

TMX Group Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

November 9, 2017

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 (Q3/17) and nine months ended September 30, 2017, compared with the quarter (Q3/16) and nine months ended September 30, 2016 and as at December 31, 2016. This MD&A should be read together with our Q3/17 unaudited condensed consolidated financial statements as at and for the quarter and nine months ended September 30, 2017 (financial statements) and the 2016 Annual MD&A.

Our financial statements and this MD&A for the quarter and nine months ended September 30, 2017 are filed with Canadian securities regulators and can be accessed at www.tmx.com and www.sedar.com. The financial measures included in this MD&A for TMX Group 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 at www.tmx.com and www.sedar.com. We are not incorporating information contained on our website in this MD&A.

INITIATIVES AND ACCOMPLISHMENTS¹

Acquisition of Trayport and Sale of Natural Gas Exchange (NGX) and Shorcan Energy Brokers

In October 2017, we announced that we had entered into an agreement to acquire London-based Trayport Holdings Limited, and its U.S.-based affiliate, Trayport Inc. (Trayport), a world-leading provider of pre-trade energy solutions for traders, brokers and exchanges from Intercontinental Exchange, Inc. (ICE) for £550 million / C\$931² million total consideration, including £350 million / C\$592 million in cash. In conjunction with the proposed acquisition of Trayport, TMX Group has agreed to sell Natural Gas Exchange Inc. (NGX) and Shorcan Energy Brokers Inc. (Shorcan Energy) to ICE, valued at a combined £200 million / C\$339 million. The sale of these assets was an important component of our successful bid, which is part of the total consideration for the acquisition of Trayport.

In connection with the execution of the agreements, TMX Group and ICE also entered into a non-binding memorandum of understanding agreeing to explore in the future further avenues for possible collaboration.

The acquisition of Trayport brings a proven team of product development, data, analytics and sales talent to us and immediately strengthens our global data and analytics business. From a strategic perspective, this transaction significantly accelerates our global expansion, increases the portion of our revenue from recurring sources (from approximately 40%

¹ The "Initiatives and Accomplishments" 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.

² All GBP (Sterling) amounts have been converted to Canadian dollars at the Bank of Canada spot rate of 1.6924 as of October 25, 2017.

to approximately 50% pro-forma)^{3,4} and enhances the portfolio of analytics products in our Market Insights business. Jean Desgagné, President & CEO, TMX Global Solutions, Insights and Analytics Strategies, will be responsible for this business.

Trayport was founded in 1993 and currently has approximately 240 employees in offices in London, New York and Singapore. Trayport will continue to license its solutions platform to serve a global client base comprised of energy commodities traders, exchanges, wholesale brokers, and central clearing counterparties (CCPs), providing price discovery, trade execution, and post-trade services. We plan to strategically invest to support Trayport's existing growth initiatives while also seeking ways to develop and deploy analytics and benchmark products to facilitate better trading strategies, leverage the combination of Trayport's European leadership with TMX's expertise in North American energy markets to create new products, and explore strategic relationships in new geographies.

Summary financial details:

- The £550 million / C\$931 million purchase price comprised of £350 million / C\$592 million in cash, and NGX and Shorcan Energy, valued at a combined £200 million / C\$339 million.
- The cash consideration is expected to be funded through a combination of approximately C\$200 million of cash on hand, approximately C\$175 million of commercial paper, and the balance through a portion of our new fully committed credit facility of C\$650 million
- Trayport's last twelve months (LTM) revenue through June 30, 2017 was £58 million / C\$99 million, and adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) was £30 million / C\$51 million. For the period from 2014 to 2016, Trayport's revenue has increased at a compounded annual growth rate (CAGR) of 9% and EBITDA increased at a CAGR of 10%.⁵
- The combined LTM revenue of NGX and Shorcan Energy through June 30, 2017 was approximately C\$59 million and the combined operating expenses were approximately C\$34 million.
- The transaction is expected to have a positive impact on TMX Group's adjusted earnings per share, being immediately accretive in 2018⁶, before any synergies.
- The expected transaction costs related to the agreements to acquire Trayport and sell NGX and Shorcan Energy Brokers are approximately \$25.0 to \$27.0 million, of which \$0.5 million was included in *Selling, general and administration* expenses in Q3/17.

