

TMX GROUP LIMITED

Q3/15 Management's Discussion and Analysis

November 5, 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 quarter and nine months ended and as at September 30, 2015, compared with the quarter and nine months ended September 30, 2014 and as at December 31, 2014. This MD&A should be read together with our Q3/15 unaudited condensed consolidated interim financial statements as at and for the three and nine months ended September 30, 2015 (financial statements) and the 2014 Annual MD&A.

Our financial statements and this MD&A for the quarter and nine months ended September 30, 2015 are filed with Canadian securities regulators and can be accessed through www.sedar.com or 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), as issued by the International Accounting Standards Board (IASB), 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 on www.tmx.com or www.sedar.com. We are not incorporating information contained on our website in this MD&A.

MARKET CONDITIONS

At September 30, 2015, there was a decline in North American equities indices since the end of 2014. While financing activity in Canada during the first nine months of 2015 was robust, it was driven by a small number of large financings on Toronto Stock Exchange (TSX). Resource based and energy industry companies, especially those listed on TSX Venture Exchange (TSXV), continue to be negatively impacted by lower commodities prices including crude oil and metals.

As seen across North American markets, volatility was relatively low during 1H/15, but increased significantly during Q3/15. The average CBOE Volatility Index (VIX) was 15.1 during 1H/15 compared with 14.2 during 1H/14; however, the average VIX rose to 19.3 in Q3/15, up from 13.1 in Q3/14. Overall, Canadian equities trading volumes were up 1%¹ for both Q3/15 and for the first nine months of 2015 compared with the same time periods last year reflecting the higher volatility but somewhat offset by the decrease in trading volumes for resource based industry companies. In addition, Montréal Exchange (MX) set a new record for quarterly volumes in Q3/15.

In January 2015², 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. The announcement contributed to increased volatility earlier this year and somewhat higher volumes traded for interest rate products.

In July 2015³, the Bank of Canada reduced the overnight interest rate target by another 0.25% to 0.50%. In its October 2015⁴ commentary, the Bank noted that global economic growth has been a little weaker than expected this year, but the dynamics pointing to a pickup in 2016 and 2017 remain largely intact. Uncertainty about China's transition to a slower growth path has contributed to further downward pressure on prices for oil and other commodities that are important to Canada's exports, and will likely continue to impact our business as has been the case so far this year.

¹ Source: IIROC

² Source: Bank of Canada press release January 21, 2015.

³ Source: Bank of Canada press release July 15, 2015.

⁴ Source: Bank of Canada press release October 21, 2015.

Natural gas trading volumes dropped in the first nine months of 2015 compared with the same period last year. While there were periods of much colder than normal weather and price volatility in certain parts of North America in Q1/15, it was not as wide spread or as lengthy as during Q1/14. Power volumes increased, particularly over the summer months, compared with the same period last year, as a result of dynamic markets reflecting unexpected power plant outages and unseasonably hot weather in Western Canada.

UPDATE ON STRATEGIC REVIEW⁵

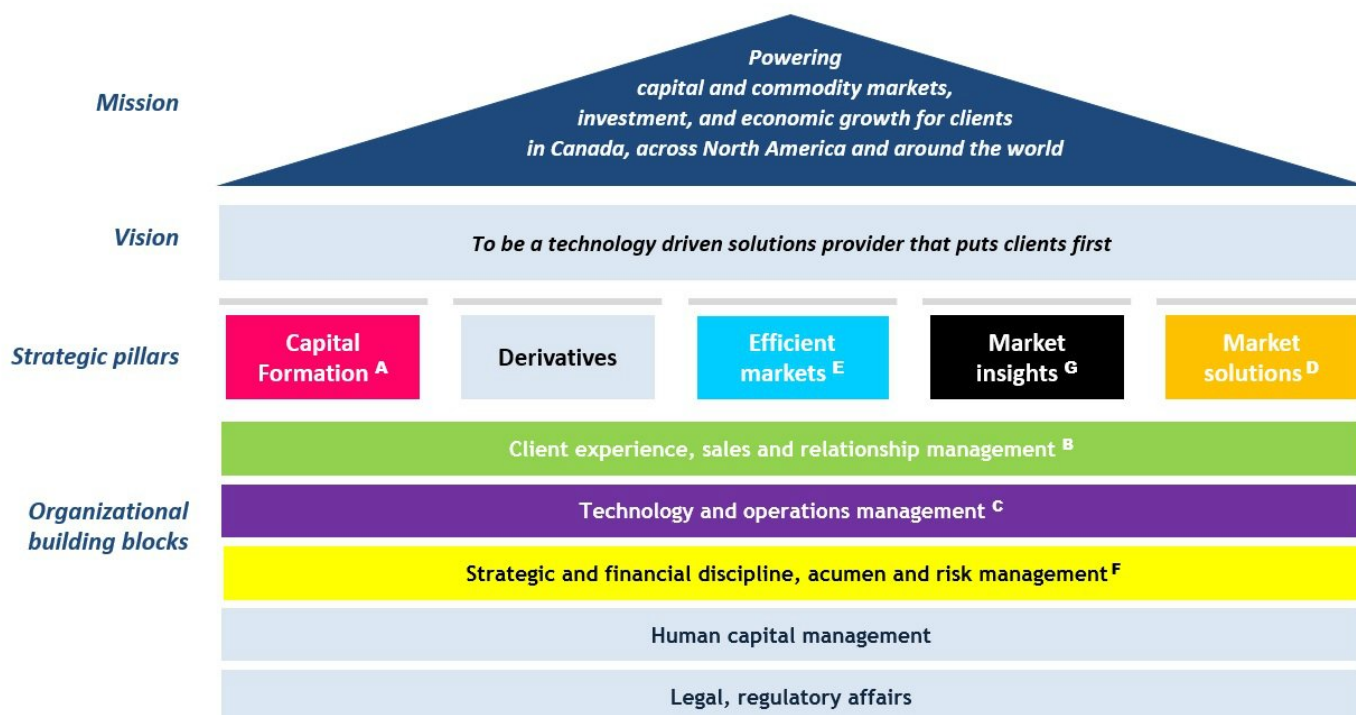
As we stated in February 2015, we engaged in a comprehensive review of our portfolio of assets and an in-depth strategic review of the organization to establish our strategy going forward. This has included a full scale analysis of our markets and our organization to understand how best to advance beyond a group of companies to be a more fully-integrated organization. From that, we are building out our investment strategy.

We focused on the greatest areas of need for our clients and the markets in which they operate. Putting clients first, and working to create increasing value in the services we provide, are our priorities. This requires working through what it will take to successfully execute against our new strategy from a resource capability and capital allocation perspective. As part of this process, we identified businesses that are core to our strategy going forward, and we will deemphasize certain non-core businesses by divesting or entering into partnership, joint venture or outsourcing arrangements.

In June 2015, we announced a realignment of the organization, around strategic pillars, in order to achieve our new vision of being a technology-driven solutions provider that puts clients first. The strategic review process guided us to make some important choices that will enhance our ability to grow revenues, obtain significant operational and cost efficiencies, ignite innovation across all aspects of the business and compete more effectively in Canada, across North America and around the world. We have defined what is required to successfully execute the strategy and achieve profitable growth by establishing strategic pillars to prioritize investments and leverage existing resources:

- *Capital formation*: Energize and expand our “capital community” to better facilitate capital raising for issuers of all types at all stages of their development and providing access to alternative sources of capital.
- *Derivatives*: Intensify new product creation and leverage our unique market position to benefit from increasing demand for derivatives products both in Canada and globally.
- *Market insights*: Deliver integrated data sets to fuel high-value proprietary and third party analytics to help clients make better trading and investment decisions.
- *Market solutions*: Leverage TMX Group capabilities and available technologies to introduce new operating models into new sectors and asset classes.
- *Efficient markets*: Operate innovative, efficient, reliable, fast, easy to use platforms for trading and clearing.

⁵ The “Update on Strategic Review” 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.



Update on Progress against Strategic Framework

A In July 2015 we named Nicholas Thadaney, President and CEO, Global Equity Capital Markets effective September 1, 2015. Mr. Thadaney is responsible for all of TMX Group's equity listing and trading activity, including the development and execution of our strategy related to the Capital Formation pillar.

B We also announced our plan to create a new executive role that will focus on commercial strategy and client experience. The individual in this role will set the course for TMX's client-facing organizational framework and develop a robust system for best-in-class sales and client management.

C Following the realignment of the organization, we also announced other organizational changes. In June 2015, Jean Desgagné assumed responsibility for the functions accountable for the delivery of operations, technology, transaction services and procurement in the newly created role of President and CEO, Global Enterprise Services. His mandate is to look across the entire company and evolve an organization that maximizes efficiencies and productivity while minimizing costs. In addition, we are targeting to evolve into a truly digital enterprise that leverages new technologies to reduce time to market and increase our competitive advantage.

D Market Solutions - AgriClear

In June 2015 we launched AgriClear, an online platform designed to provide U.S. and Canadian cattle buyers and sellers with an efficient, cost-effective transactions platform and payment service. This represents the first initiative under our Market Solutions strategic pillar as we look to address the market need to reduce opaque prices, uncertainty regarding payment in over the counter (OTC) markets and high transactions costs. AgriClear leverages Natural Gas Exchange Inc. (NGX) expertise in facilitating delivery and providing payment solutions.

