolidated balance sheet	Net amounts presented in the consolidated balance sheet
Financial assets			
Energy contracts receivable	$ 3,609.7	$ (2,844.8)	$ 764.9
Fair value of open energy contracts receivable	500.5	(413.6)	86.9
	4,110.2	(3,258.4)	851.8
Financial liabilities			
Energy contracts payable	(3,609.7)	2,844.8	(764.9)
Fair value of open energy contracts payable	(500.5)	413.6	(86.9)
	(4,110.2)	3,258.4	(851.8)
Net amount	$ —	$ —	$ —

The actual collateral pledged to NGX at December 31 is summarized below:

	December 31, 2014	December 31, 2013
Cash collateral deposits	$ 555.0	$ 719.3
Letters of credit	2,768.7	1,794.1
	$ 3,323.7	$ 2,513.4

These amounts are not included in the consolidated balance sheet.

(B) CDCC CLEARING, SETTLEMENT AND CLEARING MEMBER BALANCES

The following table sets out the carrying amounts of Balances with Clearing Members that are subject to offsetting, enforceable master netting arrangements and similar arrangements:

As at			**December 31, 2014**
Asset/(Liability)	**Gross amount**	**Amount offset in the consolidated balance sheet**	**Net amounts presented in the consolidated balance sheet**
Financial assets			
Daily settlements due from Clearing Members	**$ 54.7**	**$ (21.3)**	**$ 33.4**
Net amounts receivable on open REPO agreements	**15,097.5**	**(7,196.5)**	**7,901.0**
	15,152.2	**(7,217.8)**	**7,934.4**
Financial liabilities			
Daily settlements due to Clearing Members	**(54.7)**	**21.3**	**(33.4)**
Net amounts payable on open REPO agreements	**(15,097.5)**	**7,196.5**	**(7,901.0)**
	(15,152.2)	**7,217.8**	**(7,934.4)**
Net amount	**$ —**	**$ —**	**$ —**

As at			December 31, 2013
Asset/(Liability)	Gross amount	Amount offset in the consolidated balance sheet	Net amounts presented in the consolidated balance sheet
Financial assets			
Daily settlements due from Clearing Members	$ 28.8	$ (2.1)	$ 26.7
Net amounts receivable on open REPO agreements	17,211.7	(7,713.8)	9,497.9
	17,240.5	(7,715.9)	9,524.6
Financial liabilities			
Daily settlements due to Clearing Members	(28.8)	2.1	(26.7)
Net amounts payable on open REPO agreements	(17,211.7)	7,713.8	(9,497.9)
	(17,240.5)	7,715.9	(9,524.6)
Net amount	$ —	$ —	$ —

For the year ended December 31, 2014, the largest amount due from a Clearing Member was $64.5 (2013 – $224.9), and the largest amount due to a Clearing Member was $68.5 (2013 – $80.9).

Government securities and other securities are pledged by the Clearing Members under irrevocable agreements and are held with CDS, a commonly controlled entity and an approved depository. Clearing Members may also pledge escrow receipts directly with the Company. The actual collateral pledged to CDCC at December 31 is summarized below.

	December 31, 2014	December 31, 2013
Cash collateral held:		
Clearing Members' cash margin deposits	**$ 457.5**	$ 261.2
Clearing fund cash deposits	**54.1**	48.1
	511.6	309.3
Non-cash collateral pledged:		
Non-cash margin deposits	**4,098.1**	3,691.9
Non-cash clearing fund deposits	**291.0**	287.0
	$ 4,389.1	$ 3,978.9

Non-cash collateral is held in government securities, put letters of guarantee and equity securities and is not included in the consolidated balance sheet.

(C) CDS CLEARING, SETTLEMENT AND PARTICIPANT BALANCES

CDS Participant Rules require Participants to pledge collateral to CDS in the form of cash or securities in amounts calculated in relation to their activities. Balances with Clearing Members and Participants on the Company's consolidated balance sheet include the cash collateral pledged and deposited with CDS and cash dividends, interest and other cash distributions awaiting distribution ("entitlements and other funds") on securities held under custody in the depository. The cash held is recognized as an asset and an equivalent and offsetting liability is recognized as these amounts are ultimately owed to the Participants. There is no impact on the consolidated income statement.

		December 31, 2014		December 31, 2013
Entitlements and other funds	**$**	**12.7**	$	11.9
Participants cash collateral		**348.5**		318.9
Balances with Participants	**$**	**361.2**	$	330.8

At December 31, 2014 as a result of calculations of Participants' exposure, the total amount of collateral required by CDS Clearing was $3,690.7 (2013 – $3,237.8). The actual collateral pledged to CDS Clearing at December 31 is summarized below:

		December 31, 2014		December 31, 2013
Cash (included within Balances with Participants on the consolidated balance sheet)	**$**	**348.5**	$	318.9
Treasury bills and fixed income securities		**4,306.8**		3,668.7
Total collateral pledged	**$**	**4,655.3**	$	3,987.6

Non-cash collateral is not included in the Company's consolidated balance sheet.

NOTE 9 – GOODWILL AND INTANGIBLE ASSETS

(A) GOODWILL AND INDEFINITE LIFE INTANGIBLE ASSETS

A summary of the changes in goodwill is as follows:

As at		**December 31, 2014**		December 31, 2013
Balance at January 1	**$**	**1,293.8**	$	1,320.4
Additions through business combination:				
Acquisition of Equity Transfer		**—**		43.8
Other acquisitions		**13.6**		—
Impairment		**(43.7)**		—
Sale of a subsidiary		**—**		(74.3)
Effect of movements in exchange rates		**(0.2)**		3.9
Balance at December 31	**$**	**1,263.5**	$	1,293.8

A summary of the Company's indefinite life intangible assets, all acquired through business combinations, is as follows:

	Trade names	Derivative products	Regulatory designations	Index license product	Structured products	Total
Balance at January 1, 2013	$ 254.9	$ 632.0	$ 1,409.0	$ 37.0	$ 107.0	$ 2,439.9
Additions through business combinations:						
Acquisition of Equity Transfer	1.6	—	—	—	—	1.6
Sale of a subsidiary	—	—	—	(37.0)	—	(37.0)
Effect of movements in exchange rates	0.3	—	0.2	—	—	0.5
Balance at December 31, 2013	256.8	632.0	1,409.2	—	107.0	2,405.0
Additions through general operations	**—**	**—**	**0.1**	**—**	**—**	**0.1**
Impairment	**(3.3)**	**—**	**(0.7)**	**—**	**—**	**(4.0)**
Effect of movements in exchange rates	**0.2**	**—**	**—**	**—**	**—**	**0.2**
Balance at December 31, 2014	**$ 253.7**	**$ 632.0**	**$ 1,408.6**	**$ —**	**$ 107.0**	**$ 2,401.3**

These assets are considered to have indefinite lives as management believes that there is no foreseeable limit to the period over which the assets are expected to generate net cash flows.

(B) DEFINITE LIFE INTANGIBLE ASSETS

A summary of the Company's definite life intangible assets is as follows:

	Technology	Customer relationships	CSA contracts	Open interest	Total
Cost:					
Balance at January 1, 2013	$ 65.8	$ 1,149.9	$ 2.0	$ 2.0	$ 1,219.7
Additions through business combination:					
Acquisition of Equity Transfer	0.2	16.8	—	—	17.0
Additions through general operations	20.2	—	—	—	20.2
Adjustments	(2.7)	—	—	—	(2.7)
Disposals/write-offs	—	(66.4)	—	—	(66.4)
Effect of movements in exchange rates	2.3	9.5	—	—	11.8
Balance at December 31, 2013	85.8	1,109.8	2.0	2.0	1,199.6
Additions through general operations	**17.6**	**—**	**—**	**—**	**17.6**
Adjustments	**7.2**	**—**	**(2.0)**	**—**	**5.2**
Impairment	**(5.1)**	**(83.3)**	**—**	**—**	**(88.4)**
Effect of movements in exchange rates	**2.8**	**6.3**	**—**	**—**	**9.1**
Balance at December 31, 2014	**$ 108.3**	**$ 1,032.8**	**$ —**	**$ 2.0**	**$ 1,143.1**
Accumulated amortization:					
Balance at January 1, 2013	$ 9.2	$ 17.5	$ 0.4	$ 1.7	$ 28.8
Charge for the year	16.2	41.2	1.6	0.3	59.3
Adjustments	(2.4)		—	—	(2.4)
Disposals/write-offs	—	3.4	—	—	3.4
Effect of movements in exchange rates	1.5	0.9	—	—	2.4
Balance at December 31, 2013	24.5	63.0	2.0	2.0	91.5
Charge for the year	**16.9**	**38.7**	**—**	**—**	**55.6**
Adjustments	**8.3**	**—**	**(2.0)**	**—**	**6.3**
Effect of movements in exchange rates	**2.4**	**1.8**	**—**	**—**	**4.2**
Balance at December 31, 2014	**$ 52.1**	**$ 103.5**	**$ —**	**$ 2.0**	**$ 157.6**
Net book values:					
At December 31, 2013	$ 61.3	$ 1,046.8	$ —	$ —	$ 1,108.1
At December 31, 2014	**$ 56.2**	**$ 929.3**	**$ —**	**$ —**	**$ 985.5**

(C) IMPAIRMENT OF BOX AND OTHER ASSETS

At the end of each reporting period, the Company assesses whether there is any indication that any of its CGUs may be impaired, and performs an impairment analysis where indicators are noted. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount, which is the higher of the asset's fair value less costs of disposal and its value-in-use.

The Company indirectly holds a 53.8% ownership interest in BOX which provides a market for the trading of U.S. equity options. As at June 30, 2014, the Company determined that the recoverable amount of the BOX CGU was lower than its carrying amount. BOX operates in a highly competitive market and has been challenged by increased competition and slower long-term growth rates. As a result, management revised both short-term and long-term forecasts for the operations of BOX and has reassessed the recoverable amount of the BOX CGU. In making its assessment of the recoverable amount of the BOX CGU, the Company used a value in use calculation.

The value in use for the BOX CGU was determined using a discounted cash flow methodology based on management's best estimate of the forecasted cash flows for the business discounted at a pre-tax discount rate of 13.8% (December 31, 2013 – 15.7%). For the year ended December 31, 2014, the impact of the above calculation resulted in an impairment charge net of deferred income taxes of $106.2 which was recognized in the consolidated income statement.

As at June 30, 2014, the impairment charge had the following impact to the net assets of the BOX CGU:

	Pre-impairment Carrying amount	**Impairment charge**	June 30, 2014 Carrying amount
Cash	$ 19.6	**$ —**	$ 19.6
Other assets	4.6	**—**	4.6
Technology	7.9	**(5.1)**	2.8
Customer list	129.6	**(83.3)**	46.3
Regulatory designations and trade name	6.2	**(4.0)**	2.2
Goodwill	36.0	**(36.0)**	—
Total net assets / impairment charge before income taxes	203.9	**(128.4)**	75.5
Deferred income tax assets	7.3	**3.6**	10.9
Deferred income tax liabilities	(25.0)	**18.6**	(6.4)
Total net assets / impairment charge	186.2	**(106.2)**	80.0
Non-controlling interests (46.2%)	(77.4)	**42.6**	(34.8)
Attributable to equity holders of the Company	$ 108.8	**$ (63.6)**	$ 45.2

In addition to the BOX CGU at June 30, 2014, the Company determined that certain other assets had recoverable amounts that were lower than their respective carrying amounts. As a result, for the year ended December 31, 2014, the Company recognized an impairment charge of $7.7 related to goodwill in the consolidated income statement.

(D) ANNUAL IMPAIRMENT TESTING

Goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, are tested for impairment at least annually. For the purpose of impairment testing, these assets (that cannot be tested individually) are grouped together into CGUs. The carrying values of goodwill and indefinite life intangible assets allocated to each CGU are as follows:

	December 31, 2014		December 31, 2013	
	Goodwill	**Indefinite life intangibles**	Goodwill	Indefinite life intangibles
TSX	**$ 661.4**	**$ 1,197.9**	$ 661.4	$ 1,195.0
MX	**269.3**	**668.0**	269.3	668.0
TSX Venture Exchange	**126.3**	**392.0**	126.3	392.0
CDS	**89.5**	**22.0**	89.5	22.0
NGX	**9.6**	**112.0**	9.6	112.0
BOX	**—**	**2.4**	36.0	6.2
Other	**107.4**	**7.0**	101.7	9.8
	$ 1,263.5	**$ 2,401.3**	$ 1,293.8	$ 2,405.0

The recoverable amounts of the above CGUs were determined based on value-in-use calculations, using management's discounted cash flow projections over periods of 5 to 8 years, depending on the CGU, along with a terminal value. The terminal value is the value attributed to the CGUs' operations beyond the projected time period. Specifically for MX, a cash flow projection period of 8 years was used, which is consistent with the original acquisition economics, and reflects the stage of its product life cycle with significant long-term growth potential remaining beyond a 5-year forecast. The terminal value for the CGUs was determined using an estimated long-term growth rate of 2% to 4.5%, which is based on the Company's estimates of expected future operating results, future business plans, economic conditions and a general outlook for the industry in which the CGU operates.