Closing:

The UK Competition and Markets Authority (CMA) has approved the sale of Trayport to TMX Group. The sale of NGX and Shorcan Energy to ICE is subject to regulatory approval and notifications including approval from the Canadian Competition Bureau. The parties anticipate closing the sale of NGX in late 2017 or early 2018. If closing of the sale of NGX and Shorcan Energy does not occur within 45 days from October 27, 2017 then, at the election of TMX Group or ICE, the purchase of Trayport can be separated from the sale of NGX and Shorcan Energy, and the purchase of Trayport can be completed for the full price of £550 million / C\$931 million in cash. The sale of NGX and Shorcan Energy to ICE would take place subsequent to closing conditions being satisfied, including receipt of applicable regulatory approvals, for £200 million in cash. If closing of the sale of NGX and Shorcan Energy to ICE does not occur within 90 days from October 27, 2017, ICE has the option to not proceed with the purchase of NGX and Shorcan Energy.

³ Recurring revenue streams include substantially all of Market Insights, as well as sustaining listing fees, custody fees, transfer agency fees, and other access / subscription based revenues.

⁴ Pro Forma revenue for 2016 excludes NGX and Shorcan Energy and includes Trayport. Trayport revenue is a compilation of financial information provided to us for the Trayport entities. This financial information is unaudited.

⁵ Trayport revenue and adjusted EBITDA are compilations of financial information provided to us for the Trayport entities. Trayport adjusted EBITDA excludes management charges from GFI Group (its previous owner), FX gains/losses, and dividend income/losses. This financial information is unaudited.

⁶ Adjusted earnings per share excludes the impact of transaction fees and amortization of purchased intangibles.

Capital Markets

Capital Formation

Toronto Stock Exchange (TSX) had the best nine months ended September 30 since 2013 for new corporate issuers with 34 new corporate issuers (21 new corporate listings, 13 new graduates from TSX Venture Exchange (TSXV)). The total capital raised in the nine months ended September 30, 2017 from corporate IPOs represented a diversified range of sectors totaling \$3.3 billion.

In February 2017, The Advancing Innovation Roundtable, an independent working group funded by TMX Group, published a report on how to increase access to growth capital for Canadian innovation economy companies as they progress beyond the seed and start-up stages. Announced in October 2016, the 12-member Roundtable is a private sector, investor-led initiative bringing together leaders across Canada's financial services industry, including finance, investment and capital formation. The recommendations of the Advancing Innovation Roundtable focus on solutions, sourced from both the public and private markets, which address the scalability and financing issues across Canada's ecosystem that serves as the foundation for the long-term sustainability of our country's innovation economy.

In April 2017, we announced a new Distributed Ledger Technology (DLT) prototype as part of our strategy to maximize efficiencies and solve day-to-day client challenges across our various business areas. We developed the electronic shareholder voting system prototype based on DLT, more commonly known as blockchain technology, in collaboration with Accenture. Designed as a public company solution for TSX Trust, TMX's transfer agency and corporate trust services provider, the E-Proxy Voting System prototype aims to significantly improve the efficiency and accuracy of the voting process during annual shareholder meetings, while also enhancing security through advancements in cryptography. The introduction of a blockchain-based system will also help increase engagement in corporate governance actions by removing the need for shareholders to be physically present during the voting process. Also, in June 2017, TSX Trust scrutineered the first-ever totally virtual annual general and special meeting for Concordia International Corporation.

In June 2017, TSX and TSXV announced the appointment of a Head of Business Development in Israel. This move will allow us to focus on strengthening relationships with the Israeli business community and exploring new opportunities as part of our international growth strategy.