E *Efficient Markets - Cash markets trading (Alpha Changes)*

In October 2014 we announced proposed changes to the TSX, TSXV, TMX Select and TSX Alpha Exchange (Alpha) marketplaces. These initiatives are aimed at 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 April 2015 we announced that we received Ontario Securities Commission (OSC) approval for changes to Alpha's trading model. Launched in September 2015, Alpha's model is designed to deliver superior execution quality for non-latency sensitive investors and reduce trading costs for retail and institutional dealers. Alpha features include a minimum size threshold for liquidity-providing orders, competitive pricing for active flow and a short order processing delay (speed bump). In response to feedback received from customers through the public comment process for the proposed changes, Alpha operates as an unprotected market under the Order Protection Rule (OPR). TMX Group is encouraged by announced regulatory efforts to re-examine the application of OPR to all marketplaces which impose order processing delays, and supports an approach to harmonize unprotected status across all speed bump markets.

In September 2015 we closed TMX Select as well as the Alpha IntraSpread Facility. In addition, key features and functionality were harmonized across TSX, TSXV and Alpha to provide an improved user experience. These changes include eliminating the opening auction on Alpha and migrating Alpha to the TMX Quantum XA trading platform.

E *Efficient Markets - Cash markets trading (Pricing)*

In May 2015 we announced changes to our equity trading fee schedules which are designed to deliver significant benefits to the market by addressing industry concerns related to the maker-taker fee model through a measured rate reduction program for TSX, TSXV and Alpha.

The globally-adopted maker-taker model involves paying rebates to participants that add liquidity (maker) and charging a fee to participants that remove liquidity (taker). This model was introduced to increase trading liquidity, tighten price spreads and increase the competitiveness of the Canadian capital markets. However, over time, market structure has evolved and the model has raised concerns about market efficiency, fairness and quality.

A drastic reduction or outright removal of the maker-taker model could have a negative impact on the market, including increased spreads, rise in volatility and loss of liquidity. To address these challenges, we introduced a program of phased reductions in maker-taker rates that is designed to gradually lower dealer active trading costs, minimize unnecessary intermediation and increase investor confidence. This approach provides the ability to carefully monitor and actively manage the market impact of the changes.

The first phase of reductions, effective June 1, 2015, differentiated between fees for interlisted and non-interlisted securities to maintain the competitiveness of the Canadian market relative to the U.S. market. Taker fees have been reduced up to 34% with an average reduction of 26% across all securities and participants, while maker rebates have been reduced by an average of 31%.

Subsequent phases of the program will be implemented in 6-9 month intervals over the next 18-24 months. Future rate adjustments will be determined based on data-driven research, detailed impact analysis and client feedback to ensure that any unintended consequences are addressed.

E *Efficient Markets - CDS (Pricing)*

In November 2014, The Canadian Depository for Securities Limited (CDS) submitted a notice of publication in respect of amendments to the CDS issuer services fee program schedule to its regulators. We had previously indicated that we planned to implement the proposed amendments early in Q2/15 with appropriate notice to stakeholders. The regulatory process is ongoing.

F *Non-core assets - Equicom*

Consistent with our strategic realignment, in July 2015, we sold the business of our investor relations subsidiary, The Equicom Group Inc. (Equicom), to NATIONAL Public Relations Inc. The divestiture of Equicom enables us to sharpen our focus on a core set of offerings.

G *Market Insights*

Launched New Jersey to Toronto area microwave service in July 2015. This innovative step reduces latency by over 60% between the US primary market centres, located in New Jersey Data Centres and TMX Group's marketplaces near Toronto.

In addition, we are now in live production with our first TMX Insights data analytics offering.

A re-allocation of costs to align with the new strategy will be necessary as we move forward. During the first nine months of 2015, we incurred various strategic realignment expenses which have been included within *Compensation and benefit expenses and General and administration expenses*. We also recorded *Impairment charges* in Q2/15 related to certain non-core assets (see **RESULTS OF OPERATIONS**). We will continue to incur strategic realignment expenses as we implement various aspects of our strategic plan.

Having now established the foundation for how we will provide greater value to clients, deliver total return to shareholders, and build competitive differentiation for TMX Group going forward, we are refining our detailed plans to achieve these objectives. We expect to provide a further update on our strategy in the coming months.

RESULTS OF OPERATIONS

Non-IFRS Financial Measures

Adjusted earnings per share and adjusted diluted earnings per share provided for the quarter and nine months ended September 30, 2015 and September 30, 2014 are non-IFRS measures and do not have standardized meanings prescribed by IFRS and are, 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 ongoing financial performance from period to period, exclusive of a number of adjustments. These adjustments include amortization of intangible assets related to acquisitions, increase in deferred income tax liabilities resulting from the change in Alberta corporate income tax rate effective July 1, 2015, strategic realignment expenses, Maple Transaction and integration costs, credit facility refinancing expenses and non-cash impairment charges related to BOX Market LLC (BOX) (net of non-controlling interests, or NCI) and other assets. Management uses these measures, and excludes certain items, because it believes doing so results in a more effective analysis of underlying operating and financial performance, including, in some cases, our ability to generate cash. Excluding these items also enables comparability across periods. The exclusion of certain items does not imply that they are non-recurring.

THREE MONTHS ENDED SEPTEMBER 30, 2015 COMPARED WITH THREE MONTHS ENDED SEPTEMBER 30, 2014

The information below reflects the financial statements of TMX Group for the quarter ended September 30, 2015 (Q3/15) compared with the quarter ended September 30, 2014 (Q3/14), except as otherwise indicated.

(in millions of dollars, except per share amounts) (unaudited)	Q3/15	Q3/14	\$ increase/ (decrease)	% increase/ (decrease)
Revenue	\$ 175.9	\$ 170.2	\$ 5.7	3 %
Operating expenses	114.0	107.1	6.9	6 %
Income from operations	61.9	63.1	(1.2)	(2)%
Net income attributable to TMX Group shareholders	36.5	39.4	(2.9)	(7)%
Earnings per share ⁶				
Basic	0.67	0.73	(0.06)	(8)%
Diluted	0.67	0.73	(0.06)	(8)%
Adjusted Earnings per share ⁷				
Basic	0.85	0.86	(0.01)	(1)%
Diluted	0.85	0.86	(0.01)	(1)%
Cash flows from operating activities	65.1	73.4	(8.3)	(11)%

Net income attributable to TMX Group shareholders

Net income attributable to TMX Group shareholders was \$36.5 million, or 67 cents per common share on a basic and diluted basis, a decrease of 7% compared with net income of \$39.4 million, or 73 cents per common share on a basic and diluted basis, in Q3/14. The decline is largely attributable to strategic realignment expenses of \$4.4 million (see table below) and a \$1.6 million income tax adjustment related to BOX.

(in millions of dollars, except per share amounts) (unaudited)	Q3/15	
	Pre-tax Amount	Basic and Diluted Earnings per Share Impact ⁶
Compensation and benefits expenses	\$ 3.3	\$ 0.04
General and administration expenses	1.1	0.02
Strategic realignment expenses	\$ 4.4	\$ 0.06

⁶ Earnings per share information is based on net income attributable to TMX Group shareholders.

⁷ See discussion under the heading **Non-IFRS Financial Measures**.

Adjusted Earnings per Share⁹ Reconciliation for Q3/15 and Q3/14

The following is a reconciliation of earnings per share⁸ to adjusted earnings per share⁹:

(unaudited)	Q3/15		Q3/14	
	Basic	Diluted	Basic	Diluted
Earnings per share ⁸	\$ 0.67	\$ 0.67	\$ 0.73	\$ 0.73
Adjustment related to:				
Amortization of intangibles related to acquisitions	0.12	0.12	0.13	0.13
Strategic realignment expenses	0.06	0.06	—	—
Adjusted earnings per share ⁹	\$ 0.85	\$ 0.85	\$ 0.86	\$ 0.86
Weighted average number of common shares outstanding	54,339,450	54,354,915	54,302,453	54,334,116

The decrease in adjusted earnings per share⁹ to 85 cents in Q3/15 from 86 cents in Q3/14 reflects the impact of a \$1.6 million income tax expense adjustment related to BOX. There was an increase in revenue somewhat offset by higher operating costs, excluding strategic realignment expenses. Overall, there was a favourable impact from a weaker Canadian dollar relative to other currencies, including the U.S. dollar, in Q3/15 versus Q3/14. The impact on income from operations was approximately \$3 million (pre-tax).

Revenue

(in millions of dollars)	Q3/15	Q3/14	\$ increase/ (decrease)	% increase/ (decrease)
Issuer services	\$ 45.6	\$ 47.1	\$ (1.5)	(3)%
Trading, clearing, depository and related	74.7	70.5	4.2	6 %
Information services	51.2	45.9	5.3	12 %
Technology services and other	4.4	6.7	(2.3)	(34)%
	\$ 175.9	\$ 170.2	\$ 5.7	3 %

Revenue was \$175.9 million in Q3/15, up \$5.7 million or 3% compared with \$170.2 million in Q3/14. There were increases in *Information services* and *Trading, clearing, depository and related* revenue, partially offset by decreases in *additional listing fees*, *other issuer services* revenue, reflecting the loss of revenue from Equicom (sold in July 2015), Razor Risk Technologies Limited (Razor Risk) revenue and lower net foreign exchange gains on U.S and other non-Canadian dollar denominated net monetary assets in Q3/15 compared with Q3/14. There was a favourable impact from a weaker Canadian dollar relative to other currencies, including the U.S. dollar, in Q3/15 versus Q3/14. The impact was approximately \$5 million.