In calculating the recoverable amount of these CGUs, a pre-tax discount rate is used. The pre-tax discount rate applied was 11.5% to 15.8%, which was set considering the weighted average cost of capital of the Company and certain risk premiums, based on management's past experience.

These assumptions are subjective judgements based on the Company's experience, knowledge of operations and knowledge of the economic environment in which it operates. It is possible that, if future cash flow projections, long-term growth rates or pre-tax discount rates are different to those used, the outcome of future impairment tests could result in a different outcome with a CGU's goodwill and/or intangible assets being impaired.

No impairment was identified as a result of the annual impairment tests performed for 2014.

Management has determined that the TSX, TSX Venture Exchange, MX and NGX CGUs may be subject to a reasonably possible change to one or more of the key assumptions used to determine recoverable amount that could cause these CGUs to become impaired. The following table sets out the change required in each key assumption used, on a stand-alone basis, that would cause the recoverable amount of these CGUs to equal its carrying value.

	Headroom‡	**Key assumptions used**		Break-even sensitivities		
CGU		**Discount rate**	**Terminal growth rate**	Cash flow decrease	Discount rate increase	Terminal growth rate decrease
TSX	**$ 160.8**	**13.8%**	**2.0%**	7.4%	1.0%	1.5%
TSX Venture Exchange	**12.9**	**14.0%**	**2.0%**	2.5%	0.3%	0.4%
MX	**112.4**	**11.5%**	**4.5%**	11.1%	0.8%	1.3%
NGX	**87.7**	**15.8%**	**2.0%**	32.4%	5.3%	9.6%

‡Headroom represents the amount by which the recoverable amount of the CGU exceeds its carrying value.

NOTE 10 – OTHER ASSETS

Other assets is comprised of:

As at		December 31, 2014		December 31, 2013
Prepaid expenses	$	11.1	$	10.2
Deferred contract costs		1.7		—
Total return swaps (note 14)		—		1.0
Current income tax assets		1.9		6.0
Other current assets	$	14.7	$	17.2
Investment in equity accounted investees (note 16)	$	67.8	$	67.0
Accrued employee benefit assets (note 17)		8.7		16.5
Investment in privately-owned company (note 23)		0.8		0.8
Premises and equipment		43.8		43.4
Other		2.0		1.3
Other non-current assets	$	123.1	$	129.0

NOTE 11 – TRADE AND OTHER PAYABLES

Trade and other payables are comprised of:

As at		December 31, 2014		December 31, 2013
Trade payables and accrued expenses	$	28.1	$	30.5
Sales taxes payable		3.5		4.5
Employee and director costs payable		35.1		45.9
Accrued interest payable		7.8		7.7
Regulatory deficit surplus		2.2		2.1
Other		0.4		14.2
Trade and other payables	$	77.1	$	104.9

The fair value of trade and other payables is approximately equal to their carrying amount given their short term until settlement.

NOTE 12 – DEBENTURES, COMMERCIAL PAPER, CREDIT AND LIQUIDITY FACILITIES

Debentures, Commercial Paper, credit and liquidity facilities drawn and outstanding at December 31 are as follows:

	Interest rate†	Maturity date(s)	Principal/ Authorized	2014 Carrying amount	2013 Carrying amount
Series A Debentures	3.253%	Oct 3, 2018	$ 400.0	**$ 398.8**	$ 398.5
Series B Debentures	4.461%	Oct 3, 2023	250.0	**249.0**	248.9
Series C Debentures	3 month B.A. + 70 bps	Oct 3, 2016	350.0	**349.4**	349.0
Debentures				**997.2**	996.4
Commercial Paper	1.21-1.25% / USD 0.18-0.23%	Jan 5 – 28, 2015	400.0	**233.9**	—
Commercial Paper				**233.9**	—
TMX Group Limited term facility	1 month B.A. + 150 bps	July 31, 2016	—	**—**	309.5
TMX Group Limited revolving facility	1 month B.A./ LIBOR + 150 bps	July 31, 2016	—	**—**	26.0
TMX Group Limited credit facility	1 month B.A./ LIBOR + 125 bps	Aug 1, 2016	400.0	**—**	—
Less: unamortized financing costs				**—**	(4.1)
Loans payable				**—**	331.4
CDS Limited operating demand loan	-	n/a	6.0	**—**	—
CDS Clearing operating demand loan	-	n/a	10.0	**—**	—
CDS Clearing overdraft facility	-	n/a	5.0	**—**	—
CDS Clearing overnight loan facility	-	n/a	US$5.5	**—**	—
Credit facilities				**—**	—
CDS Clearing secured standby liquidity facility	-	Dec 23, 2015	US$400.0	**—**	—
CDCC syndicated revolving standby liquidity facility	Prime less 1.75%	Mar 7, 2015	300.0	**2.2**	1.3
CDCC daylight liquidity facilities	-	n/a	600.0	**—**	—
CDCC syndicated REPO facility	-	Mar 7, 2015	12,264.0	**—**	—
Bank of Canada liquidity facilities	-	n/a	n/a	**—**	—
NGX letter of credit	-	July 31, 2015	US$100.0	**—**	—
NGX overdraft facility	-	n/a	20.0	**—**	—
NGX EFT daylight liquidity facility	-	n/a	300.0	**—**	—
Shorcan overdraft facility	-	n/a	50.0	**—**	—
Liquidity facilities				**2.2**	1.3
Total debentures, Commercial Paper, credit and liquidity facilities				**$ 1,233.3**	$ 1,329.1

†The interest rate charged on borrowings under the credit and liquidity facilities vary as the actual rate will be based on the prevailing market rates at the time of draw.

(A) DEBENTURES

The Company maintains debentures, which are direct, senior, unsecured obligations of the Company and rank equally with all other senior unsecured and unsubordinated indebtedness. The debentures have received a rating of A (high) with Stable trend from DBRS Limited ("DBRS").

The Company has the right, at its option, to redeem, in whole or in part, each of the Series A and Series B Debentures at any time prior to their respective maturities and the Series C Debentures on any interest payment date. For the Series A and Series B Debentures, the redemption price is equal to the greater of the applicable Canada Yield Price (as defined in the relevant Supplemental Indenture) and 100% of the principal amount of the debentures being redeemed to the date fixed for redemption. For the Series C debentures, the redemption price is equal to the greater of the Canadian Dealer Offered Rate Yield Price (as defined in the relevant Supplemental Indenture) and 100% of the principal amount of the debentures being redeemed. Accrued and unpaid interest will be paid to the holder of the Series C Debentures on the relevant record date of the interest payment.

The debentures are carried at amortized cost and are measured using the effective interest rate method.

For the year ended December 31, 2014, the Company recognized interest expense on its Series A, Series B and Series C debentures of $13.4, $11.4 and $7.4, respectively (2013 – $3.3, $2.8, and $1.7, respectively).

(B) COMMERCIAL PAPER

On May 30, 2014, the Company established a commercial paper program to offer potential investors up to $400 (or the equivalent United States dollars (“USD”)) of unsecured short-term promissory notes (“Commercial Paper”) to be issued in various maturities of no more than one year. The Commercial Paper bears interest rates based on the prevailing market conditions at the time of issuance.

The Commercial Paper issued are unsecured obligations of the Company and rank equally with all other senior unsecured obligations of the Company. The Commercial Paper has been assigned a rating of R-1 (low) with Stable trend by DBRS.

The Commercial Paper is carried at amortized cost and measured using the effective interest rate method.

The Company used the net cash proceeds from the Commercial Paper to pay down the TMX Group Limited credit facility outstanding at that time.

During the year ended December 31, 2014, the Company issued and repaid Commercial Paper with a cumulative amount of $1,688.4 and $1,458.5, respectively. As at December 31, 2014, the carrying amount of Commercial Paper issued that remains outstanding is $233.9, of which $87.0 represents the Canadian dollar equivalent amount of US dollar Commercial Paper.

(C) TMX GROUP LIMITED FACILITIES

On May 30, 2014, the Company entered into a new credit agreement (the “TMX Group Limited credit facility”) with a syndicate of lenders to provide 100% backstop to the commercial paper program as well as for general corporate purposes. The amount available to be drawn under the TMX Group Limited credit facility is limited to $400 less the amount of Commercial Paper outstanding at any point in time.

On May 30, 2014, the Company used amounts available under the TMX Group Limited credit facility to repay the outstanding balances under the TMX Group Limited term facility and the TMX Group Limited revolving facility, and cancelled these facilities. In addition, as a result of the repayment of the TMX Group Limited term facility and the TMX Group Limited revolving facility, the Company discontinued the hedge accounting relationship between the former term facility and certain interest rate swaps with a notional value of $250 (note 14).

During the year ended December 31, 2014, the Company recognized $3.6 of aggregate costs in connection with establishing the commercial paper program, entering into a new credit facility agreement and discontinuation of hedge accounting within the credit facility refinancing expenses line item in the consolidated income statement.

During the year ended December 31, 2014, the Company paid down $335.8 of the TMX Group Limited facilities mostly using the net proceeds from the issuance of the Commercial Paper.

MX has an outstanding letter of guarantee for $0.6 issued against the TMX Group Limited credit facility. This letter of guarantee has been issued as a guarantee to the trustee under the MX supplementary pension plan in respect of accrued future employee benefits (note 17).

(D) CDS FACILITIES

CDS maintains unsecured operating demand loans totaling $6.0 to support short-term operating requirements. To support processing and settlement activities of Participants, an unsecured overdraft facility and demand loan of $15.0 and an overnight facility of US$5.5 are available. The borrowing rates for these facilities, if drawn, are the Canadian prime or the US base rate, depending on the currency drawn.

On December 23, 2014, CDS cancelled its US$200.0, or Canadian dollar equivalent, secured standby liquidity facility. On the same day, CDS then entered into a new secured standby liquidity facility of US$400.0, or Canadian dollar equivalent, that can be drawn

in either US or Canadian currency. This arrangement is available to support processing and settlement activities in the event of a participant default. Borrowings under the secured facility are obtained by pledging or providing collateral pledged by Participants primarily in the form of debt instruments issued or guaranteed by federal, provincial and/or municipal governments in Canada, or US treasury instruments. Depending upon the currency drawn, the borrowing rate for the secured standby credit arrangement is the US base rate or the Canadian prime rate.

In addition, CDS has signed agreements that would allow the Bank of Canada to provide emergency last-resort liquidity to CDS at the discretion of the Bank of Canada. This liquidity facility is intended to provide end of day liquidity for payment obligations arising from CDSX, and only in the event that CDS is unable to access liquidity from its standby liquidity facility or in the event that the liquidity under such facilities is insufficient. Use of this facility would be on a fully collateralized basis.

(E) CDCC FACILITIES

CDCC maintains daylight liquidity facilities for a total of $600.0 to provide liquidity on the basis of collateral in the form of securities that have been received by, or pledged to, CDCC. The daylight liquidity facilities must be cleared to zero at the end of each day.

CDCC maintains a syndicated revolving standby liquidity facility to provide end of day liquidity in the event that CDCC is unable to clear the daylight liquidity facilities to zero. Advances under the facility are secured by collateral in the form of securities that have been received by, or pledged to, CDCC.

On March 7, 2014, the daylight liquidity facilities had decreased from $700.0 to $600.0, and on the same day, the syndicated revolving standby liquidity facility had increased from $200.0 to $300.0.

As at December 31, 2014, CDCC had drawn $2.2 to facilitate a failed REPO settlement. The amount is fully offset by liquid securities included in cash and cash equivalents and was fully repaid subsequent to the reporting date.

A $12,264.0 repurchase facility is also maintained with a syndicate of six major Canadian chartered banks (the "syndicated REPO facility"). This facility is comprised of $1,200.0 in committed liquidity and $11,064.0 in uncommitted liquidity and is in place to provide end of day liquidity in the event that CDCC is unable to clear the daylight liquidity facilities to zero. The facility would provide liquidity in exchange for securities that have been received by, or pledged to, CDCC.

In addition, CDCC has signed an agreement that would allow the Bank of Canada to provide emergency last-resort liquidity to CDCC at the discretion of the Bank of Canada. This liquidity facility is intended to provide end of day liquidity only in the event that CDCC is unable to access liquidity from the revolving standby liquidity facility and the syndicated REPO facility or in the event that the liquidity under such facilities is insufficient. Use of this facility would be on a fully collateralized basis.

(F) NGX FACILITIES

NGX maintains a daylight liquidity facility with a major Canadian chartered bank in the amount of $300.0. This facility may be used on settlement day to effect payments through the settlement accounts and it is intended to cover any intra-day shortfalls due to timing of payments and receipts. In the event that amounts drawn on settlement day do not clear to zero by the end of the day, NGX must repay the deficiency on the following business day.

In addition, a $20.0 overdraft facility is in place with the same major Canadian chartered bank. This facility is only available to repay the daylight liquidity facility as discussed above on the business day following a settlement day.

NGX has deposited with BNY Mellon (the "Escrow Agent") a letter of credit in the amount of US$100.0. Contracting parties are entitled to file with the Escrow Agent in the event of a failure by NGX to deliver or take commodities, or a failure by NGX to pay amounts owed. Where the claim by a Contracting Party is not resolved by NGX and is determined to have met the terms of the Contracting Party's Demand under the Deposit Agreement, the Escrow Agent will present and draw upon these letters of credit to settle the claim.