In July 2017, TSX announced that it had reached a significant milestone with 500 exchange traded funds (ETFs) listed. This number has more than doubled in the past five years, bringing the total market capitalization of listed ETFs to approximately \$134 billion as of September 30, 2017. In the first nine months of 2017, TSX listed 74 ETFs and welcomed seven new providers: AGF Investments Inc., Desjardins Global Asset Management Inc., Evolve Funds Group Inc., Excel Funds Management Inc., Franklin Templeton Investments, Manulife Asset Management Limited and U.S. Global Investors Funds.

In October 2017, TMX Group and the Shenzhen Stock Exchange (SZSE) signed a non-binding Memorandum of Understanding (MoU) pursuant to which TMX Group and SZSE agree to explore opportunities for economic cooperation with a specific focus on the technology and innovation sectors. Under the scope of the MoU, TMX Group and SZSE intend to create the "China-Canada Technology and Innovation Companies Service Initiative" with the goal of connecting investors and companies in the technology and innovation sectors in each of the two countries through an expanded capital formation platform.

Equities and Fixed Income Trading and Clearing

In June 2017, we announced the launch of a new reporting capability on TSX NAVex that will provide fund manufacturers transparency into the advisors driving the sale of their products. The first of its kind in Canada, the TSX NAVex Information Portal was developed in collaboration with Broadridge Financial Solutions, Inc. to provide valuable intelligence about the distribution of products, while enabling essential functions such as commission processing. We expect to be live on the platform in early 2018.

In September 2017, CDS Clearing and Depository Services Inc. (CDS) announced the successful transition to a two day securities settlement period, or T+2, from the previous three day period, or T+3. The shift to T+2 is the result of the

collective efforts of multiple stakeholders from across Canada's financial industry. Timed to coincide with the same change in U.S. markets, the move to settle trades more quickly provides significant benefits to CDS's client base, enabling participants to better mitigate counterparty, market and liquidity risks by reducing both outstanding settlements and associated replacement cost risks.

In October 2017, Payments Canada, the Bank of Canada and TMX Group announced a collaboration to experiment with an integrated securities and payment settlement platform based on distributed ledger technology (DLT) as part of the third phase of the Project Jasper research initiative. This next phase of the project will develop a proof of concept for the clearing and settlement of securities using the central bank cash-on-ledger model. The platform would seek to discover greater speed and efficiency by automating the securities settlement process.

Derivatives and Energy Markets

Derivatives Trading and Clearing

Montreal Exchange (MX) achieved a new open interest record on the Three-Month Canadian Bankers' Acceptance Futures (BAX) with 1,158,188 contracts reached on September 6, 2017.

In December 2016, we launched single stock futures (SSFs) on about 20 symbols. The balance of the S&P/TSX 60⁷ symbols were added throughout Q1/17. At the end of September 2017, open interest reached approximately 174,000 contracts.

In September 2017, Canadian Derivatives Clearing Corporation (CDCC) announced a proposal to expand its fixed income service to enable certain Canadian buy-side firms to clear cash or repurchase agreements trades directly through CDCC. CDCC's new direct-clearing model seeks to extend the range of significant benefits associated with central clearing counterparty (CCP) clearing, including capital, margin and collateral efficiencies to a new membership category called Limited Clearing Members (LCMs). The onboarding of LCMs as direct clearing members is expected to begin in 2018, subject to public consultation and regulatory approval.

Energy Trading and Clearing

In May 2017, we announced the development of a blockchain-based prototype to power a new service offering from Natural Gas Exchange (NGX). NGX collaborated with Nuco Inc., a digital infrastructure provider, to build a new system using DLT to improve the tracking of natural gas flows at delivery locations in the United States. The prototype is designed to optimize the NGX natural gas settlement process for clients by providing a transparent view of gas movements across locations and enabling participants to more accurately report their positions. The NGX use case for the prototype also has the potential to enhance delivery and payment processing, mitigate the risk of, and expedite remediation of, supply shortfalls, and provide secure transactional data.