Issuer services revenue

(in millions of dollars)	Q3/15	Q3/14	\$ increase/ (decrease)	% increase/ (decrease)
Initial listing fees	\$ 3.4	\$ 2.5	\$ 0.9	36 %
Additional listing fees	18.1	21.3	(3.2)	(15)%
Sustaining listing fees	17.8	16.6	1.2	7 %
Other issuer services	6.3	6.7	(0.4)	(6)%
	\$ 45.6	\$ 47.1	\$ (1.5)	(3)%

⁸ Earnings per share information is based on net income attributable to TMX Group shareholders.

⁹ See discussion under the heading **Non-IFRS Financial Measures**.

- There was an increase in the number of new issuers listed and higher revenue per listing on TSX in Q3/15 compared to Q3/14.
- There was a decline in the total number of financings and the value of additional financings raised on TSX in Q3/15 compared with Q3/14. During Q3/15 there was also a 27% decline in the total number of transactions billed on TSX that generated *additional listing fees* compared with Q3/14, resulting in lower *additional listing fees*.
- Issuers listed on TSX and TSXV pay annual *sustaining listing fees* primarily based on their market capitalization at the end of the prior calendar year, subject to minimum and maximum fees. The increase in sustaining listing fees on TSX was due to an increase in the market capitalization for issuers at December 31, 2014 compared with December 31, 2013 and an increase in the maximum sustaining fee on TSX effective January 1, 2015. The increase on TSX was partially offset by the impact of a decrease in market capitalization of issuers listed on TSXV at December 31, 2014 compared to December 31, 2013. (See Our **Business - Issuer Services - Revenue Description** in our 2014 Annual MD&A for more details on our sustaining listing fees.)
- *Other issuer services* in Q3/15 was lower compared to Q3/14 reflecting the loss of revenue from Equicom, which was sold in July 2015, partially offset by an increase in revenue from TMX Equity Transfer Services Inc. (Equity Transfer) and CDS.

Trading, clearing, depository and related revenue

(in millions of dollars)	Q3/15	Q3/14	\$ increase	% increase
Cash markets trading and clearing	\$ 24.7	\$ 24.4	\$ 0.3	1%
CDS depository	11.2	10.7	0.5	5%
Derivatives markets trading, clearing and related	26.6	24.4	2.2	9%
Energy markets trading and clearing	12.2	11.0	1.2	11%
	\$ 74.7	\$ 70.5	\$ 4.2	6%

Cash markets

- The increase in *cash markets* trading and clearing revenue reflected higher revenue from cash markets equity trading in Q3/15 compared with Q3/14. While there was a decrease in the volume of securities traded on TSXV and Alpha, there was an increase in the volume of securities traded on TSX and TMX Select. In addition, there was a favourable mix, which contributed to the increase in revenue. Overall, the volume of securities traded on our equities marketplaces decreased slightly in Q3/15 compared with Q3/14 (30.1 billion securities in Q3/15 versus 30.8 billion securities in Q3/14). Our combined domestic equities trading market share excluding intentional crosses was 74% in Q3/15 compared with 77% in Q3/14¹⁰. In September 2015, TMX closed TMX Select and launched a new trading model on Alpha as part of the TMX equity trading restructuring plan announced in October 2014 (see **Efficient Markets - Cash markets trading (Alpha Changes)**). The increase in revenue from cash markets equity trading was partially offset by lower revenue from Shorcan Brokers Limited (Shorcan) in Q3/15 versus Q3/14 due to lower volumes in Government of Canada and Provincial bonds.
- CDS clearing and settlement revenue, net of rebates, decreased in Q3/15 compared with Q3/14. Although there was an increase in trades processed, the positive impact was more than offset by an increase in rebates.

CDS depository

- *CDS depository* revenue, net of rebates, increased from Q3/14 to Q3/15. The increase reflected a decline in the volume rebate in Q3/15 compared with Q3/14.

Derivatives markets

- The increase in *derivatives markets* revenue was driven by an increase in trading revenue from MX, reflecting a 19% increase in volume (20.0 million contracts traded in Q3/15 versus 16.8 million contracts traded in Q3/14), partially offset by lower average fees. MX set a new record for quarterly volumes in Q3/15.

¹⁰ Source: IIROC

- Revenue from BOX also increased in Q3/15 compared with Q3/14 as BOX reflecting the positive impact from a stronger U.S. dollar relative to the Canadian dollar in Q3/15 compared with Q3/14. In addition, trading volumes on BOX increased by 2% (26.9 million contracts in Q3/15 versus 26.3 million contracts traded in Q3/14). Effective Q1/15, market participants received volume performance rights (VPRs) as an incentive to provide volume. While these commitments were met during Q3/15 (in the aggregate), they have yet to translate into a significant change in the overall volume. In September 2015, the VPR program received regulatory approval from the U.S. Securities and Exchange Commission.

Energy markets

- The increase in *energy markets* revenue reflected the positive impact from a stronger U.S. dollar relative to the Canadian dollar in Q3/15 compared with Q3/14 on the revenue of NGX and Shorcan Energy Brokers Inc. (Shorcan Energy Brokers). Natural gas and power revenue in NGX increased in Q3/15 compared with Q3/14 reflecting the benefit of the stronger U.S. dollar and price increases for certain natural gas contracts. The increase was partially offset by a net deferral of revenue in NGX in Q3/15 compared with net recovery in Q3/14.
- Total energy volumes were flat in Q3/15 compared to Q3/14 at NGX (2.6 million terajoules in Q3/15 and Q3/14). Natural gas volumes were slightly lower due to a milder than normal summer, however this was offset by an increase in U.S. power volumes as a result of a discounting program for longer dated transactions.
- There were also increases in revenue from Shorcan Energy Brokers reflecting higher volumes in Q3/15 compared with Q3/14.

Information services revenue

(in millions of dollars)	Q3/15	Q3/14	\$ increase	% increase
	\$ 51.2	\$ 45.9	\$ 5.3	12%

- The increase in *information services* revenue reflected the positive impact from a stronger U.S. dollar relative to the Canadian dollar in Q3/15 compared with Q3/14 and the acquisition of the microwave network business of Strike Technologies Services (acquired October 31, 2014), including the launch of our New Jersey to Toronto area microwave service in July 2015.
- Revenue recoveries related to under-reported usage of real-time quotes in prior periods were \$1.0 million lower in Q3/15 compared to Q3/14.
- There was a 4% decrease in the average number of professional market data subscriptions for TSX and TSXV products (110,500 professional market data subscriptions in Q3/15 compared with 115,571 in Q3/14).
- The average number of MX professional market data subscriptions for Q3/15 was also lower than Q3/14 (18,861 MX professional market data subscriptions in Q3/15 compared with 19,198 in Q3/14).

Technology services and other revenue

(in millions of dollars)	Q3/15	Q3/14	\$ (decrease)	% (decrease)
	\$ 4.4	\$ 6.7	\$ (2.3)	(34)%

- The decrease in *technology services and other* revenue was primarily due to lower Razor Risk revenue and lower gains on U.S. and other non-Canadian dollar denominated net monetary assets in Q3/15 compared with Q3/14.

Operating Expenses

(in millions of dollars)	Q3/15	Q3/14	\$ increase/ (decrease)	% increase/ (decrease)
Compensation and benefits	\$ 55.7	\$ 51.2	\$ 4.5	9 %
Information and trading systems	18.8	16.5	2.3	14 %
General and administration	22.0	22.6	(0.6)	(3)%
Depreciation and amortization	17.5	16.8	0.7	4 %
	\$ 114.0	\$ 107.1	\$ 6.9	6 %

Operating expenses in Q3/15 were \$114.0 million, up \$6.9 million or 6% from \$107.1 million in Q3/14. The increase reflected \$4.4 million of strategic realignment expenses, including severance expense of \$3.3 million (4 cents per basic and diluted share), exit costs of \$0.7 million (1 cent per basic and diluted share) related to the sale of Equicom and professional fees of \$0.4 million (1 cent per basic and diluted share). Overall, there was an unfavourable impact from a weaker Canadian dollar relative to other currencies, including the U.S. dollar, in Q3/15 versus Q3/14. The impact was approximately \$2 million. During Q3/15, we also incurred additional costs related to the microwave network business of Strike Technologies Services, LLC (Strike Technology Services) (acquired October 31, 2014), partially offset by a reduction in expenses related to the operations of Equicom (sold in July 2015).

Compensation and benefits

(in millions of dollars)	Q3/15	Q3/14	\$ increase	% increase
	\$ 55.7	\$ 51.2	\$ 4.5	9%

- *Compensation and benefits* costs increased due to a charge of approximately \$3.3 million for severance related to the strategic realignment. There were also higher costs in Q3/15 associated with employee incentive plans and additional costs related to the microwave network business of Strike Technologies Services (acquired October 31, 2014). These increases were partially offset by the reduction in Equicom costs (sold July 14, 2015) and higher capitalization of labour.
- There were 1,242 TMX Group employees at September 30, 2015 versus 1,308 at September 30, 2014 reflecting the sale of Equicom.

Information and trading systems

(in millions of dollars)	Q3/15	Q3/14	\$ increase	% increase
	\$ 18.8	\$ 16.5	\$ 2.3	14%

- *Information and trading systems* expenses increased primarily due to new costs related to circuits and towers associated with the acquisition of the microwave network business of Strike Technologies Services (acquired October 31, 2014). There were also higher technology expenses related to TMX Atrium.

General and administration

(in millions of dollars)	Q3/15	Q3/14	\$ (decrease)	% (decrease)
	\$ 22.0	\$ 22.6	\$ (0.6)	(3)%

- *General and administration* expenses decreased primarily due to lower commodity tax expense and a reduction in costs in BOX, partially offset by higher external fees, additional operating costs associated with the acquisition of the microwave network business of Strike Technologies Services (acquired October 31, 2014), expenses relating to AgriClear and \$1.1 million of strategic realignment expenses. Strategic realignment costs in *General and administration* expenses included \$0.7 million of costs related to the sale of Equicom and \$0.4 million of professional fees.