(G) SHORCAN FACILITY

Shorcan maintains an overdraft facility with a major chartered bank to provide end of day liquidity to cover any shortfalls due to timing of payments and receipts associated with the brokerage of trades. Use of this facility is secured by collateral in the form of securities.

NOTE 13 – OTHER LIABILITIES

Other liabilities is comprised of:

As at		December 31, 2014		December 31, 2013
Fair value of interest rate swaps (note 14)	$	**0.1**	$	—
Fair value of foreign currency forward contracts (note 14)		**0.2**		—
Total return swaps (note 14)		**1.2**		—
Deferred revenue (note 18)		**16.7**		14.3
Provisions (note 19)		**3.3**		6.4
Obligations under finance leases (note 20)		**2.1**		2.5
Current income tax liabilities		**11.3**		2.2
Other current liabilities	$	**34.9**	$	25.4
Fair value of interest rate swaps (note 14)	$	**0.5**	$	0.4
Accrued employee benefits payable (note 17)		**19.7**		14.1
Deferred revenue (note 18)		**0.7**		0.8
Provisions (note 19)		**9.2**		6.8
Obligations under finance leases (note 20)		**1.3**		3.5
Long-term incentive plan and director compensation obligations (note 22)		**19.4**		17.6
Other		**1.8**		2.2
Other non-current liabilities	$	**52.6**	$	45.4

NOTE 14 – DERIVATIVE INSTRUMENTS

(A) INTEREST RATE SWAPS

The Company has entered into a series of interest rate swap agreements to partially manage its exposure to interest rate fluctuations associated with the amounts drawn on its credit facilities and debentures (note 12). The interest rate swaps in place as of December 31 are as follows:

Swap	Maturity date	Interest rate the Company will receive	Interest rate the Company will pay	Notional value				Fair value liability			
					2014		2013		**2014**		2013
Series 2	September 30, 2014	1 month B.A.	1.312%	$	**—**	$	200.0	$	**—**	$	(0.2)
Series 3	September 30, 2015	1 month B.A.	1.416%		**50.0**		50.0		**(0.1)**		(0.1)
Series 4	July 31, 2016	1 month B.A.	1.499%		**350.0**		350.0		**(0.5)**		(0.1)
				$	**400.0**	$	600.0	$	**(0.6)**	$	(0.4)

The Company has designated certain interest rate swaps as cash flow hedges. The Company's objective is to eliminate the variability of cash flows from interest rate payments due to be paid by the Company on the credit facilities that are based on the 1 month variable B.A. interest rate and the Series C Debentures that are based on the 3 month B.A., through the use of interest rate swaps over the term of the debt. Fair value is obtained from a pricing service based on a discounted cash flow model, which includes a credit spread.

During the year ended December 31, 2014, interest rate swaps with a notional value of $200 matured (2013 – $153.5).

On May 30, 2014, as a result of the repayment of the TMX Group Limited facilities, the Company de-designated interest rate swaps with a notional value of $250 used to hedge its interest rate exposure associated with the amounts drawn on the term facilities (note 12). Of these interest rate swaps, a notional value of $350 remain economically hedged at December 31, 2014. The Company continues to apply hedge accounting between the Series C debentures and certain interest rate swaps with a notional value of $350.

During the year ended December 31, 2014, the Company has determined that certain hedge relationships were effective and has recognized within other comprehensive income unrealized fair value losses on the swaps of $0.3 (2013 – effective and unrealized gains of $1.4). In addition, the Company recognized $1.3 within net finance costs in the consolidated income statement,

representing the net amount paid on the interest rate swaps (2013 – paid $2.0). This amount was reclassified from other comprehensive income to net income. The Company has recognized unrealized fair value gains of $0.1 within net finance costs in the consolidated income statement for ineffective hedges (2013 – $nil).

(B) FOREIGN CURRENCY FORWARD CONTRACTS

In 2014, the Company entered into a series of foreign currency forward contracts to partially manage its exposure to foreign exchange fluctuations associated with the Commercial Paper issued and denominated in USD (note 12). The foreign currency forward contracts in place as of December 31, 2014 are as follows:

Forward	Settlement date	Forward rate		Notional value		Fair value liability
				2014		**2014**
USD forward 1	January 14, 2015	1.164%	**$**	**20.0**	**$**	**(0.1)**
USD forward 2	January 14, 2015	1.164%		**5.0**		**—**
USD forward 3	January 20, 2015	1.166%		**10.0**		**(0.1)**
USD forward 4	January 20, 2015	1.162%		**25.0**		**—**
			$	**60.0**	**$**	**(0.2)**

Fair values have been determined by reference to quoted market prices or are based on observable market information.

As at December 31, 2014, the Company borrowed US$75.0 of Commercial Paper. Of this total, US$60.0 has been fully hedged with the use of foreign exchange forward contracts, as the maturity dates of these contracts coincide with the maturity dates of the underlying individual U.S. dollar denominated Commercial Paper. The remaining US$15.0 of Commercial Paper that is not hedged with forward contracts, is partially hedged by the Company's assets denominated in US dollars.

During the year ended December 31, 2014, unrealized losses of $0.2 have been recognized within net finance costs in the consolidated income statement.

(C) TOTAL RETURN SWAPS

The Company has entered into a series of total return swaps ("TRSs") which synthetically replicate the economics of the Company purchasing the Company’s shares as a partial economic hedge to the share appreciation rights of the non-performance element of restricted shared units ("RSUs") and deferred share units ("DSUs") (note 22). The Company has also entered into a series of TRSs as a full fair value hedge against the share price appreciation associated with the DSUs.

The Company marks to market the fair value of the TRSs as an adjustment to income, and simultaneously marks to market the liability to holders of the units as an adjustment to income. Fair value is based on the 30-day volume weighted average price of the Company’s common shares at the end of the reporting period, which is the same methodology as the RSUs and DSUs (note 22). The fair value of the TRSs and the obligation to unit holders are reflected on the consolidated balance sheet. The contracts are settled in cash upon maturity.

For the year ended December 31, 2014, unrealized losses and realized gains of $1.7 and $1.5, respectively have been reflected in net income in the consolidated financial statements (2013 – unrealized gains and realized losses of $0.6 and $0.6, respectively).

NOTE 15 – INCOME TAXES

(A) INCOME TAX EXPENSE RECOGNIZED IN THE CONSOLIDATED INCOME STATEMENT

Income tax expense recognized in the consolidated income statement for the period is as follows:

For the year ended	December 31, 2014	December 31, 2013
Current income tax expense:		
Income tax for the current period	$ 69.8	$ 61.3
Deferred income tax expense:		
Origination and reversal of temporary differences	(28.9)	0.3
Adjustments in respect of prior years	0.7	(3.9)
Changes in substantively enacted income tax rates	—	2.7
Write-down of deferred income tax assets	—	0.5
Total income tax expense	$ 41.6	$ 60.9

Income tax expense attributable to income differs from the amounts computed by applying the combined federal and provincial income tax rate of 26.5% (2013 – 26.5%) to income before income taxes as a result of the following:

For the year ended	December 31, 2014	December 31, 2013
Income before income taxes	$ 96.2	$ 184.6
Computed expected income tax expense	$ 25.5	$ 48.9
Impairment charges (note 9)	13.9	—
Non-deductible expenses	1.5	1.4
Sale of a subsidiary	—	9.9
Adjustments in respect of prior years	0.7	(3.9)
Changes in substantively enacted income tax rates	—	2.7
Current year losses not recognized in deferred income tax assets	0.8	0.7
Write-down of deferred income tax assets	—	0.5
Other	(0.8)	0.7
Income tax expense	$ 41.6	$ 60.9

(B) INCOME TAX RECOGNIZED IN OTHER COMPREHENSIVE INCOME

Income tax (expense) benefit recognized in other comprehensive income for the period is as follows:

For the year ended	December 31, 2014			December 31, 2013		
	Before tax	Tax benefit (expense)	Net of tax	Before tax	Tax benefit (expense)	Net of tax
Related to interest rate swaps designated as cash flow hedges	$ 0.4	$ (0.1)	$ 0.3	$ (0.3)	$ 0.4	$ 0.1
Related to actuarial (losses) gains on defined benefit pension and other post-retirement benefit plans	(9.6)	2.5	(7.1)	14.0	(3.7)	10.3
Total	$ (9.2)	$ 2.4	$ (6.8)	$ 13.7	$ (3.3)	$ 10.4

(C) DEFERRED INCOME TAX ASSETS AND LIABILITIES

Deferred income tax assets and liabilities as of December 31 are attributable to the following:

	Assets		Liabilities		Net	
	2014	2013	**2014**	2013	**2014**	2013
Premises and equipment	**$ 4.3**	$ 4.3	**$ (2.1)**	$ (2.1)	**$ 2.2**	$ 2.2
Cumulative eligible capital / intangible assets	**22.4**	22.9	**(865.7)**	(894.8)	**(843.3)**	(871.9)
Tax loss carry-forwards	**14.5**	13.8	**—**	—	**14.5**	13.8
Employee future benefits	**4.4**	2.6	**(1.5)**	(3.3)	**2.9**	(0.7)
RSUs and DSUs	**6.7**	8.7	**—**	—	**6.7**	8.7
Other	**7.8**	7.9	**(0.1)**	(0.3)	**7.7**	7.6
Deferred income tax assets (liabilities)	**$ 60.1**	$ 60.2	**$ (869.4)**	$ (900.5)	**$ (809.3)**	$ (840.3)
Set off of tax	**(42.2)**	—	**42.2**	—	**—**	—
Net deferred income tax assets (liabilities)	**$ 17.9**	$ 60.2	**$ (827.2)**	$ (900.5)	**$ (809.3)**	$ (840.3)

Movements in the deferred income tax balances in the year are as follows:

	Premises and equipment	Cumulative eligible capital/ intangible assets	Tax loss carry-forwards	Employee future benefits	RSUs and DSUs	Other	Total
Balance as at January 1, 2013	$ 3.6	$ (902.0)	$ 20.9	$ 4.5	$ 8.5	$ 3.1	$ (861.4)
Recognized in net income	0.3	4.4	(7.1)	(1.5)	0.2	4.1	0.4
Recognized in other comprehensive income	—	—	—	(3.7)	—	0.4	(3.3)
Recognized through business combinations /disposals	(1.7)	27.2	—	—	—	—	25.5
Effect of movements in exchange rates	—	(1.5)	—	—	—	—	(1.5)
Balance as at December 31, 2013	2.2	(871.9)	13.8	(0.7)	8.7	7.6	(840.3)
Recognized in net income	**—**	**28.6**	**0.3**	**1.1**	**(2.0)**	**0.2**	**28.2**
Recognized in other comprehensive income	**—**	**—**	**—**	**2.5**	**—**	**(0.1)**	**2.4**
Effect of movements in exchanges rates	**—**	**—**	**0.4**	**—**	**—**	**—**	**0.4**
Balance as at December 31, 2014	**$ 2.2**	**$ (843.3)**	**$ 14.5**	**$ 2.9**	**$ 6.7**	**$ 7.7**	**$ (809.3)**

As at December 31, 2014, $4.3 of the above deferred income tax assets related to tax losses incurred in the legal entities of TMX Group Limited and TMX Group Inc. (2013 – $5.7). Recoverability of these assets is dependent upon the availability of future taxable profits within these legal entities. The Company believes that these losses will be recoverable.

No deferred income tax assets have been recognized in respect of the following temporary differences:

As at	**December 31, 2014**	December 31, 2013
Tax losses	**$ 33.9**	$ 30.2
Other deductible temporary differences	**120.7**	105.0
	$ 154.6	$ 135.2

At December 31, 2014, $14.8 of the above income tax losses will expire by 2034 (2013 – $13.2 by 2033). The remainder have no expiry date under currently applicable income tax legislation. Deferred income tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the tax losses. However, the Company will continue to pursue tax planning strategies to utilize the tax losses where possible.

At December 31, 2014, deferred income tax liabilities for temporary differences of $130.9 relating to investments in certain domestic and foreign subsidiaries were not recognized as the Company is able to control the timing of the reversal of the temporary differences, and it is probable that the temporary differences will not reverse in the foreseeable future (2013 – $130.0). Temporary differences relating to the remaining domestic subsidiaries have not been recognized as the temporary difference can be settled without tax consequences.

NOTE 16 – INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

Investments in equity accounted investees are comprised of:

As at		December 31, 2014		December 31, 2013
Investment in FTSE TMX Global Debt Capital Markets Limited	$	52.4	$	51.8
Other		15.4		15.2
Investments in equity accounted investees	$	**67.8**	$	67.0

For the year ended December 31, 2014, the Company recognized $3.3 from its share of income from equity accounted investees, which has been offset by losses due to dilution of $0.3 (2013 – $2.6 and $nil, respectively).

(A) FTSE TMX Global Debt Capital Markets Limited

As at April 5, 2013, the Company had an indirect 25% equity interest in FTSE TMX Global Debt Capital Markets Limited ("FTSE"). The investment is accounted for using the equity method.

On April 1, 2014, FTSE acquired an indices business in exchange for its shares. The acquisition diluted the Company's equity interest to 24.25%. Subsequently, the Company recognized a loss on dilution of its investment in FTSE of $0.3, which is included in net income from equity accounted investees line item of the consolidated income statement.