Also in May 2017, NGX launched a new Portfolio Margining methodology, providing clients with increased collateral efficiencies and realized benefits for portfolio diversification. The model was comprehensively reviewed with both the Commodity Futures and Trading Commission (CFTC) and the Alberta Securities Commission (ASC) and self-certified with the CFTC. Feedback from clients has been positive both in terms of acknowledging NGX's continued commitment to robust risk management, as well as an appreciation of the capital efficiencies savings for most companies.

⁷ The "S&P/TSX 60" is a product of S&P Dow Jones Indices LLC ("SPDJI") and TSX Inc. ("TSX"). Standard & Poor's® and S&P® are registered trademarks of Standard & Poor's Financial Services, LLC ("S&P"); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"); and TSX® is a registered trademark of TSX. SPDJI, Dow Jones, S&P and TSX do not sponsor, endorse, sell or promote any products based on the S&P/TSX 60 and none of such parties make any representation regarding the advisability of investing in such product(s) nor do they have any liability for any errors, omissions or interruptions of the S&P/TSX 60 or any data related thereto.

Market Insights

In February 2017, we entered into an agreement to sell our wireless and extranet infrastructure services business known as TMX Atrium. In 2016 and the four months ended April 30, 2017, TMX Atrium earned approximately \$26.3 million and \$8.6 million of revenue, respectively, and incurred approximately \$30.3 million and \$9.5 million in operating expenses before strategic re-alignment expenses, respectively. The decision to enter into this transaction was made within the scope of TMX Group's ongoing strategic initiative to streamline its organizational structure and position the company to deliver profitable long-term growth. The transaction closed on April 30, 2017.

In May 2017, we announced that we had teamed up with IRESS, a leading supplier of technology for wealth management and financial markets, to develop compatibility between the IRESS products and the TMX Analytics Transaction Cost Analysis (TCA) application. TMX Analytics TCA offers clients protected access to their trade and order history and enables them to review performance, routing and venue quality in intuitive, customizable formats. Other key features include support for Markets in Financial Instruments Directive (MiFID) II and analysis of interlisted trading data for equities also listed on international venues.

Update on Integrated Clearing Platform and Strategic Re-alignment Process⁸

In June 2017, we announced that we had chosen Tata Consultancy Services (TCS), a leading IT services, consulting and business solutions organization, to implement a single, integrated technology platform for Canada's clearing and settlement businesses. The innovative platform, called TCS BaNCS for Market Infrastructure, will replace the legacy systems deployed by CDS and CDCC, subject to regulatory approval where required. Our current estimate of the expected cash outlays is approximately \$55.0 - \$60.0 million from 2017 to 2019, of which approximately \$5.0 million was spent on capital expenditures in the nine months ended September 30, 2017 with approximately \$5.0 million to be spent in Q4/17. Substantially all of the costs will be related to capital expenditures and we expect that almost half of the total spend will occur in 2018. The expected annual savings in operating expenses on a run rate basis, compared with our current cost structure, are expected to be approximately \$6.0 to \$8.0 million, starting in 2020. As we transition to the new platform, it is likely that operating expenses will increase over the short-term before we realize savings in 2020.

In September 2016, we provided a detailed update on the progress made in streamlining our organization, and said that we were targeting further cost reductions before strategic re-alignment expenses related largely to compensation and benefits of \$8.0 to \$10.0 million per year on a run rate basis to be realized by the end of 2016 and \$3.0 to \$5.0 million per year in additional savings on a run rate basis to be realized by the end of 2017, net of the costs associated with new employees that may be hired as we invest in our strategic priorities. We indicated that the majority of the headcount reductions would be completed by the end of Q1/17. Approximately 95 full-time positions and about 20 consultants and contractors were expected to be impacted.