Depreciation and amortization

(in millions of dollars)	Q3/15	Q3/14	\$ increase	% increase
	\$ 17.5	\$ 16.8	\$ 0.7	4%

- *Depreciation and amortization* costs reflected the higher amortization of assets relating to restructuring our equities trading offering.
- The *depreciation and amortization* costs of \$17.5 million included \$9.2 million (\$8.9 million, net of NCI, before taxes) related to amortization of intangibles related to acquisitions (12 cent per basic and diluted share).

Share of net income of equity accounted investees

(in millions of dollars)	Q3/15	Q3/14	\$ increase	% increase
	\$ 0.7	\$ 0.7	\$ —	—%

- *Share of net income of equity accounted investees* includes our 24.3% share of net income from FTSE TMX Global Debt Capital Markets and our 47% share of net income from CanDeal.ca Inc. (CanDeal).

Net finance costs

(in millions of dollars)	Q3/15	Q3/14	\$ increase	% increase
	\$ 9.7	\$ 9.4	\$ 0.3	3%

- The increase in net finance costs in Q3/15 compared to Q3/14 was attributable to the decrease in finance income primarily as a result of lower yield on investments, an unfavourable foreign exchange impact on U.S. dollar-denominated loans and unfavourable interest rate impact on interest rate swaps. These increases in costs were partially offset by lower interest rates on our variable rate debt and a reduction in the overall amount of debt outstanding.

Income tax expense

Income Tax Expense (in millions of dollars)		Effective Tax Rate (%)	
Q3/15	Q3/14	Q3/15	Q3/14
\$ 16.1	\$ 15.3	30%	28%

- In Q3/15 we recognized a \$1.6 million income tax adjustment related to BOX. Excluding this item, the effective tax rate would have been approximately 27% in Q3/15.

Net income (loss) attributable to non-controlling interests

(in millions of dollars)	Q3/15	Q3/14	\$ increase	% increase
	\$ 0.3	\$ (0.3)	\$ 0.6	200%

- MX now holds a 56.2% ownership interest in BOX Holdings Group LLC (BOX Holdings) which holds all the membership units of BOX. The increase in ownership from 53.8% to 56.2% in Q1/15 resulted from BOX Holdings purchasing units for cancellation from one of its members. The results for BOX Holdings are consolidated in our Consolidated Income Statements. Net income or loss attributable to non-controlling interests represents the other BOX Holding members' share of BOX Holding's income or loss for the period, which increased in Q3/15 compared with Q3/14 reflecting the increase in BOX's revenue.

NINE MONTHS ENDED SEPTEMBER 30, 2015 COMPARED WITH NINE MONTHS ENDED SEPTEMBER 30, 2014

The information below reflects the financial statements of TMX Group for the nine months ended September 30, 2015 compared with the nine months ended September 30, 2014, except as otherwise indicated.

(in millions of dollars, except per share amounts) (unaudited)	Nine months ended September 30, 2015	Nine months ended September 30, 2014	\$ increase/ (decrease)	% increase/ (decrease)
Revenue	\$ 539.9	\$ 534.6	\$ 5.3	1 %
Operating expenses	347.5	323.0	24.5	8 %
Income from operations	192.4	211.6	(19.2)	(9)%
Net income attributable to TMX Group shareholders	106.7	59.4	47.3	80 %
Earnings per share ¹¹				
Basic	1.96	1.09	0.87	80 %
Diluted	1.96	1.09	0.87	80 %
Adjusted Earnings per share ¹²				
Basic	2.77	2.91	(0.14)	(5)%
Diluted	2.77	2.91	(0.14)	(5)%
Cash flows from operating activities	201.7	195.7	6.0	3 %

Net income attributable to TMX Group shareholders

Net income attributable to TMX Group shareholders was \$106.7 million, or \$1.96 per common share on a basic and diluted basis in the nine months ended September 30, 2015, an increase of 80%, compared with net income of \$59.4 million, or \$1.09 per common share on a basic and diluted basis, in the nine months ended September 30, 2014. The increase in net income was primarily due to significantly lower non-cash impairment charges in the first nine months of 2015 compared to the first nine months of 2014. The impact was somewhat offset by \$14.5 million of strategic realignment expenses (see table below) and lower issuer services revenue.

(in millions of dollars, except per share amounts) (unaudited)	Nine months ended September 30, 2015	
	Pre-tax Amount	Basic and Diluted Earnings per Share Impact ¹¹
Compensation and benefits expenses	\$ 10.3	\$ 0.13
General and administration expenses	4.2	0.06
Strategic realignment expenses before impairment charges	\$ 14.5	\$ 0.19
Impairment charges	5.9	0.10
Strategic realignment expenses and impairment charges	\$ 20.4	\$ 0.29

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**.

Adjusted Earnings per Share¹⁴ Reconciliation for the nine months ended September 30, 2015 and the nine months ended September 30, 2014

The following is a reconciliation of earnings per share¹³ to adjusted earnings per share¹⁴:

	Nine months ended September 30, 2015		Nine months ended September 30, 2014	
(unaudited)	Basic	Diluted	Basic	Diluted
Earnings per share ¹³	\$ 1.96	\$ 1.96	\$ 1.09	\$ 1.09
Adjustment related to:				
Amortization of intangibles related to acquisitions	0.39	0.39	0.39	0.39
Increase in deferred income tax liabilities resulting from the change in Alberta corporate income tax rate effective July 1, 2015	0.13	0.13	—	—
Strategic realignment expenses	0.19	0.19	—	—
Non-cash impairment charges related to BOX (net of NCI) and other assets	0.10	0.10	1.32	1.32
Maple Transaction and integration costs	—	—	0.06	0.06
Credit facility refinancing expenses	—	—	0.05	0.05
Adjusted earnings per share ¹⁴	\$ 2.77	\$ 2.77	\$ 2.91	\$ 2.91
Weighted average number of common shares outstanding	54,332,187	54,378,077	54,219,272	54,313,230

The decrease in adjusted earnings per share¹⁴ to \$2.77 for the nine months ended September 30, 2015 from \$2.91 for the nine months ended September 30, 2014 reflected a decrease in issuer services revenue of \$8.6 million (pre-tax) and a \$1.6 million income tax adjustment related to BOX. Overall, there was a favourable impact from a weaker Canadian dollar relative to other currencies, including the U.S. dollar, in the nine months ended September 30, 2015 versus the nine months ended September 30, 2014. The impact on income from operations was approximately \$12 million (pre-tax). This benefit was largely offset by a \$5.6 million (pre-tax) decrease in revenue recoveries related to under-reported usage of real-time quotes in prior periods and lower income from operations from Razor Risk.

Revenue

(in millions of dollars)	Nine months ended September 30, 2015	Nine months ended September 30, 2014	\$ increase/ (decrease)	% increase/ (decrease)
Issuer services	\$ 143.7	\$ 152.3	\$ (8.6)	(6)%
Trading, clearing, depository and related	227.3	224.8	2.5	1 %
Information services	149.6	140.9	8.7	6 %
Technology services and other	19.3	16.6	2.7	16 %
	\$ 539.9	\$ 534.6	\$ 5.3	1 %

Revenue was \$539.9 million in the nine months ended September 30, 2015, up \$5.3 million compared with \$534.6 million in the nine months ended September 30, 2014. There were increases in revenue from Canadian derivatives trading, energy trading, information services, including from the microwave network business of Strike Technologies Services (acquired October 31, 2014), and Razor Risk. There was a favourable impact from a weaker Canadian dollar relative to other currencies, including the U.S. dollar, in the nine months ended September 30, 2015 versus the nine months ended September 30, 2014. The impact was

¹³ Earnings per share information is based on net income attributable to TMX Group shareholders.

¹⁴ See discussion under the heading **Non-IFRS Financial Measures**.

approximately \$17 million. These increases were largely offset by decreases in revenue from issuer services, cash markets trading and BOX.

Issuer services revenue

(in millions of dollars)	Nine months ended September 30, 2015	Nine months ended September 30, 2014	\$ increase/ (decrease)	% increase/ (decrease)
Initial listing fees	\$ 8.1	\$ 9.1	\$ (1.0)	(11)%
Additional listing fees	60.7	69.4	(8.7)	(13)%
Sustaining listing fees	52.5	49.6	2.9	6 %
Other issuer services	22.4	24.2	(1.8)	(7)%
	\$ 143.7	\$ 152.3	\$ (8.6)	(6)%

- There were more new issuers listed on TSX in the nine months ended September 30, 2015 than in the nine months ended September 30, 2014; however, there was a decrease in the average revenue per new listing on TSX, which resulted in a decline in *initial listing fees*.
- There was a decline in the total number of financings on TSXV in the nine months ended September 30, 2015 compared with the nine months ended September 30, 2014. A significant portion of companies listed on TSXV are resource based and energy companies that continue to be negatively impacted by lower commodity prices, including crude oil and various metals. In addition, during the nine months ended September 30, 2015 there was an 18% decline in the total number of transactions billed on TSX that generated *additional listing fees* compared with nine months ended September 30, 2014. This resulted in a decline in *additional listing fees* on TSX and TSXV.
- Issuers listed on TSX and TSXV pay annual *sustaining listing fees* primarily based on their market capitalization at the end of the prior calendar year, subject to minimum and maximum fees. The increase in sustaining listing fees on TSX was due to an increase in the market capitalization for issuers at December 31, 2014 compared with December 31, 2013 and an increase in the maximum sustaining fee on TSX effective January 1, 2015. The increase on TSX was partially offset by the impact of a decrease in market capitalization of issuers listed on TSXV at December 31, 2014 compared to December 31, 2013. (See Our **Business - Issuer Services - Revenue Description** in our 2014 Annual MD&A for more details on our Sustaining listing fees.)
- *Other issuer services* in the nine months ended September 30, 2015 was lower compared to the nine months ended September 30, 2014 reflecting lower revenue from Equicom, which was sold in July 2015, partially offset by increased revenue from CDS.

