



TMX Group Limited Conference Call Transcript

Date: April 22, 2026

Time: 8:00 AM ET

Speakers: **John McKenzie**
Chief Executive Officer

David Arnold
Chief Financial Officer

Amin Mousavian
VP of Investor Relations, Treasury and Interim Chief Risk Officer

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Operator:

Thank you for standing by. This is the conference Operator. Welcome to the TMX Group Limited conference call.

As a reminder, all participants are in a listen-only mode, and the conference is being recorded. Following prepared remarks, there will be an opportunity for analysts to ask questions. To join the question queue, you may press star then one on your telephone keypad. Should you need assistance during the conference, you may signal an Operator by pressing star then zero.

I would now like to turn the conference over to Amin Mousavian, Vice President of Investor Relations and Treasury and Interim Chief Risk Officer. Please go ahead, Mr. Mousavian.

Amin Mousavian:

Thank you, Drew, and good morning, everyone. Thank you all for joining us today.

As you know, this morning we announced an agreement to acquire Cboe Australia and Cboe Canada. Our press release and Investor presentation for this call are available on tmx.com under Investor Relations.

This morning we have with us John McKenzie, our Chief Executive Officer, and David Arnold, our Chief Financial Officer. Following the remarks from John and David, we will have a question-and-answer session.

Before we begin, I would like to remind you that certain statements made during this call may relate to future events and expectations and constitute forward-looking information within the meaning of Canadian securities law. Actual results may differ materially from these expectations. Information concerning factors that could cause actual results to differ from forward-looking information is contained in our press release and the Investor presentation.

For today's call, I encourage you to refer to our Investor presentation slides via the webcast link or under Shareholder Events on the Investor Relations section of tmx.com. Lastly, throughout today's call, the figures referenced are in Canadian dollars unless otherwise specified and can be referenced in our investor presentation.

With that, I will turn the call over to John.

John McKenzie:

Thank you Amin and good morning, everyone.

Thank you all for joining us on short notice this morning. We very much appreciate it and hopefully you've had time to read this morning's press release. If not, we're going to go through all the details regardless and as Amin said, we have provided an Investor presentation that David and I will walk you through in a moment.

But I just want to say right off the top and this is with emphasis this morning, this is an exciting day for TMX and primarily for what it means for our clients and stakeholders both here in Canada and around the world. Today's announcement represents a bold step forward for our markets, the creation of a stronger Canadian champion to the benefit of our issuer and participant communities. It's to our employees, to our stakeholders, and it's a compelling opportunity that we could not pass up.

TMX is committed to investing in Canada's vast potential and we've done it for almost 175 years, led by our conviction that stronger, more efficient capital markets are good for our country's economy and all Canadians. This transaction is an important investment in advancing our global growth strategy, expanding into Australia, a market that we know very well and where we see fantastic potential, and delivering on our fundamental purpose to make markets better and empower bold ideas.

Now my comments this morning are focused on the strategic rationale and what it means for our markets and how the components of this deal will help us to better serve our clients and stakeholders while strengthening the ability of our ecosystem to compete for global investment into the future. This is also a good deal for our shareholders. Another important step forward in pursuing our stated growth objectives. David's going to walk you through some of the specific financial details in a few moments and then we will open up the call to your questions.

Now moving to Slide 2 of our Investor presentation, I will take you through the transaction summary. As we announced in the release, the acquisition totals \$300 million US or approximately \$409 million in Canadian dollars and is subject to regulatory approvals in both Australia and Canada. Each asset is a vertically integrated business offering trading, listing and market data products and services, each with

specific attributes and features that we are well familiar with. The acquisition will create opportunities for intermarket linkages between Canada and Australia and bring TMX's proven operational expertise and commitment to innovation to serving Australia's market participants, corporate issuers and ETS. It will also expand our presence in the Asia Pacific region by bringing together two world-leading mining and energy transition financing ecosystems.

In Canada, we are acquiring highly complementary assets which will enable us to improve the client experience across core listings, trading and data products and services. We are committed to working with our partners to ensure a smooth industry transition and most encouraged about the opportunity in front of us in the near and long term to make Canada's markets more attractive as a global hub for issuers, ETFs and institutional capital. As mentioned, David will close the presentation on the financial highlights, but the deal is expected to be accretive to adjusted earnings per share within the first 12 months of closing, excluding synergies.