By the end of 2016, we had realized approximately \$12.6 million in savings on a run rate basis, net of the costs associated with new employees. We exceeded our target of \$8.0 to \$10.0 million in net savings per year on a run rate basis, as we exited 2016, largely by accelerating the process of streamlining the organization. The majority of the headcount reductions were completed by the end of Q4/16. Most planned reductions in headcount for 2017 occurred in 1H/17. While there will be some additional savings in 2017, we expect most of these savings will be offset by the costs associated with new employees that continue to be hired as we invest in our strategy. For the full program, we still expect to achieve the overall target of \$11.0 to \$15.0 million in net cost savings per year on a run rate basis as we exit 2017. The savings through the first nine months ended September 30, 2017 was approximately \$8.9 million.

⁸ The "Update on Integrated Clearing Platform and Strategic Re-alignment Process" 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

On August 9, 2017 we announced executive changes, including new strategic and expanded responsibilities for members of our senior management team:

- Jean Desgagné assumed the newly created role of President & CEO, TMX Global Solutions, Insights and Analytics Strategies. The mandate for this new leadership position is to implement and oversee a cohesive TMX Group enterprise approach to innovative technology and data driven solutions. The purpose is to enrich the client experience across TMX Group's capital markets community by providing ready access to benchmark data and analytics products. He assumes oversight of the existing Market Insights business.
- In addition to his current role as Chief Financial Officer, John McKenzie also takes on administrative oversight of CDS and CDCC. Glenn Goucher continues in his role as the head of CDS and CDCC, reporting to the Boards of the two clearing houses.
- Cheryl Graden's mandate has been expanded to include oversight of enterprise risk management, as Senior Vice President, Group Head of Legal and Business Affairs, Enterprise Risk Management and Government Relations
- Jay Rajarathinam, who joined TMX Group from NYSE/Intercontinental Exchange in July 2016, as Chief Information Officer, has been promoted to TMX Group's Executive Committee and will now report directly to Lou Eccleston, Chief Executive Officer.
- Eric Sinclair, President, TMX Market Insights retired at the end of August 2017. Over the past 14 years, Mr. Sinclair has made significant contributions to TMX Group leading the growth of our data business by establishing a strong client focus, developing new products and services and implementing a professional sales force.

In October 2017, we launched a new global marketing campaign designed to celebrate progress and breakthrough achievement in today's continuously-evolving business landscape and to highlight the important role TMX plays in connecting visionary clients to a limitless world of opportunity. The campaign will continue over the next few months.

REGULATORY CHANGES⁹

Equity Trading

On January 25, 2017, the Canadian Securities Administrators (CSA) announced approval of further reductions to the cap on active trading fees applicable to ETFs and non-interlisted equities securities executed at \$1.00 or greater - These were reduced from \$0.0030 to \$0.0017 per share/unit traded, effective May 1, 2017. In April 2017, we announced that we reduced our active fee on these securities to \$0.0015 per share/unit traded, effective May 1, 2017. The passive credit was reduced to \$0.0011, also effective May 1, 2017, maintaining the \$0.0004 net spread. We expect that these fee changes could result in a reduction in revenue of approximately \$1.3 to \$1.5 million on an annual basis. No changes are necessary to the fees for TSX Alpha Exchange (Alpha) as it employs an inverted maker-taker model, which results in an active rebate rather than a fee. The reduced fee cap for non-interlisted securities is directionally aligned with what TMX Group had initiated through its maker taker reduction program that commenced in June 2015.