Summary financial information for FTSE is as follows:

As at		December 31, 2014		December 31, 2013
Current assets	$	30.0	$	19.2
Non-current assets		157.0		153.0
Current liabilities		(22.6)		(22.4)
Non-current liabilities		(1.2)		(1.0)
Net assets (100%)	$	**163.2**	$	148.8

For the year ended		December 31, 2014		December 31, 2013
Revenue	$	22.6	$	17.2
Net income and comprehensive income (100%)		4.2		2.1
Share of income and comprehensive income	$	**0.9**	$	0.5

For the year ended December 31, 2014, the Company earned $1.6 (2013 – $1.1) from FTSE as part of its royalty program, which is included in information services revenue and the cash segment.

NOTE 17 – EMPLOYEE FUTURE BENEFITS

(A) Defined contribution plans

The total expense recognized in respect of the Company's defined contribution plans for the year ended December 31, 2014, was $6.8, which represents the employer contributions for the period (2013 – $5.2).

(B) Defined benefit plans

The Company measures the present value of its defined benefit obligations and the fair value of plan assets for accounting purposes as at the balance sheet date of each fiscal year. The most recent actuarial valuation of the registered pension plan for funding purposes was as at December 31, 2012, and the next required valuation is as at December 31, 2015. For the TSX RCA plans, the most recent actuarial valuations for funding purposes were as at December 31, 2013, and the next required valuations are as at December 31, 2014. For the CDS RCA plan, the funding valuation is performed annually with the most recent actuarial funding valuation completed as of January 1, 2014.

The accrued benefit assets and accrued benefit obligations related to the Company's defined benefit pension and non-pension post-retirement plans are included in the Company's consolidated balance sheet at December 31 as follows:

	Pension and RCA plans		**Other post-retirement benefit plans**	
	2014	2013	**2014**	2013
Accrued employee benefit assets	**$ 8.7**	$ 16.5	**$ —**	$ —
Accrued employee benefits payable	**(2.9)**	(2.2)	**(15.5)**	(10.6)
	$ 5.8	$ 14.3	**$ (15.5)**	$ (10.6)

Accrued employee benefits payable on the consolidated balance sheet also includes the obligation under the post-employment benefit plan of $1.3 (2013 – $1.3).

The accrued benefit assets and accrued benefit liabilities are comprised of:

	Pension and RCA plans		**Other post-retirement benefit plans**	
	2014	2013	**2014**	2013
Accrued benefit obligation:				
Balance, beginning of the year	**$ 93.5**	$ 100.2	**$ 10.6**	$ 10.9
Current service cost	**2.6**	3.1	**0.8**	0.5
Past service cost	**0.4**	(0.3)	**2.3**	—
Loss on settlement/curtailment	**0.1**	0.7	**—**	—
Interest cost	**4.5**	4.2	**0.6**	0.5
Benefits paid	**(2.9)**	(3.6)	**(0.6)**	(0.3)
Settlements paid	**(1.5)**	(3.2)	**—**	—
Employee contributions	**0.2**	0.2	**—**	—
Actuarial losses (gains)	**14.0**	(7.8)	**1.8**	(1.0)
Balance at December 31	**$ 110.9**	$ 93.5	**$ 15.5**	$ 10.6
Plan assets:				
Fair value, beginning of the year	**$ 107.8**	$ 98.3	**$ —**	$ —
Interest income	**5.2**	4.3	**—**	—
Employer contributions	**2.4**	6.7	**0.6**	0.3
Employee contributions	**0.2**	0.2	**—**	—
Benefits paid	**(2.9)**	(3.6)	**(0.6)**	(0.3)
Settlements paid	**(1.5)**	(3.2)	**—**	—
Plan administration cost	**(0.9)**	(0.3)	**—**	—
Actuarial gains	**6.4**	5.4	**—**	—
Fair value at December 31	**$ 116.7**	$ 107.8	**$ —**	$ —
Accrued benefit asset (liability) at December 31	**$ 5.8**	$ 14.3	**$ (15.5)**	$ (10.6)

Plan assets consist of:

	Percentage of plan assets	
Asset category	**December 31, 2014**	December 31, 2013
Equity securities	**48.5%**	49.0%
Debt securities	**33.7%**	31.7%
Other	**17.8%**	19.3%
	100.0%	100.0%

The plan assets include units held in a pooled fund investments which hold approximately 0.087% of debentures in TMX Group Limited as at December 31, 2014 (2013 – 0.071%).

The elements of the Company's defined benefit plan costs recognized in the year ended December 31 are as follows. The full cost is recognized within compensation and benefits and Maple transaction and integration costs line items in the consolidated income statement.

	Pension and RCA plans		Other post-retirement benefit plans	
	2014	2013	**2014**	2013
Current service cost	**$ 2.6**	$ 3.1	**$ 0.8**	$ 0.5
Past service cost	**0.4**	(0.3)	**2.3**	—
Loss on settlement/curtailment	**0.1**	0.7	**—**	—
Net interest cost	**(0.7)**	(0.1)	**0.6**	0.5
Plan administration cost	**0.7**	0.1	**—**	—
Net benefit plan expense recognized in the consolidated income statement	**$ 3.1**	$ 3.5	**$ 3.7**	$ 1.0

The Company recognizes experience adjustments and the effects of changes in actuarial assumptions immediately in other comprehensive income. The aggregate actuarial gains and losses and effects of asset limits recognized in other comprehensive income for the year ended December 31 are as follows:

	Pension and RCA plans		Other post-retirement benefit plans	
	2014	2013	**2014**	2013
Effect due to demographics	**$ 0.8**	$ 1.9	**$ 0.1**	$ (0.2)
Effect due to financial assumptions	**12.8**	(8.1)	**1.6**	(0.8)
Effect due to experience adjustments	**0.3**	(1.7)	**0.1**	—
Return on plan assets (excluding interest income)	**(6.1)**	(5.1)	**—**	—
Actuarial losses (gains) recognized in other comprehensive income	**$ 7.8**	$ (13.0)	**$ 1.8**	$ (1.0)

The significant actuarial assumptions adopted in measuring the obligation as at December 31 are as follows (weighted average):

	Pension and RCA plans		Other post-retirement benefit plans	
	2014	2013	**2014**	2013
Discount rate	**3.99%**	4.90%	**3.99%**	4.90%
Commuted value	**3.26%**	4.00%	**n/a**	n/a
Rate of compensation increase	**3.50%**	3.50%	**n/a**	n/a

Assumptions regarding mortality rates are based on published statistics and mortality tables. The mortality tables used in 2014 for the pension, RCA and other post-retirement plans was the Canadian Pensioner Mortality Experience RPP2014 private sector mortality table with projection scale CPM-B (2013 – Canadian Pensioner Mortality Experience RPP2014 private sector mortality table with projection scale CPM-A).

The assumed health care cost trend rate at December 31, 2014 was 6.60% decreasing to 4.50% over 15 years (2013 – 6.75% decreasing to 4.50% over 16 years).

Reasonably possible changes to one of the relevant actuarial assumptions, holding other assumptions constant, would impact the accrued benefit obligations as follows:

	Pension and RCA plans		Other post-retirement benefit plans	
	2014	2013	**2014**	2013
50 bps decrease in the discount rate	**$ (6.9)**	$ (5.5)	**$ (1.1)**	$ (0.7)
25 bps decrease in inflation assumptions	**3.3**	0.8	**n/a**	n/a
1 year increase in mortality rates	**0.6**	(1.4)	**(0.7)**	(0.4)
100bps decrease in initial and ultimate trend rates	**n/a**	n/a	**0.7**	0.5
100bps increase in initial and ultimate trend rates	**n/a**	n/a	**(0.8)**	(0.6)

MX has provided a letter of guarantee in the amount of $0.6 to the benefit of the trustee of the MX supplementary pension plan (2013 – $0.6), using a part of the TMX Group Limited credit facility (note 12).

In 2015, the Company expects to contribute approximately $1.9 to its pension and other post-retirement benefit plans. Additional amounts to be contributed to the Company's RCA plans will be determined by management once the valuations have been prepared.

NOTE 18 – DEFERRED REVENUE

Deferred revenue is comprised of:

As at		December 31, 2014		December 31, 2013
Energy	$	5.5	$	5.2
Listings		2.7		3.3
Technology		5.2		2.7
Other		3.3		3.1
Current deferred revenue	$	16.7	$	14.3
Energy	$	0.7	$	0.8
Non-current deferred revenue	$	0.7	$	0.8

Deferred revenue mainly comprises of energy deferred revenue from NGX, which recognizes trading, clearing and related revenue over the trade, delivery and settlement months of each transaction, and initial and additional listings for TSX Venture Exchange, which are paid in advance for the services being provided and which are deferred until the point at which the listing occurs and the service is completed.

Technology deferred revenue includes fees for network and infrastructure solutions and risk management software, and annual information services subscription sales from CDS which are deferred over a twelve month period.

NOTE 19 – PROVISIONS AND CONTINGENCIES

(A) PROVISIONS

A summary of the Company's provisions is as follows:

		Onerous leases		Decommissioning liabilities		Commodity tax		Restructuring		Total
Balance as at January 1, 2013	$	4.5	$	2.8	$	3.2	$	—	$	10.5
Provisions recognized during the period		0.9		4.1		0.4		1.8		7.2
Provisions used or reversed during the period		(4.3)		(0.2)		—		—		(4.5)
Balance as at December 31, 2013	$	1.1	$	6.7	$	3.6	$	1.8	$	13.2
Current	$	1.0	$	—	$	3.6	$	1.8	$	6.4
Non-current		0.1		6.7		—		—		6.8
Balance as at December 31, 2013	$	1.1	$	6.7	$	3.6	$	1.8	$	13.2
Provisions recognized during the period		**1.2**		**5.2**		**0.8**		**1.7**		**8.9**
Provisions used or reversed during the period		**(1.0)**		**(3.8)**		**(2.6)**		**(2.2)**		**(9.6)**
Balance as at December 31, 2014	**$**	**1.3**	**$**	**8.1**	**$**	**1.8**	**$**	**1.3**	**$**	**12.5**
Current	**$**	**0.2**	**$**	**—**	**$**	**1.8**	**$**	**1.3**	**$**	**3.3**
Non-current		**1.1**		**8.1**		**—**		**—**		**9.2**
Balance as at December 31, 2014	**$**	**1.3**	**$**	**8.1**	**$**	**1.8**	**$**	**1.3**	**$**	**12.5**

(B) CONTINGENT LIABILITIES

From time to time in connection with its operations, the Company or its subsidiaries are named as a defendant in actions for damages and costs sustained by plaintiffs, or as a respondent in court proceedings challenging the Company's or its subsidiaries' regulatory actions, decisions or jurisdiction. The outcomes of such matters are subject to future resolution that includes uncertainties of litigation or other proceedings. Based on information currently known to the Company, management believes that any payment in respect of any such action, claim or proceeding is unlikely.

NOTE 20 – COMMITMENTS AND LEASE OBLIGATIONS

The Company is committed under long-term leases and licenses as follows:

- The rental of office space, under various long-term operating leases with remaining terms of up to 10 years, including certain asset retirement obligations with regard to these leases;
- The rental of computer hardware and software for remaining terms of one to four years under operating leases; and
- The rental of computer hardware and software for remaining terms of one to three years under finance leases.

(A) OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

	December 31, 2014	December 31, 2013
Less than one year	**$ 21.6**	$ 17.1
Between one and five years	**52.9**	56.0
More than five years	**78.8**	87.1
	$ 153.3	$ 160.2

The Company is responsible for additional taxes, maintenance and other direct charges with respect to its leases. The additional amount will be approximately $13.5 for 2015 (2014 – $13.9).

The figures above do not include the Company's obligations to restore certain leased premises to their original condition (note 19).

The Company has entered into sub-lease agreements with third parties for the rental of office space, and rentals receivable from these sub-leases are as follows:

	December 31, 2014	December 31, 2013
Less than one year	**$ 1.6**	$ 1.8
Between one and five years	**3.8**	5.0
	$ 5.4	$ 6.8

Payments of $33.9 were charged to the consolidated income statement in relation to operating leases, net of sub-lease income (2013 – $32.2).

(B) FINANCE LEASES

Finance lease liabilities that are payable in less than one year are included in other current liabilities and the remaining liabilities are included in other non-current liabilities on the consolidated balance sheet. Finance lease liabilities are payable as follows:

	December 31, 2014			December 31, 2013		
	Future minimum lease payments	**Interest**	**Present value of minimum lease payments**	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	**$ 2.3**	**$ 0.2**	**$ 2.1**	$ 2.7	$ 0.2	$ 2.5
Between one and five years	**1.5**	**0.2**	**1.3**	3.8	0.3	3.5
	$ 3.8	**$ 0.4**	**$ 3.4**	$ 6.5	$ 0.5	$ 6.0

The fair value of the finance lease liabilities is approximately equal to their carrying amount.