Now I'd like to turn to focus on how this transaction positions TMX to better serve the needs of our global client base by capitalizing on three prominent secular trends. As I mentioned, Australia is a market we already know well, a market of similar size and makeup. Canada and Australia are already recognized as the world's leading jurisdictions for the mining sector, and we can do better together. This transaction will provide global mining companies, including those involved in energy transition, with streamlined access to capital and liquidity in two major financial hubs. It couldn't come at a better time with demand for energy and critical minerals on the rise and not projected to slow down in the near term.

The second secular trend is an increased demand for market data and is driven by a ubiquitous factor that writes its own headlines, the relentless proliferation of AI. Market data clients stand to benefit from the transaction with enhanced data quality and price discovery by concentrating liquidity and unifying on top book feeds, and expanded product innovation with unified cross-border indices, analytics, and high-value alternative data opportunities in Canadian and Australian markets.

The ETF industry is a vital part of our stakeholder ecosystem, dating back to the invention of the first-ever exchange-traded index-linked product launched on the Toronto Stock Exchange in 1990. Over the past 36 years, we have worked in close partnership with providers in support of the ongoing evolution of the industry through key milestone innovations, including TSX Listing, the first fixed-income

ETF, and the world's first Bitcoin ETF. We also expanded to better serve the ETF community with the acquisition of VettaFi in 2024.

Growth projections for the global ETF market are strong over the next few years in terms of both the size of the market and in overall assets under management, and the Australian ETF market is estimated to triple in AUM by 2030. Today's announced transaction will further strengthen our ability to address the needs of this important ecosystem into the future as it continues to grow.

Now, turning to take a closer look at Australia, the next two slides summarize the key components of the business and the strategic benefits of the deal. In listing, trading, and data, we see significant potential to continue to build on the success of this platform and create a more diversified venue of choice for issuers as well as trading and data solution clients. We work well with stakeholders in the region to introduce tailored, innovative solutions and apply our expertise and experience to help build and strengthen the ecosystem.

Turning now to an overview of how our expansion into Australia will accelerate TMX growth by applying what we're really good at to a vibrant new market. We're a global operator with expertise in running markets here in Canada and around the world. Together, TSX and TSX Venture, we rank number three in the world in terms of total number of listings, including more than 260 companies interlisted with markets outside of Canada.

We are the leading mining marketplace in the world, with over half of the world's listed mining companies representing more than \$1 trillion in market capitalization. We have an already established presence in Australia with 27 issuers listed on the TSX and TSX Venture combined. With this transaction, we are looking to build on the strength of these two ecosystems to create a North American Asia Pacific hub to serve clients in both regions better, connecting issuers to innovative products and deeper pools of liquidity and participants to diversity of tailored trading and data solutions.

Now in Canada, we're adding a diversified multi-product platform, including listings of CDRs, ETFs, and corporates, an advanced trading business with differentiated pricing models, maker-taker and inverted markets, as well as dark and block trading solutions, and comprehensive data, access, and connectivity to over 500 global clients. Now, as I indicated in the outset, today's announced acquisition fits squarely with our purpose to make markets better and empower bold ideas.

For our domestic clients and stakeholders, better markets means making Canada a more attractive and competitive destination for global trade flow with deeper liquidity pools and enhanced price discovery. Enhancing the capabilities of Canada's leading dark pools, MATCHNow and TMX Dark, to create a premier destination for unlit execution in Canada. Establishing a unified, dedicated listing platform for alternative investment vehicles, including CDRs and leveraged ETFs to attract specialized issuers. Driving high-value proprietary trading data directly into TMX Datalinx, Datalinx and fueling TMX VettaFi's indices and indice opportunities. Finally, reducing duplicative connectivity costs with a unified technology stack and simplified processes. We look forward to working in partnership with our clients and stakeholders, as well as with the OSC, our world-class regulator, as we bring these companies together to make Canadian markets better.