Trading, clearing, depository and related revenue

(in millions of dollars)	Nine months ended September 30, 2015	Nine months ended September 30, 2014	\$ increase/ (decrease)	% increase/ (decrease)
Cash markets trading and clearing	\$ 79.1	\$ 80.5	\$ (1.4)	(2)%
CDS depository	33.4	33.5	(0.1)	— %
Derivatives markets trading, clearing and related	76.2	76.8	(0.6)	(1)%
Energy markets trading and clearing	38.6	34.0	4.6	14 %
	\$ 227.3	\$ 224.8	\$ 2.5	1 %

Cash markets

- The decrease in *cash markets* trading and clearing revenue reflected lower revenue from Shorcan in the nine months ended September 30, 2015 compared with the nine months ended September 30, 2014 due to lower volumes in Government of Canada and Provincial bonds. Revenue from cash markets equity trading increased slightly due to a favourable mix. There was a 2% decrease in overall volume of securities traded for our equities marketplaces (101.1 billion securities in the nine months ended September 30, 2015 versus 103.1 billion securities in the nine months ended September 30, 2014). There was an increase in the volume of securities traded on TSX and TMX Select, which was partially offset by a decrease in the volume of securities traded on TSXV and Alpha. Our combined domestic equities trading market share including intentional crosses

was 72% in the nine months ended September 30, 2015 compared with 75% in the months ended September 30, 2014. Excluding intentional crosses, our combined domestic equities trading market share was 75% in the nine months ended September 30, 2015¹⁵.

- CDS clearing and settlement revenue, net of rebates, increased slightly in the nine months ended September 30, 2015 compared with the nine months ended September 30, 2014. While there was an increase in trades processed, the positive impact was somewhat offset by an increase in rebates.

CDS depository

- *CDS depository* revenue, net of rebates, declined in the nine months ended September 30, 2015 compared with the nine months ended September 30, 2014. Revenue in the nine months of 2014 included a one-time new participant fee, which was not charged in the first nine months of 2015. The decrease also reflected the continued decline in courier revenues due to dematerialization and lower volume of corporate action movements in the nine months ended September 30, 2015 compared with the nine months ended September 30, 2014.

Derivatives markets

- The decrease in *derivatives markets* revenue was due to a decline in revenue from BOX due to lower average fees as a result of the price reduction implemented in March 2014 and a 2% decrease in BOX trading volumes (74.0 million contracts in the nine months ended September 30, 2015 versus 75.4 million contracts traded in the nine months ended September 30, 2014). Effective Q1/15, market participants received volume performance rights (VPRs) as an incentive to provide volume. While these commitments were met during the first nine months of 2015 (in the aggregate), they have yet to translate into a significant change in the overall volume. The associated cost is recorded as a reduction in revenue. In September 2015, the VPR program received regulatory approval from the U.S. Securities and Exchange Commission. Offsetting these decreases in revenue, there was a positive impact from a stronger U.S. dollar relative to the Canadian dollar.
- The decrease in BOX revenue was partially offset by an increase in trading revenue from MX where the impact of higher volumes was somewhat tempered by a lower average fee. Volumes increased by 12% on MX (56.5 million contracts traded in the nine months ended September 30, 2015 versus 50.5 million contracts traded in nine months ended September 30, 2014).

Energy markets

- The increase in energy markets revenue was mainly a result of the positive impact a stronger U.S. dollar relative to the Canadian dollar, higher NGX access fees (effective July 1, 2014), price increases for certain natural gas contracts and high power volumes in Q2/15 and Q3/15. These increases were partially offset by higher net deferral of revenue in NGX in the nine months ended September 30, 2015 versus the nine months ended September 30, 2014.
- Total energy volumes at NGX decreased by 4% (9.1 million terajoules in nine months ended September 30, 2015 compared with 9.5 million terajoules in the nine months ended September 30, 2014). The volume decrease reflected a 6% decrease in natural gas volumes mainly due to extreme weather conditions in Q1/14. This decrease was partially offset by higher volumes for power as a result of unexpected power plant outages and unseasonably hot weather in Western Canada and a discounting program for longer dated contracts for U.S. power customers.
- In addition, there was an increase in revenue from Shorcan Energy Brokers reflecting higher volumes in the nine months ended September 30, 2015 compared with the nine months ended September 30, 2014.

Information services revenue

(in millions of dollars)	Nine months ended September 30, 2015	Nine months ended September 30, 2014	\$ increase	% increase
	\$ 149.6	\$ 140.9	\$ 8.7	6%

¹⁵ Source: IIROC

- The increase in *information services* revenue reflected revenue from the positive impact a stronger U.S. dollar relative to the Canadian dollar in the nine months ended September 30, 2015 compared with the nine months ended September 30, 2014, the acquisition of the microwave network business of Strike Technologies Services (acquired October 31, 2014), including the launch of our New Jersey to Toronto area microwave service in July 2015, and higher revenue from index licensing. Revenue recoveries related to under-reported usage of real-time quotes in prior periods were \$5.6 million lower in the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014.
- There was a 2% decrease in the average number of professional market data subscriptions for TSX and TSXV products (113,019 professional market data subscriptions in the nine months ended September 30, 2015 compared with 115,561 in the nine months ended September 30, 2014).
- The average number of MX professional market data subscriptions fell slightly, by 1%, in the nine months ended September 30, 2015 compared with the nine months ended September 30, 2014 (19,064 MX professional market data subscriptions in the nine months ended September 30, 2015 compared with 19,214 in the nine months ended September 30, 2014).

Technology services and other revenue

(in millions of dollars)	Nine months ended September 30, 2015	Nine months ended September 30, 2014	\$ increase/ (decrease)	% increase/ (decrease)
Technology services and other	\$ 19.3	\$ 14.4	\$ 4.9	34 %
SEDAR, SEDI, NRD, and other CDS revenue	—	2.2	(2.2)	(100)%
	\$ 19.3	\$ 16.6	\$ 2.7	16 %

- The increase in technology services and other revenue was primarily due to an increase in net foreign exchange gains on U.S. dollar and other non-Canadian dollar denominated net monetary assets and higher Razor Risk revenue in the nine months ended September 30, 2015 over the nine months ended September 30, 2014. These increases offset 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. In addition to earning revenue related to these services for one month during the nine months ended September 30, 2014, CDS also realized a gain on the sale of software.

Operating Expenses

(in millions of dollars)	Nine months ended September 30, 2015	Nine months ended September 30, 2014	\$ increase/ (decrease)	% increase/ (decrease)
Compensation and benefits	\$ 173.5	\$ 153.9	\$ 19.6	13 %
Information and trading systems	55.1	48.4	6.7	14 %
General and administration	66.5	68.4	(1.9)	(3)%
Depreciation and amortization	52.4	52.3	0.1	— %
	\$ 347.5	\$ 323.0	\$ 24.5	8 %

Operating expenses in the nine months ended September 30, 2015 were \$347.5 million, up \$24.5 million or 8% from \$323.0 million in the nine months ended September 30, 2014. Operating expenses were higher reflecting strategic realignment expenses of \$14.5 million. These strategic realignment expenses included a charge of \$10.3 million (13 cents per basic and diluted share) related to severance, \$3.5 million (5 cents per basic and diluted share) for professional fees and \$0.7 million (1 cent per basic and diluted share) related to the sale of Equicom (sold in July 2015).

During the nine months ended September 30, 2015, we also incurred additional costs related to the microwave network business of Strike Technologies Services (acquired October 31, 2014), and to support Razor Risk's business, partially offset by a reduction in expenses related to the operations of Equicom. There was an unfavourable impact from a weaker Canadian dollar relative to other currencies, including the U.S. dollar, in the nine months ended September 30, 2015 versus the nine months ended September 30, 2014. The impact was approximately \$5 million.

Compensation and benefits

(in millions of dollars)	Nine months ended September 30, 2015	Nine months ended September 30, 2014	\$ increase	% increase
	\$ 173.5	\$ 153.9	\$ 19.6	13%

- *Compensation and benefits* costs increased due to a charge of approximately \$10.3 million for severance related to the strategic realignment. There were also higher costs in the nine months ended September 30, 2015 associated with employee compensation and merit increases, costs to support Razor Risk revenue, lower capitalization of labour and additional costs related to the microwave network business of Strike Technologies Services (acquired October 31, 2014). These increases were partially offset by the reduction in Equicom costs (sold in July 2015) and lower employee performance incentive and other employee costs.
- There were 1,242 TMX Group employees at September 30, 2015 versus 1,308 at September 30, 2014 reflecting the sale of Equicom.

Information and trading systems

(in millions of dollars)	Nine months ended September 30, 2015	Nine months ended September 30, 2014	\$ increase	% increase
	\$ 55.1	\$ 48.4	\$ 6.7	14%

- *Information and trading systems* expenses increased primarily due to new costs related to circuits and towers associated with the acquisition of Strike Technologies Services (acquired October 31, 2014). There were also higher technology expenses related to TMX Atrium.