(C) CDS FEE COMMITMENTS AND REBATES

Under the CDS recognition orders granted by the OSC and the AMF, fees for services and products offered by CDS Clearing will be those fees in effect on November 1, 2011 ("2012 base fees"). CDS Clearing cannot adjust fees without the approval of the OSC, AMF and the British Columbia Securities Commission ("BCSC"). In addition, CDS Clearing may only seek approval for fee increases on clearing and other core CDS Clearing services (which services are outlined in the OSC and AMF recognition orders) where there has been a significant change from circumstances existing as at August 1, 2012, the effective date of the recognition orders.

Under the CDS recognition orders granted by the OSC and AMF, for the two month period starting November 1, 2012 and subsequent fiscal years starting January 1, 2013, CDS will share any annual revenue increases on clearing and other core CDS Clearing services on a 50:50 basis with Participants. For the year ended December 31, 2014, the rebate payable amounted to $2.3 (2013 – $1.0).

In addition, CDS will rebate an amount to Participants in respect of exchange clearing services for trades conducted on an exchange or Alternative Trading System ("ATS") as follows:

- $2.8 in the 12 month period ending October 31, 2013
- $3.3 in the 12 month period ending October 31, 2014
- $3.8 in the 12 month period ending October 31, 2015
- $4.0 in the 12 month period ending October 31, 2016
- $4.0 annually thereafter.

These rebates are accrued and recorded as a reduction against revenue in the year to which they relate.

NOTE 21 – SHARE CAPITAL

The authorized capital of the Company consists of an unlimited number of common shares and an unlimited number of preference shares, issuable in series. No preference shares have been issued.

Each common share of the Company entitles its holder to one vote at all meetings of shareholders subject to certain restrictions with respect to the voting rights and the transferability of the shares. No person or combination of persons acting jointly or in concert is permitted to beneficially own or exercise control or direction over more than 10% of any class or series of voting shares of the Company without the prior approval of the OSC and the AMF.

Each common share of the Company is also entitled to receive dividends if, as and when declared by the Board of Directors of the Company. All dividends that the Board of Directors of the Company may declare and pay will be declared and paid in equal amounts per share on all common shares, subject to the rights of holders of the preference shares. Holders of common shares will participate in any distribution of the net assets of the Company upon liquidation, dissolution or winding-up on an equal basis per share, but subject to the rights of the holders of the preference shares.

There are no pre-emptive, redemption, purchase or conversion rights attaching to the common shares, except for the compulsory sale of shares or redemption provision described in connection with enforcing the restriction on ownership of voting shares of the Company.

Each of CIBC World Markets Inc., National Bank Financial & Co. Inc., Scotia Capital Inc., and TD Securities Inc., either directly or through an affiliate, has agreed to maintain a specified minimum ownership interest in the Company for a period of five years from September 14, 2012. During the first year, each of these investors was required to own at least 6.25% and for each of the four following years, at least 5.625%, of the Company's common shares outstanding as at September 14, 2012.

The Company has nomination agreements in place with each of Alberta Investment Management Corporation, Caisse de dépôt et placement du Québec, Canada Pension Plan Investment Board, CIBC World Markets Inc., National Bank Group Inc., Ontario Teachers' Pension Plan Board, Scotia Capital Inc. and TD Securities Inc., either directly or through an affiliate, (the "Nominating Investors") under which each Nominating Investor is granted the right to nominate one director for election to the Company's board of directors until the earlier of (a) September 14, 2018; and (b) such time as the Nominating Investor ceases to own, directly or indirectly, 5.0% of the Company's total issued and outstanding common shares as at September 14, 2012. During the six years following September 14, 2012, should a Nominating Investor wish to sell 0.75% or more of the outstanding common shares of the Company, it must be done in accordance with prescribed procedures as agreed to by the Nominating Investors.

The following transactions occurred with respect to the Company's common shares during the period:

	Number of common shares issued and fully paid		**Share capital**	
	2014	2013	**2014**	2013
Balance, beginning of the period	**54,116,023**	53,763,464	**$ 2,849.2**	$ 2,833.7
Options exercised	**199,056**	352,559	**9.1**	15.5
Balance as at December 31	**54,315,079**	54,116,023	**$ 2,858.3**	$ 2,849.2

The Company's shares began trading on Toronto Stock Exchange under the symbol "X" on September 19, 2012.

NOTE 22 – SHARE-BASED PAYMENTS

On March 26, 2014, the Board approved changes to its long-term incentive plan ("LTIP") for certain employees and officers of the Company. Beginning with grants in 2015 for 2014 performance, certain employees and officers of the Company will receive a mix of LTIP awards consisting of share options, performance-based restricted share units (referred to as "PSUs") and time-based RSUs. The share option plan has been amended so that options would vest in quarters over 4 years and have a maximum term of 10 years. The new PSU plan will be substantially the same as the current RSU plan and a new time-based RSU will replace the existing RSU plan.

For the year ended December 31, 2014, the Company recognized compensation and benefits expense under the following share-based payment arrangements:

- Share option plan;
- Restricted share unit and deferred share unit plans; and
- Employee share purchase plan.

(A) SHARE OPTION PLAN

Under the share option plan, the fair value of share options granted was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: a share price of $50.67 dollars (2013 – $55.15 dollars), and depending on the tranche, dividend yield of between 3.0% and 3.1% (2013 – 3.3% and 3.4%); expected life of between 2 and 5 years (2013 – 2 and 4 years); an expected volatility of between 19.5% and 20.9% (2013 – 18.2% and 23.0%); risk-free interest rate of between 1.3% and 1.8% (2013 – 1.1% and 1.3%); and expected forfeiture rates of between 7.2% and 22.5% (2013 – 9.3% and 26.2%). The assumptions are based on the Company's historical share price movements and historical dividend policy and the expected life is based on the Company's past experience. The resulting weighted average fair value calculated for share options granted in 2014 was $6.61 dollars (2013 – $5.87 dollars).

Options outstanding at December 31, 2014 will expire in 2015, 2017, 2018, 2019, 2020, 2021 and 2024.

Movements in the number of share options outstanding are as follows:

For the year ended		**December 31, 2014**		December 31, 2013
	Number of share options	**Weighted average exercise price (in dollars)**	**Number of share options**	**Weighted average exercise price (in dollars)**
Outstanding, beginning of the period	**1,355,585**	**$ 49.84**	1,064,883	$ 43.60
Granted	**741,336**	**50.67**	683,477	55.15
Expired	**(32,497)**	**51.50**	—	—
Forfeited	**(261,042)**	**51.61**	(40,216)	49.67
Exercised	**(199,056)**	**42.29**	(352,559)	41.30
Outstanding as at December 31	**1,604,326**	**$ 50.84**	1,355,585	$ 49.84
Vested and exercisable as at December 31	**491,036**	**$ 48.06**	302,118	$ 43.83

The range of exercise prices and weighted average remaining contractual life of options outstanding are as follows:

As at		**December 31, 2014**		December 31, 2013
Exercise price range (in dollars)	**Number of share options**	**Weighted average remaining contractual life**	Number of share options	Weighted average remaining contractual life
$28.67 - $29.99	**29,075**	**2**	46,522	3
$30.00 - $39.99	**—**	**—**	3,776	2
$40.00 - $49.99	**370,327**	**4**	566,970	5
$50.00 - $55.39	**1,204,924**	**6**	738,317	6
	1,604,326	**5**	1,355,585	5

For the year ended December 31, 2014, the Company recognized compensation and benefits expense of $2.7 in relation to its share option plan (2013 – $2.2).

According to the terms of the Company's plan, under no circumstances may any one person's share options and all other share compensation arrangements exceed 5% of the outstanding common shares issued of the Company. At December 31, 2014, 4,186,402 common shares of the Company remain reserved for issuance upon exercise of share options granted under the plan, representing approximately 8% of the outstanding common shares of the Company.

(B) RESTRICTED SHARE UNIT ("RSU") AND DEFERRED SHARE UNIT ("DSU") PLANS

RSUs vest over a maximum of three years and are payable provided the employee is still employed by the Company at the end of the second calendar year following the calendar year in which the RSUs were granted. The amount of the award payable at the end of this vesting period will be determined by the total shareholder return over the period. Total shareholder return represents the appreciation in share price of the Company plus dividends paid on a common share of the Company, measured at the time the RSUs vest.

The Company has a plan that gives officers who have not met their equity ownership requirements the opportunity to convert all or part of their short-term incentive award into DSUs. In addition, members of the Board of Directors who do not waive their compensation or direct that it be paid to their employer are granted DSUs annually and are also given the opportunity to convert some of their annual remuneration into DSUs. These DSUs vest immediately. The amount of the award payable is based on the number of units outstanding multiplied by the 30-day volume weighted average price of the Company's common shares at the date of the payout. The DSUs will only be paid out when the officer or the Board member retires or otherwise ceases to hold any position with the Company or such of its subsidiaries as are designated from time to time.

Legacy RSU and DSU plans previously existed within the Company. In 2012, these plans were amended as part of the acquisition by Maple, including to reference shareholder return to the shares of TMX Group Limited (rather than TMX Group Inc.) and to provide for a fixed redemption value on the amended RSUs ("Fixed RSUs") of $50.00 dollars per unit upon maturity.

The Company records its obligation for the RSUs, if any, over the service period in which the award is earned. The liability is measured at fair value on the date of grant and at each subsequent reporting date. As at December 31, 2014, the total accrual for the Company's RSUs and DSUs was $25.5 (2013 – $32.2), which includes $6.1 in trade and other payables (2013 – $14.6) and $19.4 in other non-current liabilities (2013 – $17.6). Included within the above accrual is $nil related to the Fixed RSUs (2013 – $12.8).

Except for the Fixed RSUs, the maximum amount to be paid is not known until the awards become payable and will be based on total shareholder return from the date of grant to the time of payout. The accrual is based on the 30-day volume weighted average price of the Company's common shares at the end of the reporting period. The Company has purchased total return swaps ("TRSs") to partially economically hedge against the impact of its share price fluctuations on the non-performance based portion of the RSUs and the DSUs (note 23).

For the year ended December 31, 2014, the Company recognized compensation and benefits expense and general and administration expense of $4.9 and $2.1, respectively, in relation to its RSUs and DSUs (2013 – $9.2 and $1.5, respectively).

(C) EMPLOYEE SHARE PURCHASE PLAN

The Company has an employee share purchase plan for eligible employees of the Company. Under the employee share purchase plan, contributions by the Company and by eligible employees will be used by the plan administrator, to make purchases of common shares of the Company on the open market. Each eligible employee may contribute up to 10% of the employee's salary to the employee share purchase plan. The Company will contribute to the plan administrator the funds required to purchase one common share of the Company for each two common shares purchased on behalf of the eligible employee, up to a maximum annual contribution of $2,500 dollars per year. The Company accounts for its contributions as compensation and benefits expense when the amounts are contributed to the plan. For the year ended December 31, 2014, compensation and benefits expense related to this plan was $1.9 (2013 – $1.6).

NOTE 23 – FINANCIAL INSTRUMENTS

(A) FINANCIAL INSTRUMENTS – CARRYING VALUES AND FAIR VALUES

The classification of the Company's financial instruments, along with their carrying amounts and fair values are as follows:

	December 31, 2014		December 31, 2013	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Assets at fair value through profit or loss				
– Designated				
Marketable securities	**$ 59.7**	**$ 59.7**	$ 67.0	$ 67.0
	59.7	**59.7**	67.0	67.0
– Classified				
Fair value of open energy contracts	**213.8**	**213.8**	86.9	86.9
Total return swaps	**—**	**—**	1.0	1.0
	213.8	**213.8**	87.9	87.9
Available for sale financial assets				
Investment in privately-owned company	**0.8**	**0.8**	0.8	0.8
	0.8	**0.8**	0.8	0.8
Loans and receivables				
Cash and cash equivalents	**214.0**	**214.0**	212.2	212.2
Restricted cash and cash equivalents	**75.6**	**75.6**	102.9	102.9
Trade and other receivables	**91.3**	**91.3**	83.6	83.6
Energy contracts receivable	**696.5**	**696.5**	764.9	764.9
Clearing Members cash collateral	**511.6**	**511.6**	309.3	309.3
Other balances with Clearing Members	**7,934.4**	**7,934.4**	9,524.6	9,524.6
Balances with Participants	**361.2**	**361.2**	330.8	330.8
	9,884.6	**9,884.6**	11,328.3	11,328.3
Liabilities at fair value through profit or loss				
– Classified				
Fair value of open energy contracts	**(213.8)**	**(213.8)**	(86.9)	(86.9)
Foreign currency forward contracts	**(0.2)**	**(0.2)**	—	—
Total return swaps	**(1.2)**	**(1.2)**	—	—
Interest rate swaps	**(0.1)**	**(0.1)**	—	—
	(215.3)	**(215.3)**	(86.9)	(86.9)
Other financial liabilities				
Other trade and other payables	**(37.6)**	**(37.6)**	(55.2)	(55.2)
Accrued interest payable	**(7.8)**	**(7.8)**	(7.7)	(7.7)
Participants' tax withholdings	**(75.6)**	**(75.6)**	(102.9)	(102.9)
Energy contracts payable	**(696.5)**	**(696.5)**	(764.9)	(764.9)
Clearing Members cash collateral	**(511.6)**	**(511.6)**	(309.3)	(309.3)
Other balances with Clearing Members	**(7,934.4)**	**(7,934.4)**	(9,524.6)	(9,524.6)
Balances with Participants	**(361.2)**	**(361.2)**	(330.8)	(330.8)
Obligations under finance leases	**(3.4)**	**(3.4)**	(6.0)	(6.0)
Credit and liquidity facilities drawn	**(2.2)**	**(2.2)**	(1.3)	(1.3)
Commercial Paper	**(233.9)**	**(233.9)**	—	—
Loans payable	**—**	**—**	(331.4)	(331.4)
Debentures	**(997.2)**	**(1,038.0)**	(996.4)	(1,003.8)
	(10,861.4)	**(10,902.2)**	(12,430.5)	(12,437.9)
Relationships designated under hedge accounting				
Interest rate swaps	**(0.5)**	**(0.5)**	(0.4)	(0.4)
	$ (0.5)	**$ (0.5)**	$ (0.4)	$ (0.4)

The carrying amount of the Company's financial instruments approximate their fair values at each reporting date, with the exception of the debentures. The fair values of the debentures were obtained using Level 2 observable market prices as inputs.