Now, before I pass the call to David, I want to thank everyone at CBOE, to Craig and your whole team for working together with TMX to help ensure a smooth transition for our clients. We are committed to building on the considerable value that you have created in these businesses to deliver the markets the solutions that they deserve. I look forward to taking your questions at the end of the presentation. Over to you, David.

David Arnold:

Thank you, John, and good morning, everyone.

In closing, I want to take a few moments to present the financial highlights of the transaction. We are acquiring Cboe's Australia and Canada operations for a combined US\$300 million, or approximately \$409 million in Canadian dollars. For the combined business, we expect the overall top-line growth to be comparable to TMX's financial objectives of strong growth over the long term. As a new opportunity, we expect the revenue growth in Australia to be more in line with our high-growth businesses, and the Canadian business is expected to track market growth over the long term.

The implied total valuation is around 16 times the 2025 Adjusted EBITDA, and we expect the transaction will be accretive to adjusted EPS in the first 12 months of the closing date, before any synergies. The transaction will be funded through a combination of cash and debt, and we expect to maintain our current target leverage of 1.5 to 2.5 times Adjusted EBITDA. At December 31, 2025, I'll remind you we were at 2.2 times.

The acquisition of each asset is subject to regulatory approvals and customary closing conditions in their respective jurisdictions. The acquisition of these exchanges in Australia and Canada, to vertically integrated businesses with proven expertise in serving a client base we know well, will help accelerate TMX's long-term growth strategy, and the pursuit of our transformational objectives. Namely, growing revenue derived from outside of Canada, from recurring sources, and the revenue contribution from our global insight segment.

TMX will be well positioned to capitalize on powerful secular trends, including the global growth of mining, growth in ETFs, and the increased demand for high quality market data. This transaction will create an enhanced client experience for our listings and trading ecosystem, by simplifying markets, reducing operational costs for clients, deepening liquidity, and building a gateway to extended intermarket opportunities in the Asia Pacific region.

Now to echo John's comments, we are indeed excited about this transaction. For all of the strategic and business reasons we've outlined this morning, but most of all, for what it means for Canada's markets. Guided always by a purpose, this deal makes markets better and represents a clear and powerful step forward. We are confident that this transaction will create a more truly global enterprise, to the benefit of the vast and growing client and stakeholder communities we serve, as well as our shareholders worldwide.

With that, I'd like to turn the call back to Amin for the Q&A period.

Amin Mousavian:

Thank you, David. Drew, would you please outline the process for the Q&A session?

Operator:

Thank you. We will now begin the analyst question and answer session. To join the question queue, you may press star, then one on your telephone keypad. You will hear a tone acknowledging your request. If you're using a speakerphone, please pick up your handset before pressing any keys. To withdraw your question, please press star, then two.

The first question comes from Benjamin Budish with Barclays. Please go ahead.

Benjamin Budish:

Hi, good morning, and thank you for taking the question. Maybe first for David I think in the presentation you guys said the purchase multiple did not include any synergies. I was wondering if you'd talk a little bit about what those may be. I think there's a fair to assume that in Canada there's a lot of natural overlap, maybe a little bit less so in Australia. You obviously talked about revenue opportunities. Just curious if there's any more details you can share in terms of what that may look like as you integrate these assets.

David Arnold:

Thanks, Ben. Yeah, to be clear on my comments, right, what I was really referencing was the 2025 Adjusted EBITDA kind of as a reference point for the multiple. The fact that without synergies, this will be accretive within the first year. But we expect there will be meaningful cost synergies in Canada, resulting in efficiencies and savings for our clients. Obviously, there are a lot of revenue growth opportunities, including growth in mining and an increased demand for data and a growth in ETFs.

The acquisition of obviously both the Australia and the Canadian business are obviously subject to regulatory approval. But we'll give you more details once we close on the transactions, really dig deeper into any additional synergies.

Benjamin Budish:

Alright, I appreciate that. Maybe just a quick follow up strategically. You talked about in the presentation; this provides a pathway for more expansion into APAC. It seems like there's a lot of natural overlap with Australia, given, as you mentioned, the size of the market, the kind of average issuer type. How do you see this expanding elsewhere into Asia? Maybe I'm getting a little bit ahead of myself. I imagine there's some work to do here first, but just curious, do you see that translating to other geographies in the region? Should we think that that is perhaps the next leg of a strategy here?