Market Insights

The CSA's data fees methodology estimates a fee range for top-of-book (Level 1) and depth-of-book (Level 2) market data based on a marketplace's contribution to price discovery and trading activity. Effective October 1, 2016, amendments to National Instrument 23-101 - Trading Rules came into force, which among other things, outlined a transparent methodology to be used by the CSA when reviewing professional market data fees charged by a marketplace. In 2017, the CSA is applying the methodology at least annually to determine whether a marketplace's data fees are higher than the range identified using the methodology. While this methodology does recognize the value of TMX Group's exchanges' offerings and market share relative to our domestic competitors, it introduces a stricter regulatory regime for market data fees. In April 2017 we received notice from the Ontario Securities Commission (OSC) that we will need to amend our market data fees for Alpha. We expect that the revised fees could result in a reduction in revenue of approximately \$1.0 to \$1.2 million on an annual basis, when changes become effective October 1, 2017. We were also advised that we would not need to amend our market data fees for TSX or TSXV.

MARKET CONDITIONS

Overall, Canadian equities trading volumes were down 2% in the first nine months of 2017 compared with the same period last year¹⁰. The average CBOE Volatility Index (VIX) was 11.4 during the first nine months of 2017, down significantly from 16.4 during the same time period in 2016. Trading on TSXV increased with a 7% increase in volumes traded in the first nine months of 2017 compared with the same period last year; however, there was a decline of 16% in the volume traded on TSX over the same period. Derivative trading in Canada was positively impacted by speculation around an increase in interest rates as reflected in a 10% increase in the volume of contracts traded on MX in the first nine months of 2017 compared with the same period last year.

Canadian equities indices and the market capitalization of listed issuers increased since the end of 2016. For TSXV (including NEX), there was a 57% increase in the total amount of financing dollars raised and a 1% increase in the total number of financings in the first nine months of 2017 over the same period last year. On TSX, the total amount of financing dollars raised declined by 16% and the total number of financings decreased by 5% in the first nine months of 2017 compared with the same period last year. Looking specifically at IPOs on TSX, there was a 29% increase in the number of IPOs and a 472% increase in IPO financing dollars raised in the first nine months of 2017 compared with the same period last year.

⁹ The "Regulatory Changes" section above contains certain forward-looking statements. Please refer to "Caution Regarding Forward-Looking Information" for a discussion of risks and uncertainties related to such statements.

¹⁰ Source: IIROC (excluding intentional crosses).

Total energy volumes at NGX in the first nine months of 2017 were 5% higher compared with the same period in 2016 as supply and demand fundamentals and increased price volatility drove market participants' behavior towards longer-term contracts, which offset the impact of a warmer than normal winter. Natural Gas volumes in the first nine months of 2017 increased by 6% over the same period last year as a result of changing fundamentals at certain hubs, especially the Dawn, Ontario hub, which were conducive to the increase of term trading in long-tenor products.

On October 25, 2017, The Bank of Canada maintained its target for the overnight rate at 1 per cent.¹¹ Inflation has picked up in recent months, as anticipated in the Bank's July Monetary Policy Report, reflecting stronger economic activity and higher gasoline prices. The Bank projects inflation will rise to 2 per cent in the second half of 2018.

RESULTS OF OPERATIONS

Non-IFRS Financial Measures

Adjusted earnings per share and adjusted diluted earnings per share 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 intangibles related to acquisitions, non-cash impairment charges, write-off of deferred income tax assets, increase in deferred income tax assets resulting from capital loss carryback, strategic re-alignment expenses and transaction related costs. 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 or not useful to investors.

Additional IFRS Measures

Income from operations before strategic re-alignment expenses and income from operations are important indicators of TMX Group's ability to generate liquidity through operating cash flow to fund future working capital needs, service outstanding debts and fund future capital expenditures. The intent of these performance measures is to provide additional useful information to investors and analysts; however, these measures should not be considered in isolation.

BOX (BOX Holdings)

In January 2015, BOX launched a program to incent subscribers to provide liquidity. In exchange for providing this liquidity and a nominal cash payment, subscribers received volume performance rights (VPRs), which are comprised of Class C units of BOX and an order flow commitment. The VPRs vest over 20 quarters of the 5-year order flow commitment period if minimum volume targets are achieved. If a subscriber fails to meet its minimum volume targets, its VPRs are available for reallocation to those subscribers that exceed their minimum volume targets, if any. Those VPRs may vest earlier. In September 2015, the VPR program was granted regulatory approval by the Securities Exchange Commission (SEC). Pursuant to the terms of the VPR program, subscribers became entitled to immediate economic participation in BOX for VPRs held.