Fair value amounts disclosed represent current estimates that may change in the future due to market conditions or other factors. Fair value represents the Company's estimate of the amounts for which the Company could exchange the financial instruments with willing third parties who were interested in acquiring the instruments. Where calculations are performed, these calculations represent management's best estimates based on a range of methodologies and assumptions; since they involve uncertainties, the fair values may not be realized in an actual sale or settlement of the instruments.

(B) FAIR VALUE MEASUREMENT

The categories within the fair value hierarchy of the Company's financial instruments carried at fair value are as follows:

As at		**Fair value measurements using:**		**December 31, 2014**
Asset/(Liability)	**Level 1**	**Level 2**	**Level 3**	
Marketable securities	**$ 59.7**	**$ —**	**$ —**	**$ 59.7**
Fair value of open energy contracts	**—**	**213.8**	**—**	**213.8**
Investment in privately-owned company	**—**	**—**	**0.8**	**0.8**
Total return swaps	**—**	**(1.2)**	**—**	**(1.2)**
Fair value of open energy contracts	**—**	**(213.8)**	**—**	**(213.8)**
Foreign currency forward contracts	**—**	**(0.2)**	**—**	**(0.2)**
Interest rate swaps	**—**	**(0.6)**	**—**	**(0.6)**

		Fair value measurements using:		December 31, 2013
Asset/(Liability)	Level 1	Level 2	Level 3	
Marketable securities	$ 67.0	$ —	$ —	$ 67.0
Fair value of open energy contracts	—	86.9	—	86.9
Investment in privately-owned company	—	—	0.8	0.8
Total return swaps	—	1.0	—	1.0
Fair value of open energy contracts	—	(86.9)	—	(86.9)
Interest rate swaps	—	(0.4)	—	(0.4)

There were no transfers during the periods between any of the levels.

(i) Marketable securities

The Company has designated its marketable securities as fair value through profit and loss (note 6). Fair values have been determined by reference to quoted market prices.

(ii) Fair value of open energy contracts

The Company has classified its open energy contracts as fair value through profit and loss (note 8). Fair value is determined based on the difference between the trade price when the contract was entered into and the settlement price. There is no impact on the consolidated income statement.

(iii) Investment in privately-owned company

The Company holds an investment in a privately-owned company, whose shares are not traded on an active market. The fair value of this investment was recorded at cost at acquisition. Management considers cost of the investment to approximate its fair value. For the year ended December 31, 2014, there was no movement in the fair value (2013 – no movement).

(iv) Total return swaps ("TRSs")

The Company has classified its series of TRSs as fair value through profit and loss (note 14). Fair value is based on the 30-day volume weighted average price of the Company's common shares at the end of the reporting period. The fair value of the TRSs and the obligation to unit holders are reflected on the consolidated balance sheet.

(v) Foreign currency forward contracts

The Company has classified its foreign currency forward contracts as fair value through profit and loss (note 14). Fair values have been determined based on observable market information.

(vi) Interest rate swaps

The Company marks to market the fair value of its certain of its interest rate swaps (note 14). Fair value is obtained from a pricing service based on a discounted cash flow model, which includes a credit spread.

NOTE 24 – FINANCIAL RISK MANAGEMENT

The Company is exposed to a number of financial risks as a result of its operations, which are discussed below. It seeks to monitor and minimize adverse effects from these risks through its risk management policies and processes.

(A) CREDIT RISK

Credit risk is the risk of loss due to the failure of a borrower, counterparty, Clearing Member, or Participant to honour their financial obligations. It arises principally from the Company's clearing operations of NGX, CDCC and CDS, cash and cash equivalents, restricted cash and cash equivalents, marketable securities, trade receivables, interest rate swaps, total return swaps and the brokerage operations of Shorcan and Shorcan Energy Brokers and the operations of Equity Transfer.

(i) Clearing and/or brokerage operations

The Company is exposed to credit risk in the event that customers, in the case of Equity Transfer, Shorcan and Shorcan Energy Brokers, Contracting Parties, in the case of NGX, Clearing Members, in the case of CDCC, or Participants, in the case of CDS, fail to fulfil their financial obligations.

NGX

NGX is exposed to credit risk in the event that Contracting Parties default on their contractual obligations to NGX resulting in the failure to settle on the amounts due. NGX is the central counterparty to each transaction (whether it relates to natural gas, electricity or crude oil contracts) cleared through its clearing operations. By providing a clearing and settlement facility, NGX is subject to the risk of a counterparty default. NGX manages this risk by applying standard rules and regulations, and using a conservative margining regime based on industry best practices. This margining regime involves monitoring client portfolios in real-time and requiring Contracting Parties to deposit liquid collateral in excess of those valuations. NGX conducts market stress scenarios, liquidation simulations, and backtesting regularly to test the ongoing integrity of its clearing operation. NGX also manages and mitigates these risks through a framework of policies, regulations and procedures.

NGX requires each Contracting Party to provide sufficient collateral, in the form of cash or letters of credit, in excess of the outstanding credit exposure as determined by NGX in accordance with its margining methodology. The cash collateral deposits and letters of credit are held by a major Canadian chartered bank. This collateral may be accessed by NGX in the event of default by a Contracting Party (note 8). NGX measures total potential exposure for both credit and market risk for each Contracting Party on a real-time basis as the aggregate of:

- outstanding energy contracts receivable;
- "Variation Margin," comprised of the aggregate "mark to market" exposure for all forward purchase and sale contracts; and
- "Initial Margin," an amount that estimates the potential Contracting Party loss in their portfolio under an adverse price movement to a 99.7% confidence interval during a liquidation period.

CDCC

CDCC is exposed to credit risk in the event that Clearing Members fail to satisfy any of the contractual obligations as stipulated within CDCC's rules.

CDCC is exposed to the risk of default of its Clearing Members since it acts as the central counterparty for all transactions carried out on MX's markets and on certain OTC markets which are serviced by CDCC. It primarily supports the credit risk of one or more counterparties defaulting on their financial obligations, in which case, the obligations of those counterparties would become the responsibility of CDCC.

The first line of defence in CDCC's credit risk management process is the adoption of strict membership criteria which include both financial and regulatory requirements. In addition, CDCC performs on-going monitoring of the financial viability of its Clearing Members against the relevant criteria as a means of ensuring the on-going compliance of its Clearing Members. In the event that a Clearing Member fails to continue to satisfy any of its membership criteria, CDCC has the right through its rules, to impose various sanctions on such Clearing Members.

One of CDCC's principal risk management practices with regard to counterparty credit risk is the collection of risk-based margin deposits in the form of cash, equities, liquid government securities and escrow receipts. Should a Clearing Member fail to meet settlements and/or daily margin calls or otherwise not honour its obligations, margin deposits would be seized and would then be available to apply against the costs incurred to liquidate the Clearing Member's positions.

CDCC's margining system is complemented by a Daily Capital Margin Monitoring (DCMM) process that evaluates the financial strength of a Clearing Member against its margin requirements. CDCC monitors the margin requirement of a Clearing Member as a percentage of its capital (net allowable assets). CDCC will make additional margin calls when the ratio of margin requirement/net allowable assets exceeds 100%. The additional margin is equal to the excess of the ratio over 100% and is meant to ensure that Clearing Member leverage in the clearing activities does not exceed the value of the firm.

An additional component to CDCC's overall credit risk is its exposure in the default management process. CDCC holds $10.0 of its cash and cash equivalents and marketable securities to cover the potential loss incurred due to Clearing Member defaults (note 25). This $10.0 would be accessed in the event that a defaulting Clearing Members' margin and clearing fund deposits are insufficient to cover the loss incurred by CDCC. The $10.0 is allocated into two separate tranches. The first tranche of $5.0 is intended to cover the loss resulting from the first defaulting Clearing Member. If the loss incurred is greater than $5.0, and as such the first tranche is fully depleted, CDCC will fully replenish the first tranche using the second tranche of $5.0. This second tranche is in place to ensure there is $5.0 available in the event of an additional Clearing Member default.

CDCC's cash margin deposits and cash clearing fund deposits are held at the Bank of Canada thereby alleviating the credit risk CDCC would face with deposits held at commercial banks. CDCC's non-cash margin deposits and non-cash clearing fund deposits are pledged to CDCC under irrevocable agreements and are held by approved depositories (note 8). This collateral may be seized by CDCC in the event of default by a Clearing Member.

CDS

CDS is exposed to the risk of loss due to the failure of a Participant in CDS Clearing's clearing and settlement services to honour its financial obligations. To a lesser extent, CDS is exposed to credit risk through the performance of services in advance of payment.

Through the clearing and settlement services operated by CDS Clearing, credit risk exposures are created. During the course of each business day, transaction settlements can result in a net payment obligation of a Participant to CDS Clearing or the obligation of CDS Clearing to pay a Participant. The potential failure of the Participant to meet its payment obligation to CDS Clearing results in payment risk, a specific form of credit risk. Payment risk is a form of credit risk in securities settlement whereby a seller will deliver securities and not receive payment, or that a buyer will make payment and not receive the purchased securities. Payment risk is mitigated by delivery payment finality in CDSX, CDS's multilateral clearing and settlement system, as set out in the CDS Participant Rules.

In the settlement services offered by CDS Clearing, payment risk is transferred entirely from CDS Clearing to Participants who accept this risk pursuant to the contractual rules for the settlement services. This transfer of payment risk occurs primarily by means of Participants acting as extenders of credit to other Participants through lines of credit managed within the settlement system or, alternatively, by means of risk-sharing arrangements whereby groups of Participants cross-guarantee the payment obligations of other members of the group. Should a Participant be unable to meet its payment obligations to CDS Clearing, these surviving Participants are required to make the payment. Payment risk is mitigated on behalf of Participants through the enforcement of limits on the magnitude of payment obligations of each Participant and the requirement of each Participant to collateralize their payment obligation. Both of these mitigants are enforced in real time in the settlement system.

Through New York Link ("NYL") and DTC Direct Link ("DDL"), credit risk exposures at CDS are created. During the course of each business day, settlement transactions by the National Securities Clearing Corporation ("NSCC")/Depository Trust Company ("DTC") can result in a net payment obligation from NSCC/DTC to CDS Clearing or the obligation of CDS Clearing to make a payment to NSCC/DTC. As a corollary result, CDS has a legal right to receive the funds from sponsored Participants in a debit position or has an obligation to pay the funds to sponsored Participants in a credit position.

The potential failure of the Participant to meet its payment obligation to CDS Clearing in the NYL or DDL services results in a payment risk. To mitigate the risk of default, CDS Clearing has in place default risk mitigation mechanisms to minimize losses to the surviving Participants as set out in the CDS Participant Rules. The process includes Participants posting collateral with CDS Clearing and NSCC/DTC.

The risk exposure of CDS Clearing in these central counterparty services is mitigated through a daily mark-to-market of each Participant's obligations as well as risk-based collateral requirements calculated daily. These mitigants are intended to cover

the vast majority of market changes and are tested against actual price changes on a regular basis. This testing is supplemented with analysis of the effects of extreme market conditions on a collateral valuation and market risk measurements. Should the collateral of a defaulter in a central counterparty service be insufficient, either because the value of the collateral has declined or the loss to be covered by the collateral exceeded the collateral requirement, the surviving Participants in the service are required to cover any residual losses. Cash collateral is held by CDS Clearing at the Bank of Canada and NSCC/DTC and non-cash collateral pledged by Participants under Participant Rules is held by CDS (note 8).

CDS may receive payment from securities issuers for entitlements, for example, maturity or interest payments, prior to the date of payment to the Participants holding those securities. In rare circumstances, due to the timing of receipt of these payments or due to market conditions, these funds may be held with a major Canadian chartered bank. As a result, CDS could be exposed to the credit risk associated with the potential failure of the bank.

Shorcan and Shorcan Energy Brokers

Shorcan and Shorcan Energy Brokers are exposed to credit risk in the event that customers fail to settle on the contracted settlement date. This risk is limited by their status as agents, in that they do not purchase or sell securities for their own account. As agents, in the event of a failed trade, Shorcan or Shorcan Energy Brokers has the right to withdraw its normal policy of anonymity and advise the two counterparties to settle directly.