John McKenzie:

This is John. Thanks, Ben, for the question. I think you're both ahead of yourself, but you're also on the right track. When we think about the global strategy and global expansion, I almost like to use the words as more of a hyper-regional strategy, where we really look to identify what are the regions in the world where we can bring value, competitive advantage, where our unique attributes create value for the ecosystem there.

Australia is a natural one for us in that way. Not only by the pieces we talked about in the call, we've been active in Australia from a business development standpoint for years. We have resources on the ground that work with listed issuers, that work with the sell-side community. We've had the ability to engage with the buy-side community as well. The work we did on the Montreal Exchange in terms of extending to Asian Pacific hours a number of years ago was very much around making sure we could support those traders in that region that were hedging or looking for the Canadian dollar exposure.

As you said, there's a lot for us to do just in the region there in terms of really working to build out more of the cross-border ecosystem for trading and clearing, for looking how we support the development of product. I think we are a complementary player in the region. This is also a marketplace where the energy sector is opening up more like it has in other regions like Europe, like in Japan. As you know, through Trayport, we have assets there that could be very valuable to that marketplace as it opens. We already operate in Singapore for that same reason.

You are on the right path. Our focus in the near term is really about building here for the ecosystem, for the client base, and really meeting the moment. This is a moment, particularly around the resource sector, around countries like Canada and Australia to punch above their weight, and so we are looking to facilitate that, and that's going to be the highest priority. But as a building block to do more in the region, it's absolutely something we were thinking about, and it's why we made the strategic investment.

Benjamin Budish:

All right. Thank you both.

Operator:

The next question comes from Etienne Ricard with BMO Capital Markets. Please go ahead.

Etienne Ricard:

Good morning, and congrats on the transaction. Why is an expansion in Australia the right move at this point for TMX? My initial presumption is that driving revenue synergies in capital formation may be a longer-term benefit. Why pursue these transactions as opposed to data businesses you've acquired in the past that have delivered double-digit organic growth?

John McKenzie:

It's a great question. We spent a lot of time on that. It's not a question of either-or. It's a question of how they can complement each other. As you mentioned, the ability to grow long-term around capital formation and supporting additional listing activity, ETF activity, is a long-term strategy, but you have to start. This investment helps us really get off the starting line. That is the marathon and not the sprint, but it also recognizes that as a vertically integrated marketplace, there are data opportunities here as well that are quite meaningful.

In fact, when we look at the mix of the revenue profile, these businesses are actually tilting more to the recurring revenues than the average of our existing business. It actually is giving us a footprint into that data distribution opportunity in the region that is harder to do organically, so we really see it as a yes-and as opposed to a yes-or. That's how we think about it in terms of being both complementary, and if you think about the other parts of our ecosystem, you said the point kind of like why now, because we actually did look at some of these opportunities a number of years ago, but with the expansion of our franchise and having capabilities like we have in VettaFi around the ability to build global indices, we can do more here than we could have done in the past.

For an ETF market in Australia that is on a different development curve than where we are in North America, that ability to provide solutions and index product at an earlier stage is quite compelling. That's where you get the confluence, it's both the actual marketplace opportunity and supports the data and indices opportunity on a global basis as we go forward. That's why we're excited because it hits multiple points of the strategy that way.

Etienne Ricard:

To circle back on VettaFi and ETFs, how meaningful is the cross-selling synergy potential here?

John McKenzie:

Yeah, I mean it's both cross-selling and it's also just where we are in market development. You look at the market there as a market similar size to Canada, but not at the level of development in terms of ETF product, ETF variety, number of listed issues, assets under management, that's where we talk to the expected growth potential in the AUM basis. It's an earlier stage of development, the opportunity to work with clients that we already have in Canada, in the US and now in Europe that are also building global product in Australia, that is a net benefit. We are a known player; we are a trusted partner in that.

The ability to build new products, to create new indices, to help build new issues that come to market, is again, when I say we're going to expand globally. It's where we have expertise that we can add value with and that's clearly an expertise we have.

Etienne Ricard:

Thank you very much.

Operator:

The next question comes from Aravinda Galappaththige with Canaccord Genuity. Please go ahead.