As of July 1, 2016, we determined that we did not hold majority voting power on the board of directors as Class C units in certain vested VPRs became entitled to vote at board meetings. As of this date, we no longer consolidated BOX as we ceased to hold the majority of voting power on the board of directors and exercise control. As a result our financial results from July 1, 2016 forward do not include the results of BOX other than our share of BOX's net income (loss), which is

¹¹ Source: Bank of Canada press release, October 25, 2017

reflected in Share of net income (loss) from equity accounted investees. For periods prior to July 1, 2016 our financial results include the results from BOX on a consolidated basis.

Effective July 1, 2016, Derivatives revenue also includes revenue from licensing SOLA technology and providing other services to BOX. This revenue was previously eliminated when BOX's operating results were consolidated in our financial statements.

Three Months Ended September 30, 2017 Compared with Three Months Ended September 30, 2016

The information below reflects the financial statements of TMX Group for the quarter ended September 30, 2017 compared with the quarter ended September 30, 2016.

(in millions of dollars, except per share amounts)	Q3/17	Q3/16	\$ increase/ (decrease)	% increase/ (decrease)
Revenue	\$166.1	\$180.3	\$(14.2)	(8)%
Operating expenses before strategic re-alignment expenses	92.5	104.3	(11.8)	(11)%
Income from operations before strategic re-alignment expenses ¹²	73.6	76.0	(2.4)	(3)%
Strategic re-alignment expenses	0.0	17.7	(17.7)	(100)%
Income from operations ¹³	73.6	58.3	15.3	26%
Net income attributable to TMX Group shareholders	51.9	39.2	12.7	32%
Earnings per share ¹⁴				
Basic	0.94	0.72	0.22	31%
Diluted	0.93	0.72	0.21	29%
Adjusted Earnings per share ¹⁵				
Basic	1.07	1.08	(0.01)	(1)%
Diluted	1.06	1.08	(0.02)	(2)%
Cash flows from operating activities	63.4	82.9	(19.5)	(24)%

Net income attributable to TMX Group shareholders

Net income attributable to TMX Group shareholders in Q3/17 was \$51.9 million, or \$0.94 per common share on a basic basis and \$0.93 per common share on a diluted basis, compared with a net income of \$39.2 million, or \$0.72 per common share on a basic and diluted basis, for Q3/16. The increase in net income in Q3/17 reflected lower operating expenses before strategic re-alignment expenses and no strategic re-alignment expenses, partially offset by significantly lower revenue. In addition, we incurred lower net finance costs in Q3/17 compared with Q3/16. The increase in diluted earnings per share was partially offset by the impact from an increase in the number of weighted-average common shares

¹² See discussion under the heading *Additional IFRS Financial Measures*.

¹³ See discussion under the heading *Additional IFRS Financial Measures*.

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

¹⁵ See discussion under the heading *Non-IFRS Financial Measures*.

outstanding in Q3/17 compared with Q3/16. In addition, during Q3/16, we recorded non-cash income tax adjustments of approximately \$2.0 million (net) largely related to the de-consolidation of results from BOX, which reduced income tax expense, and increased net income and earnings per share.