Equity Transfer

Equity Transfer is exposed to credit risk on foreign exchange transactions processed for clients in the event that either the client or the financial counterparty fails to settle contracts for which foreign exchange rates have moved unfavourably. The risk of a financial counterparty failing to settle a transaction is considered remote as Equity Transfer deals only with reputable financial institutions comprised of Canadian major chartered banks.

(ii) Cash and cash equivalents and restricted cash and cash equivalents

The Company manages its exposure to credit risk on its cash and cash equivalents and restricted cash and cash equivalents by holding the majority of its cash and cash equivalents with major Canadian chartered banks or in Government of Canada treasury bills.

(iii) Marketable securities

The Company manages its exposure to credit risk arising from investments in marketable securities by holding investment funds that actively manage credit risk or by holding high-grade individual fixed income securities or term deposits with credit ratings of A/R1-low or better. In addition, when holding individual fixed income securities, the Company will limit its exposure to any non-government security. The investment policy of the Company will only allow excess cash to be invested in money market securities or fixed income securities.

The majority of the portfolio is held within bank deposits, notes and treasury bills. In addition, a portion of the portfolio is held within a money market fund and a specific short-term bond and mortgage fund. The money market fund manages credit risk by limiting its investments to government or government-guaranteed treasury bills, and high-grade corporate notes. The short-term bond and mortgage fund manages credit risk by limiting its investments to high-quality Canadian corporate bonds, government bonds and up to 40% of the fund's net assets in conventional first mortgages and mortgages guaranteed under the National Housing Act (Canada). Corporate bonds held must have a minimum credit rating of BBB by DBRS at the time of purchase. Mortgages may not comprise more than 40% of the portfolio and must be either multi-residential conventional first mortgages or multi-residential government guaranteed mortgages.

(iv) Trade receivables

The Company’s exposure to credit risk resulting from uncollectable accounts is influenced by the individual characteristics of its customers, many of whom are banks and financial institutions. The Company invoices its customers on a regular basis and maintains a collections team to monitor customer accounts and minimize the amount of overdue receivables. There is no concentration of credit risk arising from trade receivables from a single customer. In addition, customers that fail to maintain their account in good standing risk loss of listing, trading, clearing, data access privileges and other services.

(v) Interest rate swaps, foreign currency forward contracts and total return swaps

The Company limits its exposure to counterparty credit risk on its interest rate swaps, foreign currency forward contracts and its total return swaps by contracting with major Canadian chartered banks.

(B) MARKET RISK

Market risk is the risk of loss due to changes in market prices and rates, such as foreign exchange rates, interest rates, commodity prices and equity prices.

(i) Foreign currency risk

The Company is exposed to foreign currency risk on revenue and expenses where it invoices or procures in a foreign currency. It is also exposed to foreign currency risk on cash and cash equivalents, trade receivables and trade payables denominated in foreign currencies, principally in US dollars. At December 31, 2014, cash and cash equivalents and trade receivables, net of current liabilities, excluding BOX, include US$28.5, which are exposed to changes in the US-Canadian dollar exchange rate (2013 – US$23.2), £0.5, which are exposed to changes in the British Pound Sterling-Canadian dollar exchange rate, and €0.9, which are exposed to changes in the Euro-Canadian dollar exchange rate. In addition, net assets related to BOX, Finexeo, Razor and other operations are denominated in US dollars, Euros (“EUR”), Australian dollars (“AUD”) and British Pound Sterling ("GBP") respectively, and the effect of foreign exchange rate movements on the Company’s share of these net assets is included in other comprehensive income.

The Company is also exposed to foreign currency risk on its US dollar advances on Commercial Paper. At December 31, 2014, advances on Commercial Paper include US$75.0, which is exposed to changes in the US-Canadian dollar exchange rate (2013 – US$nil). The foreign currency risk related to the Commercial Paper is partially managed by US dollar foreign currency exchange forward contracts (note 14).

NGX offers contracts denominated in both Canadian and US dollars and accepts collateral in either currency. Settlement always occurs in the contracted currency. Foreign exchange risk could be created if there is a default and the currency of the required payment obligation is different from the currency of the collateral supporting that payment obligation. This risk is mitigated by converting the foreign denominated collateral at current foreign exchange rates and then adjusting collateral positions to mitigate any foreign exchange risk present.

Settlements in the clearing and settlement services offered by CDS occur in both Canadian and US dollars. Foreign exchange risk could be created if there is a default and the currency of the payment obligation is different from the currency of the collateral supporting that payment obligation. This risk is mitigated by discounting the collateral value of securities where these mismatches occur.

(ii) Interest rate risk

The Company is exposed to interest rate risk on its marketable securities, its debentures and Commercial Paper.

External investment fund managers have been engaged by the Company to manage the asset mix and the risks associated with the majority of its marketable securities. At December 31, 2014, the Company held $59.7 in marketable securities (2013 – $67.0); of which 48.4% were held in a money market fund , 48.2% were held in a short-term bond and mortgage fund, 0.8% were held in treasury bills, and 2.6% were held in other term deposits (2013 – 39.8%, 38.7%, 17.2%, and 4.3%, respectively).

The Company has $350.0 of Series C Debentures and $234.0 of Commercial Paper (note 12). The Company has entered into a series of interest rate swap agreements to fully manage its exposure to interest rate fluctuations on its Series C Debentures and to partially manage its exposure to interest rate fluctuations on its Commercial Paper (note 14).

(iii) Equity price risk

The Company is exposed to equity price risk arising from its RSUs and DSUs, as the Company’s obligation under these arrangements are partly based on the price of the Company’s shares. The Company has entered into TRSs as a partial fair value hedge to the share appreciation rights of these RSUs and DSUs.

(iv) Other market price risk

The Company is exposed to market risk factors from the activities of NGX, CDCC, CDS, Shorcan, and Shorcan Energy Brokers, if a customer, Contracting Party, Clearing Member or Participant, as the case may be, fails to take or deliver either securities, energy products or derivative products on the contracted settlement date where the contracted price is less favourable than the current market price.

NGX

NGX is exposed to market price risk as a result of its role as a central counterparty to natural gas, electricity and crude oil transactions. NGX requires each Contracting Party to provide sufficient collateral, in the form of cash or letters of credit, in

excess of the outstanding credit exposure which includes mark-to-market exposure of all open trade positions. In addition, NGX collects additional risk-based margin collateral that is representative of the liquidating value, within a defined confidence interval and liquidation period under normal market conditions, that NGX would be exposed to in the default management process.

CDCC

CDCC is exposed to market risk in the event of a Clearing Member default and has risk management strategies in place to mitigate the potential to loss due to changing market conditions.

The primary mitigation to the market risk that CDCC would be facing further to a Clearing Member default is the collection of margin fund deposits that aim to cover any liabilities that a Clearing Member may incur by using CDCC's CCP services. Replacement Cost risk is managed by ensuring that the mark-to-market exposure of all open trade positions are covered daily. In addition, CDCC collects additional risk-based margin collateral that is representative of the worst-case liquidating value, under normal market conditions, that CDCC would be exposed to in the default management process.

CDCC also maintains a clearing fund of deposits of cash and securities from all Clearing Members. The aggregate level of clearing funds required from all Clearing Members must cover the worst loss that CDCC could face if one counterparty were to fail under various extreme but plausible market conditions. Each Clearing Member contributes to the clearing fund in proportion to the residual risk that it brings to the clearing system. If, by a Clearing Member's default, further funding is necessary to complete a liquidation, CDCC has the right to require other Clearing Members to contribute additional amounts equal to their previous contribution to the clearing fund.

CDS

CDS is exposed to market risk as a result of its role as central counterparty in its continuous net settlement and clearing services. In these services, CDS is obligated to fulfill security delivery and receipt and payment obligations to participants who are members of those services. The potential for security prices to change between trade execution and settlement creates replacement cost risk, a form of market risk. Should a participant counterparty to a transaction be ultimately unable to meet its security receipt and payment obligation or security delivery, the surviving counterparty can be exposed to replacement cost risk by having to execute a replacement transaction at a less favourable price.

Replacement cost risk exposure of CDS in these central counterparty services is mitigated through a daily mark-to-market of each participant's obligations as well as risk-based collateral requirements calculated daily. These mitigants are intended to cover the vast majority of market changes and are tested against actual price changes on a regular basis. This testing is supplemented with analysis of the effects of extreme market conditions on collateral valuation and market risk measurements. Should the collateral of a defaulter in a central counterparty service be insufficient, either because the value of the collateral has declined or the loss to be covered by the collateral exceeded the collateral requirement, the surviving participants in the service are required to cover any residual losses.

Settlements in the clearing and settlement services occur in both Canadian and U.S. dollars. Foreign exchange risk is created when the currency of the payment obligation is different from the valuation currency of the collateral supporting that payment obligation. This risk is mitigated by discounting the collateral value of securities where these mismatches occur.

Shorcan and Shorcan Energy Brokers

Shorcan and Shorcan Energy Brokers' risk is limited by their status as an agent, in that they do not purchase or sell securities or commodities for their own account, the short period of time between trade date and settlement date, and the defaulting customer's liability for any difference between the amounts received upon sale of, and the amount paid to acquire, the securities or commodities.

Other

The Company is also exposed to other market price risk on a portion of its sustaining services revenue, which is based on quoted market values of listed issuers as at December 31 of the previous year.

(v) Market risk sensitivity summary

	Change in underlying factor	Impact on income before income taxes	Impact on equity attributable to equity holders
Foreign currency			
USD, AUD, EUR and GBP currency	+10.0%	$ 3.8	$ 7.2
USD, AUD, EUR and GBP currency	-10.0%	(3.8)	(7.2)
USD advances on Commercial Paper	+10.0%	(8.7)	n/a
USD advances on Commercial Paper	-10.0%	8.7	n/a
Foreign currency forwards	+10.0%	7.0	n/a
Foreign currency forwards	-10.0%	(7.0)	n/a
Interest rates			
Marketable securities	+1.0%	$ (0.8)	n/a
Marketable securities	-1.0%	0.8	n/a
Interest rate swaps	+1.0%	4.0	—
Interest rate swaps	-1.0%	(4.0)	—
Commercial Paper	+1.0%	(2.3)	n/a
Commercial Paper	-1.0%	2.3	n/a
Debentures	+1.0%	(3.5)	n/a
Debentures	-1.0%	3.5	n/a
Equity price			
RSUs and DSUs	+25.0%	$ (10.4)	n/a
RSUs and DSUs	-25.0%	4.5	n/a
TRS	+25.0%	6.4	n/a
TRS	-25.0%	(5.1)	n/a

(C) LIQUIDITY RISK

Liquidity risk is the risk of loss due to the inability of the Company to meet its, or of the Company's borrowers, counterparties, Clearing Members, or Participants to meet their obligations in a timely manner or at reasonable prices. The Company manages liquidity risk through the management of its cash and cash equivalents and marketable securities, all of which are held in short-term instruments, and its debentures, credit and liquidity facilities and Commercial Paper (note 12) and capital (note 25).

The contractual maturities of the Company's financial liabilities are as follows:

As at			**December 31, 2014**
	Less than 1 year	**Between 1 and 5 years**	**Greater than 5 years**
Participants' tax withholdings*	**$ 75.6**	**$ —**	**$ —**
Accrued interest payable	**7.8**	**—**	**—**
Other trade and other payables	**37.6**	**—**	**—**
Restructuring provision	**1.3**	**—**	**—**
Obligation under finance leases	**2.1**	**1.3**	**—**
Energy contracts payable*	**696.5**	**—**	**—**
Fair value of open energy contracts*	**201.3**	**12.5**	**—**
Balances with Clearing Members and Participants*	**8,807.2**	**—**	**—**
Interest rate swaps	**0.1**	**0.5**	**—**
Foreign currency contracts	**0.2**	**—**	**—**
Liquidity facility drawn	**2.2**	**—**	**—**
Commercial Paper	**234.0**	**—**	**—**
Debentures	**—**	**750.0**	**250.0**

**The above financial liabilities are covered by assets that are restricted from use in the ordinary course of business.*

(i) Balances with Clearing Members and Participants

The margin deposits of CDCC and CDS and clearing fund margins of CDCC are held in liquid instruments. Cash margin deposits and cash clearing fund deposits from CDCC's Clearing Members, which are recognized on the consolidated balance sheet, are held by CDCC with the Bank of Canada. Non-cash margin deposits and non-cash clearing fund deposits, which are not

recognized on the consolidated balance sheet, pledged to CDCC under irrevocable agreements are in government securities and other securities and are held with approved depositories.

CDS's NYL service does not apply strict limits to a Participant's end-of-day payment obligation, creating the potential for unlimited liquidity risk exposure if a user of the service were to default on its obligation. CDS manages this risk through active monitoring of payment obligations and a committed liquidity facility which covers the vast majority of potential Participant default scenarios. Residual liquidity risk in excess of CDS's liquidity facility is transferred to surviving Participant users of the New York Link service and as a result CDS's liquidity risk exposure is limited to a maximum of its available liquidity facility.

Cash collateral from CDS's Participants, which is recognized on the consolidated balance sheet, is held by CDS at the Bank of Canada and NSCC/DTC. Non-cash collateral, which is not recognized on the consolidated balance sheet, pledged by Participants under Participant Rules is held by CDS in liquid government and fixed income securities.