General and administration

(in millions of dollars)	Nine months ended September 30, 2015	Nine months ended September 30, 2014	\$ (decrease)	% (decrease)
	\$ 66.5	\$ 68.4	\$ (1.9)	(3)%

- *General and administration* expenses decreased in the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014 due to a reduction in costs in BOX, the elimination of a 2011 commodity tax provision as well as lower occupancy and bad debt costs.
- These decreases were partially offset by costs of \$3.5 million for professional fees related to the strategic review process, \$0.7 million of costs related to the sale of Equicom, additional operating costs related to the microwave network business of Strike Technologies Services (acquired October 31, 2014), expenses relating to AgriClear and an increase in external fees.

Depreciation and amortization

(in millions of dollars)	Nine months ended September 30, 2015	Nine months ended September 30, 2014	\$ increase	% increase
	\$ 52.4	\$ 52.3	\$ 0.1	—%

- *Depreciation and amortization* costs reflect an increase in amortization of assets relating to restructuring our equities trading offering partially offset by depreciation and amortization relating to assets that were fully depreciated or written-down by the end of the nine months ended September 30, 2015 (including BOX assets).
- The *depreciation and amortization* costs of \$52.4 million included \$27.6 million (\$26.7 million, net of NCI, before taxes) related to amortization of intangibles related to acquisitions (39 cents per basic and diluted share).

Share of net income of equity accounted investees

(in millions of dollars)	Nine months ended September 30, 2015	Nine months ended September 30, 2014	\$ (decrease)	% (decrease)
	\$ 2.0	\$ 2.4	\$ (0.4)	(17)%

- *Share of net income of equity accounted investees* includes our 24.3% share of net income from FTSE TMX Global Debt Capital Markets and our 47% share of net income from CanDeal.
- The decrease was due to recording lower net income from our interest in CanDeal.

Impairment charges

(in millions of dollars)	Nine months ended September 30, 2015	Nine months ended September 30, 2014	\$ (decrease)	% (decrease)
	\$ 5.9	\$ 136.1	\$ (130.2)	(96)%

- In accounting for the Maple Transaction, all of our assets, including BOX, Equicom and ir2020, 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.
- In Q2/15, we determined that Equicom and ir2020 had recoverable amounts that were less than their carrying amounts. As a result, we recognized a non-cash impairment charge of \$5.9 million (10 cents per basic and diluted share) related to goodwill for those assets.
- Based on tests for impairment of goodwill and intangible assets at the end of Q2/14, 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 impact on shareholders of TMX Group was \$63.6 million.
- In addition to the BOX assets, in Q2/14, 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.

Net finance costs

(in millions of dollars)	Nine months ended September 30, 2015	Nine months ended September 30, 2014	\$ (decrease)	% (decrease)
	\$ 28.1	\$ 33.2	\$ (5.1)	(15)%

- The decrease in finance costs was attributable to the positive impact from refinancing debt under our credit facility through the issuance of Commercial Paper during Q2/14, lower interest rates on our variable rate debt and a reduction in the overall amount of debt outstanding.
- Credit facility refinancing expenses in the nine months ended September 30, 2014 included the write-off of \$3.2 million of unamortized financing costs related to our previous credit facility (as a result of replacing this facility) and other financing costs in connection with establishing the Commercial Paper Program.
- Finance income decreased from the nine months ended September 30, 2014 to the nine months ended September 30, 2015 primarily as a result of lower yield on investments.

Income Tax Expense

(in millions of dollars)	Nine months ended September 30, 2015	Nine months ended September 30, 2014
	\$ 54.0	\$ 26.7

- In Q3/15, we recognized a \$1.6 million income tax adjustment related to BOX which increased income tax expense.
- In Q2/15, the Alberta corporate income tax rate increased from 10% to 12%, effective July 1, 2015. 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 \$7.1 million for Q2/15.
- In Q2/14, there was a decrease in net deferred income tax liabilities of \$22.2 million, with a corresponding increase to income tax recovery, resulting from the non-cash impairment charges primarily related to BOX's goodwill and customer list. (See **Impairment charges**.)
- Excluding certain items, primarily the tax impact of the increase in the Alberta corporate income tax rate in Q2/15, the impact of the non-cash impairment charges in Q2/15 and Q2/14 and the income tax adjustments related to BOX in Q3/15, the effective tax rate would have been approximately 27% in both the nine months ended September 30, 2015 and the nine months ended September 30, 2014.

Net loss attributable to non-controlling interests

(in millions of dollars)	Nine months ended September 30, 2015	Nine months ended September 30, 2014	\$ (decrease)	% (decrease)
	\$ 0.3	\$45.6	\$ (45.3)	(99)%

- MX now holds a 56.2% ownership interest in BOX Holdings which holds all the membership units of BOX. The increase in ownership from 53.8% to 56.2% in Q1/15 resulted from BOX Holdings purchasing units for cancellation from one of its members. The results for BOX Holdings are consolidated in our Consolidated Income Statements. Net income (loss) attributable to non-controlling interests represents the other BOX Holding members' share of BOX Holding's income or loss for the period.
- In the nine months ended September 30, 2014, there was a net loss attributable to non-controlling interests primarily reflecting their share of the non-cash impairment charges related to BOX of \$42.6 million. (See **Impairment charges**.)

SEGMENTS

The following information reflects TMX Group's financial statements as at and for the three and nine months ended September 30, 2015, compared with the three and nine months ended September, 2014 and as at December 31, 2014, as applicable. 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.

Operating Results – Q3/15 compared with Q3/14

(in millions of dollars)	Cash Markets	Derivatives Markets	Energy Markets	CDS	Corporate	Total
Revenue:						
Q3/15	\$ 111.8	\$ 33.0	\$ 13.2	\$ 17.9	\$ —	\$ 175.9
Q3/14	111.3	30.0	11.4	17.5	—	170.2
Net income (loss) attributable to TMX Group shareholders:						
Q3/15	\$ 34.3	\$ 7.2	\$ 1.4	\$ 2.8	\$ (9.2)	\$ 36.5
Q3/14	31.9	6.2	1.8	1.8	(2.3)	39.4

Revenue

- *Cash Markets* revenue increased primarily due to higher cash markets trading and information services revenue including the positive impact from a stronger U.S. dollar relative to the Canadian dollar in Q3/15 compared with Q3/14. These increases were largely offset by lower revenue from issuer services and Razor Risk.
- *Derivatives Markets* revenue increased primarily due to higher trading revenue from MX and BOX reflecting higher volumes and the positive impact from a stronger U.S. dollar relative to the Canadian dollar on BOX's revenue.
- *Energy Markets* revenue increased primarily due the positive impact from a stronger U.S. dollar relative to the Canadian dollar in Q3/15 compared with Q3/14 on the revenue of NGX and Shorcan Energy Brokers. There was also higher revenue from Shorcan Energy Brokers reflecting higher volumes.
- *CDS* revenue increased slightly in Q3/15 compared with Q3/14 reflecting higher clearing volumes somewhat offset by higher rebates.

Net income (loss) attributable to TMX Group shareholders

- Net income attributable to TMX Group shareholders from *Cash Markets* increased reflecting higher revenue and lower income tax expense.
- Net income attributable to TMX Group shareholders from *Derivatives Markets* increased reflecting higher revenue and lower overall operating expenses.
- Net income attributable to TMX Group shareholders from *Energy Markets* decreased reflecting higher overall operating expenses, including compensation and benefits costs related to AgriClear, somewhat offset by higher revenue.
- Net income attributable to TMX Group shareholders from *CDS* increased reflecting higher revenue and lower overall operating expenses.
- Net loss attributable to TMX Group shareholders from Corporate increased in Q3/15 compared to Q3/14 reflecting strategic realignment expenses incurred during Q3/15.

Operating Results – Nine months ended September 30, 2015 compared with nine months ended September 30, 2014

(in millions of dollars)	Cash Markets	Derivatives Markets	Energy Markets	CDS	Corporate	Total
Revenue:						
Nine months ended September 30, 2015	\$ 349.6	\$ 94.7	\$ 40.7	\$ 54.9	\$ —	\$ 539.9
Nine months ended September 30, 2014	349.6	93.4	35.1	56.4	0.1	534.6
Net income (loss) attributable to TMX Group shareholders:						
Nine months ended September 30, 2015	\$ 107.0	\$ 22.6	\$ 6.8	\$ 7.9	\$ (37.6)	\$ 106.7
Nine months ended September 30, 2014	110.2	6.5	5.7	6.9	(69.9)	59.4

Revenue

- *Cash Markets* revenue was essentially unchanged reflecting lower additional listing fee revenue, lower revenue from Equicom, which was sold in July 2015, and reduced cash markets trading revenue, offset by higher information services revenue, including the positive impact from a stronger U.S. dollar relative to the Canadian dollar, and higher Razor Risk revenue.
- *Derivatives Markets* revenue increased primarily due to higher information services revenue.
- *Energy Markets* revenue increased primarily due to the positive impact from a stronger U.S. dollar relative to the Canadian dollar, price increases for certain NGX natural gas contracts and higher NGX access fees (effective July 1, 2014) somewhat offset by the impact of lower energy volumes traded in the nine months ended September 30, 2015 compared with the nine months ended September 30, 2014. There was also higher revenue from Shorcan Energy Brokers reflecting higher volumes.
- *CDS* revenue decreased primarily due to the reduction in revenue from discontinuing to provide services related to SEDAR, SEDI and NRD, effective February 1, 2014 (see **Technology services and other revenue**). In addition to earning revenue related to these services for one month during the nine months ended September 30, 2014, CDS also realized a gain on the sale of software. The decrease was also attributable to a decline in depository revenue reflecting a lower volume of corporate action movements and an increase in rebates in the nine months ended September 30, 2015 compared with the nine months ended September 30, 2014. These decreases were somewhat offset by an increase in clearing and settlement revenue reflecting a higher number of trades processed in the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014.