Aravinda Galappaththige:

Good morning, thanks for taking my questions and congrats John and David on the transaction. I'll maybe just start with helping us understand the Australian market, the competitive conditions and the market conditions there. Obviously, Cboe Australia seems to have a pretty decent starting point in terms of market share, around 20%. Maybe just talk to the trajectory there and the competitive dynamics vis-à-vis Canada, when you think about the competitive dynamics against the incumbent, any sort of colour on that front would be helpful.

John McKenzie:

Yeah, this is where we've got a really interesting experience in history because as you know the Canadian market has a very open competitive model. It's been that way over 20 years. With new announcements, we have up to 19 venues that compete in the Canadian market, plus we compete across border with the largest liquidity pools in the world. We're very well versed in operating in a model like that and understanding how you focus on driving value to your users, to your clients, and that actually a lot of these markets can be complementary with each other.

We go into this with those types of eyes open and that level of experience in the Australian market, which is, again, very much now open to creating that more competitive dynamic, which really fosters more innovation and product creation, but it's less developed than where Canada is today. We've got to give a lot of credit to the work that Cboe did in the region in terms of not just building market share, as you said, but also laying the groundwork around the capability to do listings, working with the regulatory community, working with the Clearinghouse and the ASX to be able to provide that capability.

A lot of the building blocks are there for us to then build on top of with the expertise that we have. I think it's going to be a very exciting time in the region. I know from our own experience that that competitive ecosystem creates innovation, it brings more capital to the market, it brings more players in, it makes the market more interesting. I think it has the potential to be very positive in the region.

Aravinda Galappatthige:

Thanks, John. Just a quick follow-up. In terms of the data solutions, outside of VettaFi, given the similarities in the markets between Australia and Canada and obviously the energy and mining focus. Are there data and analytics opportunities along the lines of Datalinx or more advanced versions of products that are emanating from Datalinx that can prospectively be ideas for you as a result of this going forward?

John McKenzie:

I mean, absolutely. It's a building block. This will open up other opportunities for us to scale things in, but I don't want to speculate on future acquisitions at this point. We want to focus on the story today.

Aravinda Galappatthige:

Understood. Thank you.

Operator:

The next question comes from Stephen Boland with Raymond James. Please go ahead.

Stephen Boland:

Good morning, everyone. I apologize if this isn't a disclosure, but I'm just trying to, the timing of closing would be the first one. Is that been laid out somewhere?

John McKenzie:

No, not laid out at this point, because in both cases, these transactions are reviewable by the authorities in the regions. In Canada, this is one that would be reviewed by the Canadian Competition Authority as well as our Securities Commission, so primarily the OSC. In Australia, this would be subject to review by the Australian commissions.

Upon approval by the local authorities, we'd be closing immediately after approval. We're not able at this point to give timeline on that, and we'll be doing the filings in the region immediately. What I can say is, given that we've got very strong regulatory relationships in Canada, that we've had introductions to the regulators in Australia as well, our intentions, we've already had the opportunity to telegraph what our intentions are in both marketplaces. This won't come as a surprise to anyone on announcement.

Stephen Boland:

That was my second question, actually, so that's great. Were these two entities, was this a package deal that someone had to take both, or were there two processes going on?

John McKenzie:

I can't comment on any other bidders in the process. From our standpoint, we definitely designed this as a package, because we saw the value that we could create for the clients and for the ecosystem by being able to do these things together. The transaction is designed so that the two elements can close on their own paths. The regulatory paths may be different in each region, and so you could have a bifurcation as to when each piece closed based on approvals in the regions.

Stephen Boland:

Okay. I'm not sure how much you can say, but obviously there's been a lot of rumors about Cboe here in Canada, but I don't know if I've seen anything in Australia. Was that something that you wanted Canada and went to them and said, we want Australia too, or that was up for sale? I'm not sure how much you can comment there.

John McKenzie:

Yeah, if you go back to Cboe's disclosure, they did announce that they were looking for bidders for both of these assets, and we were very interested in doing both with them. Candidly, where Cboe is going on their strategy and where we're going on ours, I think this is the best possible transaction of getting these assets into the right home going forward.