(ii) Fair value of open energy contracts and energy contracts payable

NGX requires each Contracting Party to provide sufficient collateral, in the form of cash or letters of credit, to exceed its outstanding credit exposure, including contract replacement costs at current market prices, as determined by NGX in accordance with its margining methodology. The cash collateral deposits and letters of credit are held by a major Canadian chartered bank. NGX also ensures that it maintains sufficient liquid resources to cover twelve months of operating costs as well as the daily settlement requirement of its largest single participant under a stressed market scenario.

(iii) Debentures, credit and liquidity facilities and Commercial Paper

In response to the liquidity risk that NGX, CDCC and CDS are exposed to through their clearing operations, they have arranged various liquidity facilities (note 12).

In response to liquidity risk that the Company is exposed to through its capital structure, it has arranged various liquidity and credit facilities, Commercial Paper and debentures as a source of financing (note 12). If, as a result of not meeting its covenants under the trust indentures, the terms of the commercial paper program or the credit facilities, the Company may be required to seek potentially less favourable sources of financing. The Company is exposed to specific liquidity risk should it be unable to borrow under a new Commercial Paper issuance in order to pay for Commercial Paper that is coming due because of a lack of liquidity or demand for the Company's Commercial Paper in the market. To mitigate this risk, the Company has entered into a credit agreement on that provides 100% coverage or backstop to the commercial paper program (note 12).

(iv) Cash and cash equivalents and restricted cash and cash equivalents

Cash and cash equivalents and restricted cash and cash equivalents consist of cash and highly liquid investments.

(v) Marketable securities

The investment policy of the Company will only allow excess cash to be invested within money market securities or fixed income securities. The majority of the portfolio is held within bank deposits, notes and treasury bills. In addition, a portfolio is held within a money market fund and a specific short-term bond and mortgage fund. The money market fund limits its investments to government or government-guaranteed treasury bills, and high-grade corporate notes. The short-term bond and mortgage fund limits its investments to high-quality Canadian corporate bonds, government bonds and up to 40% of the fund's net assets in conventional first mortgages and mortgages guaranteed under the National Housing Act (Canada). Fund units can be redeemed on any day that Canadian banks are open for business. Funds will be received the day following the redemption.

Individual fixed income securities and term deposits held will have credit ratings of A/R1-low or better and are highly liquid. Marketable securities held at CDS are comprised of Canadian and U.S. government-issued or government backed fixed income securities with maturities of less than one year.

NOTE 25 – CAPITAL MAINTENANCE

The Company's primary objectives in managing capital, which it defines as including its cash and cash equivalents, marketable securities, share capital, debentures, Commercial Paper, and various credit facilities, include:

- Maintaining sufficient capital for operations to ensure market confidence and to meet regulatory requirements and various facility requirements. Currently, the Company targets to retain a minimum of $250.0 in cash, cash equivalents and marketable securities. This amount is subject to change;
- Reducing the debt levels to be below the total leverage ratios as discussed in (a) below, which decrease over time;
- Maintaining a credit rating in a range consistent with the Company's current A (high) and R1-low credit ratings from DBRS;
- Using excess cash to invest in and continue to grow the business; and
- Returning capital to shareholders through methods such as dividends paid to shareholders and purchasing shares for cancellation pursuant to normal course issuer bids.

The Company aims to achieve the above objectives while managing its capital subject to capital maintenance requirements imposed on the Company and its subsidiaries as follows:

a. In respect of the credit facilities (note 12) that require the Company to maintain:
    i. an interest coverage ratio of more than 4.0:1;
    ii. a total leverage ratio of less than or equal to
        - 4.25:1 until December 31, 2014,
        - 4.00:1 until December 31, 2015,
        - 3.50:1 thereafter.

b. In respect of TSX, as required by the OSC to maintain certain financial ratios on both a consolidated and non-consolidated basis, as defined in the OSC recognition order, as follows:
    i. a current ratio of greater than or equal to 1.1:1;
    ii. a debt to cash flow ratio of less than or equal to 4:1; and
    iii. a financial leverage ratio of less than or equal to 4:1.

c. In respect of TSX Venture Exchange, as required by various provincial securities commissions, to maintain sufficient financial resources.

d. In respect of NGX to:
    i. maintain adequate financial resources as required by the Alberta Securities Commission;
    ii. maintain a current ratio of not less than 1:1 as required by a major Canadian chartered bank;
    iii. maintain sufficient financial resources to cover 12 months of operating expenses as required by the U.S. Commodity Futures Trading Commission ("CFTC"); and
    iv. maintain sufficient financial resources to cover the failure of its single largest Contracting Party under extreme but plausible market conditions as required by the CFTC.

e. In respect of MX, as required by the AMF, to maintain certain financial ratios as defined in the AMF recognition order, as follows:
    i. a working capital ratio of more than 1.5:1;
    ii. a cash flow to total debt outstanding ratio of more than 20%; and
    iii. a financial leverage ratio of less than 4.0.

f. In respect of CDCC, to maintain certain amounts, as follows:
    i. maintain sufficient financial resources as required by the OSC;
    ii. $5.0 cash and cash equivalents or marketable securities as part of the Clearing Member default recovery process plus an additional $5.0 in the event that the initial $5.0 is fully utilized during a default;
    iii. sufficient cash, cash equivalents and marketable securities to cover 12 months of operating expenses, excluding amortization and depreciation; and
    iv. $20.0 total shareholder's equity.

g. In respect of Shorcan:
    i. by IIROC which requires Shorcan to maintain a minimum level of shareholders' equity of $0.5;
    ii. by the National Futures Association which requires Shorcan to maintain a minimum level of net capital; and
    iii. by the OSC which requires Shorcan to maintain a minimum level of excess working capital.

h. In respect of TMX Select, IIROC requires TMX Select to maintain an adequate level of risk adjusted capital.

i. In respect of CDS and CDS Clearing, as required by the OSC and the AMF to maintain certain financial ratios as defined in the OSC recognition order, as follows:
    i. a debt to cash flow ratio of less than or equal to 4:1; and
    ii. a financial leverage ratio of less than or equal to 4:1.

In addition, the OSC requires CDS and CDS Clearing to maintain working capital to cover 6 months of operating expenses (excluding, in the case of CDS, the amount of shared services fees charged to CDS Clearing).

j. In respect of Alpha Exchange Inc., as required by the OSC to maintain certain financial ratios on both a consolidated and non-consolidated basis as defined in the OSC recognition order, as follows:
   i. a current ratio of greater than or equal to 1.1:1;
   ii. a debt to cash flow ratio of less than or equal to 4.0:1; and
   iii. a financial leverage ratio of less than or equal to 4.0:1.

As at December 31, 2014, the Company complied with each of these externally imposed capital requirements.

NOTE 26 – RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(A) PARENT

The shares of the Company are widely held and as such there is no ultimate controlling party of the Company. While in aggregate the Nominating Investors own a significant portion of the common shares outstanding of the Company, under the OSC and AMF recognition orders, no person or combination of persons acting jointly or in concert is permitted to beneficially own or exercise control of direction over more than 10% of any class or series of voting shares of the Company without prior approval of the OSC and the AMF.

(B) KEY MANAGEMENT PERSONNEL COMPENSATION

Compensation for key management personnel, including the Company's Board of Directors, was as follows:

For the year ended	December 31, 2014	December 31, 2013
Salaries and other short-term employee benefits	$ 9.6	$ 9.7
Post-employment benefits	1.4	1.5
Share-based payments	7.7	9.8
	$ 18.7	$ 21.0

(C) OTHER RELATED PARTY TRANSACTIONS

In aggregate, the Nominating Investors hold a significant proportion of the common shares outstanding of the Company. The Company and its subsidiaries transact with a number of the Nominating Investors on a regular basis through their normal operations. Transactions are conducted at prevailing market prices and on general market terms and conditions.

NOTE 27 – DIVIDENDS

Dividends recognized and paid in the period are as follows:

For the year ended	December 31, 2014		December 31, 2013	
	Dividend per share	Total paid	Dividend per share	Total paid
Dividend paid in March	$ 0.40	$ 21.7	$ 0.40	$ 21.6
Dividend paid in June	0.40	21.7	0.40	21.6
Dividend paid in September	0.40	21.7	0.40	21.6
Dividend paid in December	0.40	21.7	0.40	21.6
Total dividends paid		$ 86.8		$ 86.4

On February 3, 2015, the Company's Board of Directors declared a dividend of 40 cents per share. This dividend will be paid on March 6, 2015 to shareholders of record on February 20, 2015 and is estimated to amount to $21.7.

Board of Directors

As of March 27, 2015

CHARLES WINOGRAD (CHAIR)
Senior Managing Partner
Elm Park Capital Management
Committees: Governance, Human Resources
Director since: 2012

LUC BERTRAND
Vice Chair
National Bank Financial Group
Committees: Derivatives (Chair), Public Venture Market
Director since: 2011

DENYSE CHICOYNE
Corporate Director
Committees: Finance and Audit, Governance, Regulatory Oversight
Director since: 2012

LOUIS ECCLESTON
Chief Executive Officer
TMX Group Limited
Director since: 2014

CHRISTIAN EXSHAW
Managing Director and Head, Capital Markets Trading
CIBC World Markets Inc.
Committees: Derivatives
Director since: 2015

JEFFREY HEATH
Executive Vice President and Group Treasurer
Scotiabank Group
Committees: Derivatives
Director since: 2012

MARTINE IRMAN
Senior Vice President, TD Group and Vice Chair, Head of Global Enterprise Banking, TD Securities
Director since: 2014

HARRY JAAKO
Executive Officer,
Director and a Principal
Discovery Capital Management Corp.
Committees: Finance and Audit, Governance, Public Venture Market (Chair)
Director since: 2012

LISE LACHAPELLE
Strategic and Economic Consultant and Corporate Director
Committees: Human Resources, Regulatory Oversight
Director since: 2014

WILLIAM LINTON
Corporate Director
Committees: Finance and Audit (Chair), Governance
Director since: 2012

MARIE GIGUÈRE
Executive Vice President, Legal Affairs and Secretariat
Caisse de dépôt et placement du Québec
Committees: Governance (Chair), Regulatory Oversight
Director since: 2011

JEAN MARTEL
Partner
Lavery, de Billy LLP
Committees: Regulatory Oversight (Chair)
Director since: 2012

PETER PONTIKES
Senior Vice President, Public Equities
Alberta Investment Management Corporation
Committees: Public Venture Market
Director since: 2015

ANTHONY WALSH
Corporate Director
Committees: Finance and Audit, Public Venture Market
Director since: 2012

GERRI SINCLAIR
Corporate Director, Digital Technologies Consultant
Committees: Human Resources, Public Venture Market
Director since: 2012

ERIC WETLAUFER
Senior Managing Director & Global Head of Public Market Investments
Canada Pension Plan Investment Board
Committees: Finance and Audit, Human Resources (Chair)
Director since: 2012

KEVIN SULLIVAN
Deputy Chairman
GMP Capital Inc.
Committees: Derivatives, Public Venture Market
Director since: 2012

MICHAEL WISSELL
Senior Vice-President, Public Equities
Ontario Teachers' Pension Plan Board
Committees: Derivatives, Human Resources
Director since: 2014

TMX Group Executive Committee

As of March 27, 2015

Louis Eccleston
Chief Executive Officer
TMX Group

Kevan Cowan
President, TSX Markets and Group Head of Equities

Jean Desgagne
President and Chief Executive Officer
CDS

Brenda Hoffman
Senior Vice President, Group Head of Information Technology
TMX Group

Mary Lou Hukezalie
Senior Vice President, Group Head of Human Resources
TMX Group

Alain Miquelon
President and Chief Executive Officer
Montréal Exchange Inc.

James Oosterbaan
President and Chief Executive Officer
NGX

Cheryl Graden
Senior Vice President, Group Head of Legal and Business Affairs and Corporate Secretary
TMX Group

Michael Ptasznik
Senior Vice President and Group Head
Chief Financial Officer
TMX Group

Eric Sinclair
President
TMX Datalinx

Shareholder Information

STOCK LISTING
Toronto Stock Exchange
Share Symbol “X”

AUDITOR
KPMG LLP
Toronto, ON

SHARE TRANSFER AGENT

Requests for information regarding share transfers should be directed to the Transfer Agent:

TMX Equity Transfer Services Inc
200 University Ave
Suite 300
Toronto ON
M5H 4H1

Tel: 416-361-0930 ext 205
Toll Free: 1-866-393-4891
Fax: 416-361-0470
Email: investor@equityfinancialtrust.com

INVESTOR CONTACT INFORMATION

Investor Relations may be contacted at:

Tel: (416) 947-4277 (Toronto Area)
1-888-873-8392 (North America)
Fax: (416) 947-4444
E-mail: TMXshareholder@tmx.com

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FORWARD-LOOKING INFORMATION

This report contains forward-looking statements, which are not historical facts but are based on certain assumptions and reflect TMX Group's current expectations. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. We have no intention to update this forward-looking information, except as required by applicable securities law.

This forward-looking information should not be relied upon as representing our views as of any date subsequent to the date of this report. Please see "Caution regarding Forward-Looking Information" in the 2014 Management's Discussion and Analysis for some of the risk factors that could cause actual events or results to differ materially from current expectations.

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