Net income (loss) attributable to TMX Group shareholders

- Net income attributable to TMX Group shareholders from *Cash Markets* decreased reflecting higher overall operating expenses, partially offset by lower income tax expense and lower Maple transaction and integration costs in the nine months ended September 30, 2015 versus the nine months ended September 30, 2014.
- Net income attributable to TMX Group shareholders from *Derivatives Markets* increased reflecting the non-cash impairment charges related to BOX in Q2/14 and higher revenue, lower overall operating expenses and lower net finance costs in the nine months ended September 30, 2015 versus the nine months ended September 30, 2014.
- Net income attributable to TMX Group shareholders from *Energy Markets* increased reflecting higher revenue, somewhat offset by higher overall operating expenses including compensation and benefits costs related to AgriClear in the nine months ended September 30, 2015 versus the nine months ended September 30, 2014.

- Net income attributable to TMX Group shareholders from CDS increased reflecting lower overall operating expenses and lower Maple transaction and integration costs somewhat offset by lower revenue for the nine months ended September 30, 2015 versus the nine months ended September 30, 2014.
- Net loss attributable to TMX Group shareholders from Corporate decreased in the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014. In Q2/14 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 impact on shareholders of TMX Group was \$63.6 million. In the nine months ended September 30, 2015 we also recognized strategic realignment corporate expenses and impairment charges.

Total Assets and Total Liabilities

(in millions of dollars)	Cash Markets	Derivatives Markets	Energy Markets	CDS	Corporate	Total
Total assets:						
As at September 30, 2015	\$ 1,953.1	\$ 14,105.5	\$ 747.4	\$ 599.2	\$ 1,534.3	\$ 18,939.5
As at December 31, 2014	1,941.4	9,896.8	999.8	526.1	1,600.0	14,964.1
Total liabilities:						
As at September 30, 2015	\$ 1,000.0	\$ 12,988.9	\$ 667.3	\$ 523.0	\$ 760.8	\$ 15,940.0
As at December 31, 2014	994.1	8,781.1	946.9	457.9	838.2	12,018.2

- Total assets include goodwill and other 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. Commercial Paper is allocated to the *Corporate* segment. In addition, the *Derivatives Markets*, *Energy Markets* and *CDS* segments carry offsetting liabilities related to the clearing assets described above (see **Total Assets**).
- The increase in total assets and total liabilities was primarily due to the increase in Canadian Derivatives Clearing Corporation's (CDCC) Balances with Clearing Members and Participants in *Derivatives Markets* reflecting an increase in open interest and market volatility in the equity index futures market segment. This increase was partially offset by a decrease in energy contracts receivable and fair value of open energy contracts reflecting a decrease in overall energy prices as well as less trading activity on the forward curve, which lowered the fair value of open energy contracts at September 30, 2015 compared to December 31, 2014.

LIQUIDITY AND CAPITAL RESOURCES

Cash, Cash Equivalents and Marketable Securities

(in millions of dollars)	As at September 30, 2015	As at December 31, 2014	\$ increase
Cash, cash equivalents and marketable securities	\$ 279.7	\$ 273.7	\$ 6.0

- The increase in cash, cash equivalents and marketable securities reflects cash flows from operating activities of \$201.7 million and drawings on liquidity facilities of \$27.0 million. The offsetting decreases in cash flows reflect net repayments on commercial paper of approximately \$123.5 million, dividends to TMX Group shareholders of \$65.1 million, interest paid (net of interest received) of \$17.6 million and additions to premises and equipment and intangible assets of \$18.2 million.

Total Assets

(in millions of dollars)	As at September 30, 2015	As at December 31, 2014	\$ increase
Total assets	\$ 18,939.5	\$ 14,964.1	\$ 3,975.4

- Our consolidated balance sheet as at September 30, 2015 includes outstanding balances related to our various clearing operations. These balances have equal amounts included within *Total Liabilities*. The increase in *Total Assets* of \$3,975.4 million from December 31, 2014 to September 30, 2015 is largely attributable to CDCC's Balances with Clearing Members and Participants reflecting an increase in open interest and market volatility in the equity index futures market segment. This increase was partially offset by the decrease in energy contracts reflecting a decrease in overall energy prices as well as less trading activity on the forward curve, which lowered the fair value of open energy contracts at September 30, 2015 compared to December 31, 2014.

COMMERCIAL PAPER, DEBENTURES, OTHER CREDIT AND LIQUIDITY FACILITIES

Commercial Paper

(in millions of dollars)	As at September 30, 2015	As at December 31, 2014	\$ (decrease)
Commercial paper	\$115.0	\$233.9	\$(118.9)

- There was \$115.0 million outstanding under the program at September 30, 2015 reflecting net repayments in the first nine months of 2015 of \$123.5 million. In Q3/15, we repaid \$77.5 million (net) of Commercial Paper utilizing cash flow from operations and cash from subsidiaries following a review of the amount of cash required to be retained for regulatory purposes.

Debentures

(in millions of dollars)	As at September 30, 2015	As at December 31, 2014	\$ increase
Debentures	\$997.8	\$997.2	\$0.6

- For additional information on the Debentures, see **Debentures** under the heading **LIQUIDITY AND CAPITAL RESOURCES** in our 2014 Annual MD&A.

Effective Interest Rates

- The effective interest rates as at September 30, 2015 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 ¹⁶	0.70%	1.499%	2.199%
Commercial Paper - Unhedged	95.0	Oct. 1, 2015 to Nov. 4, 2015				0.69% ¹⁷
Commercial Paper, USD - Unhedged ¹⁸	15.0 USD	Oct 3, 2015 to Oct. 20, 2015				0.32% ¹⁹

Other Credit and Liquidity Facilities

CDCC also maintains a repurchase facility with a syndicate of six Canadian major 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 increased from \$12,264.0 million to \$13,464.0 million of uncommitted liquidity in October 2015 whereas at December 31, 2014 there was \$11,064.0 million of uncommitted liquidity and \$1,200.0 of committed liquidity. In addition, the terms of the facility were amended to increase the minimum required amount of CDCC's total shareholder's equity from \$20.0 million to \$30.0 million.

In May 2015, AgriClear Limited Partnership (through its general partner AgriClear Inc.) entered into a US\$10.5 million uncommitted letter of credit facility with a major Canadian chartered bank. The facility is being used to issue letters of credit to support the operations of the AgriClear business. As at September 30, 2015, US\$9.2 million and \$0.2 million of letters of credit were outstanding. TMX Group limited has issued a US\$10.5M guarantee for this facility. In May 2015, AgriClear also entered into an uncommitted credit agreement for \$3.0 million and US\$3.0 million. The borrowing rates for these facilities, if drawn, are the Canadian prime or the US prime rate plus 50 basis points, depending on the currency drawn. The facilities are to be used by AgriClear to support its settlement operations (see **Update on Progress against Strategic Framework**).

For additional information, see Other Credit and Liquidity Facilities under the heading **LIQUIDITY AND CAPITAL RESOURCES** in our 2014 Annual MD&A.

Total Equity Attributable to Shareholders of TMX Group

(in millions of dollars)	As at September 30, 2015	As at December 31, 2014	\$ increase
Total equity attributable to shareholders of TMX Group	\$ 2,962.1	\$2,908.8	\$ 53.3

- At September 30, 2015, there were 54,350,096 common shares issued and outstanding and 2,066,066 options outstanding under the share option plan.
- At November 4, 2015, there were 54,392,253 common shares issued and outstanding and 1,927,868 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 \$106.7 million partially offset by the dividend payments to shareholders of TMX Group of \$65.1 million.

¹⁶ Canadian Dealer Offered Rate.

¹⁷ Rate denoted in CAD.

¹⁸ We have USD denominated assets which provide a natural hedge.

¹⁹ Rate denoted in USD.

SUMMARY OF CASH FLOWS

The following tables provide the summary of cash flows for TMX Group for Q3/15 compared with Q3/14, respectively.

(in millions of dollars)	Q3/15	Q3/14	\$ (decrease) in cash
Cash flows from operating activities	\$ 65.1	\$ 73.4	\$ (8.3)
Cash flows used in financing activities	(87.9)	(68.5)	(19.4)
Cash flows used in (from) investing activities	(42.3)	55.7	(98.0)

Q3/15 compared with Q3/14

- The decrease in *Cash flows from operating activities* in Q3/15 compared with Q3/14 was primarily due to an increase in trade and other receivables, and prepaid expenses, an increase in income taxes paid as well as a decrease in income from operations (excluding depreciation and amortization), partially offset by an increase in trade and other payables.
- In Q3/15, *Cash flows used in financing activities* were higher than in Q3/14 primarily due to higher net repayments on our debt (see **Commercial Paper**) partially offset by an increase in drawings on liquidity facilities.
- In Q3/15, *Cash flows used in investing activities* were significantly higher than in Q3/14 reflecting a net sale of marketable securities in Q3/14 to generate cash versus a net purchase of marketable securities in Q3/15. The decrease in cash was partially offset by the proceeds from the sale of a subsidiary.

The following tables provide the summary of cash flows for TMX Group for the nine months ended September 30, 2015 compared with nine months ended September 30, 2014, respectively.