Stephen Boland:

Okay. Second one from me, what does this do in terms of if both close, is it the revenue breakdown? I guess we know how much does this add to Global Insights? Obviously, there's no derivative trading, but

obviously equity trading, clearing, and then basically your capital formation. I'm just trying to get the breakdown of that combined revenue a little bit generally.

David Arnold:

No, it's a good question, Stephen, and it's David here. Obviously, we'll provide more details on the financials of the businesses and really that kind of granular breakdown once they close. Obviously, the financials will be included in our quarterly reporting when we close on these. Then obviously at that time we'll provide you some granularity on revenue contribution and what it means to each of our segments, listings, trading, and data. For now, we've given high-level enterprise numbers, but that kind of granularity will be forthcoming upon closing.

Stephen Boland:

Okay. That makes sense. I like the name Caribou Alpaca. I think that was a good code word, by the way. Thanks very much.

Operator:

The next question comes from Jaeme Gloyn with National Bank Capital Markets. Please go ahead.

Jaeme Gloyn:

Yeah, thanks. Good morning. The transaction strategic rationale really seems to focus more on the Australian opportunity to build out that business and VettaFi and data products. There's been opportunities to buy the assets that Cboe owns in Canada, the MATCHNow, the Aequitas, in the past, and it's been something that TMX has been hesitant to transact on. If you could talk specifically about Canada, perhaps what's changed, what's the difference in this deal structure that makes you excited about acquiring the Canadian market share?

John McKenzie:

Yeah, Jaeme, it's a really good question. I'm glad you actually asked that one because we're equally excited about both parts of this. There are two pieces that are a bit different than what we've looked at in the past, and there are different assets within the Canadian franchise that are interesting to us. The MATCHNow Dark Pool asset is actually one we looked at quite deeply in the past, would have liked to have been part of the TMX franchise. It is very much complementary to us in terms of the capabilities that it provides to the marketplace. It is additive in terms of what we can do for the community, and even

the development of the lit market has evolved over time from where we were in terms of providing different unique product opportunities. There's different unique listings there that I think are going to be complementary to what we offer, and it's going to allow us to really start to segment the different markets to provide more specified needs to the industry.

But the important piece in there, and I don't want to get this lost, but there is a moment right now in terms of building stronger Canadian champions and building an organization that actually can be more efficient for our users throughout the community. By moving to a transition of moving these platforms onto a shared delivery model from TMX, we're going to have the ability to really make the industry more efficient in Canada for all of our users.

You think about connectivity costs that are duplicative, data center costs that are duplicative, access fees that we'll be able to harmonize and eliminate. We expect to actually save the industry money, make it more efficient, and at a time in terms of the global ecosystem, making the Canadian market more efficient and more competitive is a very compelling opportunity. We really felt that this was something that we couldn't pass up, that chance to do this to make the Canadian market stronger at a time where we all need to be focused on focusing on competitive advantage that way.

Jaeme Gloyn:

Just to follow up on that, the efficiency side of it, the duplication side of it, it does sound from your commentary and tone that most of that you'll look to sort of pass through to the marketplace as opposed to pulling into margin expansion. It sounds like this is saying this is very much about improving the overall market, and maybe you clip a little, but not necessarily extravagant synergies to come through this as you look to sort of make that a more competitive marketplace overall.

John McKenzie:

I like the words you use here, extravagant synergies. I've never put that in a release before. No, the synergies are very meaningful because we've got a very strong track record on efficiently operating marketplaces. We've got a history of being able to do this in the past in a way that's really impactful. I mean, Jaeme, let's be fair, it's both. We will see efficiency in terms of how we operate the platform, how that translates into the efficiency, into the margins, and there will be a meaningful piece that goes directly in terms of the users, both in the fees that we charge, but also in the costs that they incur to connect, which aren't necessarily fees for us.

It is both that we create value in there. It's not a lot of opportunities that you can have in terms of investments to have both meaningful client save impact and meaningful opportunity within the combined entity as well. Long term, once we get to closing, we'll be able to share more at that point. The reason we can't share more now is because we have to get to the point where we get to a regulatory approval, which also includes what is the design of how the marketplaces all fit together. It would be premature to do that without having that direct conversation with our regulators.

Jaeme Gloyn:

Yeah, fair enough. Then the last question is just, obviously, there's a lot of products and capabilities that are similar across platforms in Canada. How much risk have you baked in in terms of leakage in those volumes and that data opportunity to other players in Canada with similar capabilities?

John McKenzie:

Yeah, we've absolutely built that into our thinking. We've also built into our thinking the fact that within both the markets we operate today, and the markets operated by Cboe, where there are some elements of redundancy, that the solution might be that we don't actually keep every single small venue, but we port some of that functionality into other venues. The objective is to maintain all the functionality for the industry in the way that's going to be the most efficient for them to interact with it.

Jaeme Gloyn:

Thank you.

Operator:

The next question comes from Graham Ryding with TD Securities. Please go ahead.

Graham Ryding:

All right. Good morning. Just maybe get your thoughts on the competition issue here from a regulatory perspective, why you think this deal will get approval? I'm just thinking, I guess, along the lines of the potential increase in your equity trading market share.

John McKenzie:

Yeah, I appreciate the question. Just off the top, I want to make sure that I'm being very respectful and not getting ahead of any of the authorities and the important work that they need to do. But we wouldn't

have brought this to the table if we didn't have very strong confidence that we could see this through to approval. The reason we have that confidence is a couple of key points that I'll share with you today.

One, as I mentioned earlier, we have a track record of being able to do this. In fact, the last time that we did this with the bringing in of the Alpha market in 2012, that was actually in a time when there was a lot more concentration in the Canadian market than there is today. We actually have a broader market with more players. That impact is smaller than it was in the past when we had other transactions approved.

The second piece and the most important piece is this market is not Canada. It is a North American and or global market. We are competing with US exchanges every day for capital and for flow, for listing activity, for capital raising. That's where we need to look at the lens in terms of what the real competition lens in terms of how we have to think about these things.

The third piece is when it actually comes to Canadian venues. This is actually one of the most open markets in the world in terms of supporting new entries. That has been a position in terms of our regulators for years. It is something that the OSC does very well in ensuring a competitive opportunity for other players to perform, provided they meet the appropriate standards in the marketplace. There are a couple of things that we do to actually facilitate that competition that you wouldn't see in other countries.

As you know we operate the clearinghouse for Canada. We clear for everyone that has a regulated approved marketplace at no cost to them. We operate the information processes for Canada, which means we actually create the data feed distribution for firms that wouldn't have to do it on their own. CIRO, our market regulator, provides that regulatory capability for new marketplaces, again, at no cost to them. For those who don't know, that's very different than going to the US market. We know this from experience having launched the ATS there, where a lot of those capabilities, as a market operator, we paid for out of pocket, as opposed to the Canadian market, which actually you get direct access to.

Then those three pieces are why we have a lot of confidence that there's that this should be an approvable transaction. Again, at the end of the day, it creates more value for the Canadian industry. I think that is the most important piece, is that when you're flowing benefits back down to the participants and to the users and creating more efficiency for them, that's a value-add transaction for the country. I

hope that gives you a lot of context in terms of how we think about it, but we think this should be very positive.

Graham Ryding:

Yes, that was helpful. Thank you. Then my second question, if I could, is just, you talked about your growth expectations. Can you talk about maybe what the growth profile of these businesses was in 2025? Also, what is the recurring revenue mix here? How does that compare to your existing business, which I think is about 53% in 2025?

John McKenzie:

We'll give you a couple of highlights. For 2025, for both the businesses, they would have been growth rates that would have been in our high growth bucket. The revenue mix would tilt more to the recurring, more to the data than our average for TMX today.

Graham Ryding:

Okay. That's helpful. That's it for me. Thank you.

Operator:

This concludes the question-and-answer session. I would like to turn the conference back over to Mr. Mousavian for closing remarks.

Amin Mousavian:

Thank you. If you have any further questions, contact information for Investor Relations, as well as media, is in our press release, and we would be more than happy to get back to you. I know your valuable time is finite, and we thank you for spending it with us this morning. We look forward to speaking with you again on May 5 following the release of our first quarter results. Until then, goodbye.

Operator:

This brings to a close today's conference call. You may disconnect your lines. Thank you for participating and have a pleasant day.