(in millions of dollars)	Nine months ended September 30, 2015	Nine months ended September 30, 2014	\$ increase/ (decrease) in cash
Cash flows from operating activities	\$ 201.7	\$ 195.7	\$ 6.0
Cash flows used in financing activities	(186.4)	(154.6)	(31.8)
Cash flows used in investing activities	(42.1)	(27.2)	(14.9)

Nine months ended September 30, 2015 compared with nine months ended September 30, 2014

- The increase in *Cash flows from operating activities* in the nine months ended September 30, 2015 compared with the nine months ended September 30, 2014 was primarily due a significant increase in cash flow related to trade and other payables as well as lower Maple transaction and integration related cash outlays partially offset by an increase in income taxes paid and a decrease in income from operations (excluding depreciation and amortization).
- In the nine months ended September 30, 2015, *Cash flows used in financing activities* were higher than in the nine months ended September 30, 2014 primarily due to significantly higher net repayments on our debt (see **Commercial Paper**) and lower proceeds from exercised options, partially offset by an increase in drawings on liquidity facilities and lower interest paid.
- In the nine months ended September 30, 2015, *Cash flows used in investing activities* were higher than in the nine months ended September 30, 2014 reflecting a higher net purchase of marketable securities, higher additions to premises and equipment and intangible assets as well as lower interest received, partially offset by the proceeds from the sale of Equicom.

Summary of Cash Position and Other Matters²⁰

We had \$279.7 million of cash and cash equivalents and marketable securities at September 30, 2015. For the nine months ended September 30, 2015 cash flows from operating activities were \$201.7 million. We paid \$65.1 million in dividends on TMX Group common shares during that period. 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 financial covenants under the TMX Group credit facility dated May 30, 2014 (see **Loans Payable** in our 2014 Annual MD&A) and our capital maintenance requirements (see **MANAGING CAPITAL** in our 2014 Annual MD&A).

Debt financing of future investment opportunities could be limited by current and future economic conditions, the covenants in the TMX Group credit facility and the Debentures, and by capital maintenance requirements imposed by regulators. While the amount is subject to change over time, we currently target to retain a minimum of approximately \$200.0 million in cash, cash equivalents and marketable securities (see **MANAGING CAPITAL** in our 2014 Annual MD&A for a description of our capital maintenance requirements).

The recognition orders of some of our subsidiaries contain certain financial viability tests that must be met. As at September 30, 2015, to the best of our knowledge, we met all of the above requirements under these tests. For additional information on these financial viability tests, see **MANAGING CAPITAL** in our 2014 Annual MD&A.

QUARTERLY FINANCIAL INFORMATION

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)	Sept. 30/15	June 30/15	Mar 31/15	Dec 31/14	Sept 30/14	June 30/14	Mar. 31/14	Dec. 31/13
Revenue	\$175.9	\$178.7	\$185.3	\$182.7	\$170.2	\$182.3	\$182.1	\$180.7
Income from operations	61.9	63.2	67.3	67.0	63.1	71.3	77.3	71.3
Net income (loss) attributable to TMX Group shareholders	36.5	27.6	42.6	41.1	39.4	(26.4)	46.4	41.4
Earnings (loss) per share:								
Basic	\$0.67	\$0.51	\$0.78	\$0.76	\$0.73	\$(0.49)	\$0.86	\$0.77
Diluted	0.67	0.51	0.78	0.76	0.73	(0.49)	0.86	0.77

Q3/15 compared with Q2/15

- Revenue in Q3/15 decreased by 2% compared with Q2/15 reflecting a decline in additional listing fee revenue and the loss of revenue from Equicom, which was sold in July 2015, partially offset by an increase in information services revenue and derivatives markets trading revenue.
- Operating expenses decreased by 1% from Q2/15 to Q3/15. The decrease in these costs reflected lower technology costs, reduced costs related to Razor Risk, lower expenses from Equicom (sold in July 2015), and reduced compensation and benefit costs mainly related to payroll taxes. These decreases were somewhat offset by higher costs related to employee performance incentive plans and increased strategic realignment expenses.
- Income from operations decreased slightly from Q2/15 to Q3/15, reflecting the impact of the lower revenue somewhat offset by lower overall operating expenses.
- Net income attributable to TMX Group shareholders in Q3/15 increased by \$8.9 million, or 32%, compared with Q2/15. In Q2/15, we recognized impairment charges related to Equicom and iR2020 of \$5.9 million. In addition, during Q2/15, the Alberta

²⁰ 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.

corporate income tax rate increased from 10% to 12%, effective July 1, 2015. 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 \$7.1 million for Q2/15, which reduced net income by \$7.1 million. Offsetting these increases, income from operations in Q3/15 was lower and net financing costs were higher compared with Q2/15, which reduced net income attributable to TMX Group shareholders. In addition, in Q3/15 we recognized \$1.6 million in income tax adjustments related to BOX, which also reduced net income attributable to TMX Group shareholders.

Q2/15 compared with Q1/15

- Revenue in Q2/15 decreased by 4% compared with Q1/15 reflecting a decline in revenue from cash, derivatives and energy markets trading and information services. In addition, technology services and other revenue was lower in Q2/15 compared with Q1/15 reflecting lower revenue from Razor Risk and net foreign exchange losses in Q2/15 compared with net foreign exchange gains in Q1/15. The decreases were somewhat offset by an increase in initial and additional listing fee revenue and other issuer services revenue.
- Operating expenses decreased by 2% from Q1/15 to Q2/15. Compensation and benefit costs decreased reflecting lower costs associated with our employee performance incentive plans, lower payroll taxes and lower costs for severance in Q2/15 compared with Q1/15. The decrease in these costs was somewhat offset by higher technology and marketing expenses related to initiatives in Q2/15 compared with Q1/15.
- Income from operations decreased from Q1/15 to Q2/15, reflecting the impact of the lower revenue somewhat offset by lower overall operating expenses.
- Net income attributable to TMX Group shareholders in Q2/15 decreased by \$15.0 million, or 35%, compared with Q1/15. In Q2/15, we recognized impairment charges related to Equicom and ir2020 of \$5.9 million. In addition, during Q2/15, the Alberta corporate income tax rate increased from 10% to 12%, effective July 1, 2015. 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 \$7.1 million for Q2/15, which reduced net income by \$7.1 million.

Q1/15 compared with Q4/14

- Revenue in Q1/15 increased by 1% compared with Q4/14 reflecting an increase in information services revenue somewhat offset by a decrease in issuer services revenue from initial and additional listing fees.
- Operating expenses increased by 2% from Q4/14 to Q1/15. Compensation and benefit costs increased significantly reflecting a charge of \$4.9 million relating to severance. There were also higher costs associated with our employee performance incentive plans as well as higher payroll taxes in Q1/15 compared with Q4/14. The increase in these costs was somewhat offset by lower technology and marketing expenses related to initiatives in Q1/15 compared with Q4/14.
- Income from operations increased slightly from Q4/14 to Q1/15, reflecting the impact of the higher revenue largely offset by higher overall operating expenses.
- Net income attributable to TMX Group shareholders in Q1/15 increased by 4% compared with Q4/14. Maple transaction and integration costs were \$2.5 million in Q4/14 and nil in Q1/15. This was partially offset by the impact of higher net finance costs in Q1/15 compared with Q4/14.

For additional information on the seven previous quarters please see **Select Annual and Quarterly Financial Information** in our 2014 Annual MD&A.

MANAGING CAPITAL

Our primary objectives in managing capital are described in our 2014 Annual MD&A.

As of September 30, 2015, to the best of our knowledge we were in compliance with all of the externally imposed capital requirements. (See **Loans Payable** in this MD&A and **MANAGING CAPITAL** in our 2014 Annual MD&A for a description of our capital maintenance requirements.)

Changes in accounting policies

The following new amendments were effective for TMX Group from January 1, 2015:

- Defined Benefit Plans: Employee Contributions - Amendments to IAS 19, *Employee Benefits*;
- Annual Improvements to IFRSs 2010-2012 Cycle - IFRS 2, *Share-based Payment*, IFRS 3, *Business Combinations*, IFRS 8, *Operating Segments*, IFRS 13, *Fair Value Measurement*, IAS 16, *Property, Plant and Equipment*, IAS 24, *Related Party Disclosures*, IAS 38, *Intangible Assets*; and
- Annual Improvements to IFRSs 2011-2013 Cycle - IFRS 3, *Business Combinations*, IFRS 13, *Fair Value Measurement*, IAS 40, *Investment Property*.

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, 2016, unless otherwise noted:

- Annual Improvements 2012-2014 cycle (Amendments to various standards) - These narrow-scope amendments apply to a total of four standards as part of the International Accounting Standards Board's (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 January 1, 2016. Earlier application is permitted with special transitional requirements.
- Disclosure initiative (Amendments to IAS 1, *Presentation of Financial Statements*) - As a part of the IASB's major initiative to improve presentation and disclosure in financial reports, the amendments provide guidance on and encourage the application of judgment in the preparation of financial statements and disclosures. 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.
- 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.
- 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.
- 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. On September 11, 2015, the IASB approved an amendment to IFRS 15 formalizing the deferral of the effective date by one year to January 1, 2018.

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 standard to determine the potential impact, if any, on our financial statements once they are adopted. At this time, we have not been able to estimate reasonably the impact on our financial statements.

Changes in internal control over financial reporting

There were no changes to internal control over financial reporting during the quarter beginning July 1, 2015 and ended on September 30, 2015 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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; 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; 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 the 2014 Annual MD&A.