Adjusted Earnings per Share¹⁶ Reconciliation for Q3/17 and Q3/16

The following is a reconciliation of earnings per share¹⁷ to adjusted earnings per share¹⁸:

(unaudited)	Q3/17		Q3/16	
	Basic	Diluted	Basic	Diluted
Earnings per share ¹⁹	\$0.94	\$0.93	\$0.72	\$0.72
Adjustments related to:				
Amortization of intangibles related to acquisitions	0.12	0.12	0.12	0.12
Transaction related costs ²⁰	0.01	0.01		
Strategic re-alignment expenses	—	—	0.24	0.24
Adjusted earnings per share ²¹	\$1.07	\$1.06	\$1.08	\$1.08
Weighted average number of common shares outstanding	55,343,247	55,738,058	54,683,749	54,709,719

Adjusted diluted earnings per share decreased by 2% from \$1.08 in Q3/16 to \$1.06 in Q3/17. The decrease in adjusted diluted earnings per share reflected significantly lower revenue partially offset by lower operating expenses before strategic re-alignment expenses, excluding amortization of intangibles related to acquisitions, and lower net finance costs. The decrease also reflected the impact from an increase in the number of weighted-average common shares outstanding in Q3/17 compared with Q3/16. In addition, during Q3/16, we recorded non-cash income tax adjustments of approximately \$2.0 million (net) largely related to the de-consolidation of results from BOX, which reduced income tax expense, and increased adjusted earnings per share.

¹⁶ See discussion under the heading *Non-IFRS Financial Measures*.

¹⁷ Earnings per share information is based on net income attributable to TMX Group shareholders.

¹⁸ See discussion under the heading *Non-IFRS Financial Measures*.

¹⁹ Earnings per share information is based on net income attributable to TMX Group shareholders.

²⁰ Includes costs related to the agreement to acquire Trayport and divest NGX and Shorcan Energy.

²¹ See discussion under the heading *Non-IFRS Financial Measures*.

Revenue

In 2015, we undertook a strategic realignment of our operations and revised our reporting segments information for the year ended December 31, 2015. In Q4/16 we further revised operations and our reporting for our Efficient Markets operating segment. This segment has been separated into Equities and Fixed Income Trading and Clearing and Energy Trading and Clearing. Effective Q4/16, we now report revenue in the following categories:

- Capital Formation
- Equity and Fixed Income Trading and Clearing
- Derivatives Trading and Clearing
- Energy Trading and Clearing
- Market Insights
- Other (includes Market Solutions, which was previously reported with Efficient Markets)

Results for Q3/16 have been restated to conform to this new structure.

(in millions of dollars)	Q3/17	Q3/16	\$ increase/ (decrease)	% increase/ (decrease)
Capital Formation	\$43.0	\$45.9	\$(2.9)	(6)%
Equities and Fixed Income Trading and Clearing	41.6	41.1	0.5	1%
Derivatives Trading and Clearing	27.7	27.2	0.5	2%
Energy Trading and Clearing	13.4	13.2	0.2	2%
Market Insights	42.4	52.6	(10.2)	(19)%
Other	(2.0)	0.3	(2.3)	(767)%
	\$166.1	\$180.3	\$(14.2)	(8)%

Revenue was \$166.1 million in Q3/17, down \$14.2 million or 8% compared with \$180.3 million in Q3/16 largely attributable to a decline in *Market Insights* revenue reflecting both a \$1.4 million decrease in revenue from Razor Risk (sold on December 31, 2016), and a \$6.5 million decrease in revenue from TMX Atrium (sold on April 30, 2017). Revenue for Q3/17 decreased by 4% over Q3/16, excluding the Razor Risk and TMX Atrium businesses. There were also declines in *Capital Formation* and *Equity trading* revenue. *Other* revenue also declined largely due to the impact from recognizing net foreign exchange losses on U.S. dollar net monetary assets in Q3/17 compared with net foreign exchange gains in Q3/16. The decreases in revenue were somewhat offset by increases in *Fixed Income Trading and CDS* revenue, *Derivatives Trading and Clearing* revenue from MX and CDCC, as well as *Energy Trading and Clearing* revenue.

Capital Formation

(in millions of dollars)	Q3/17	Q3/16	\$ increase/ (decrease)	% increase/ (decrease)
Initial listing fees	\$2.5	\$2.0	\$0.5	25%
Additional listing fees	17.5	23.2	(5.7)	(25)%
Sustaining listing fees	17.7	16.4	1.3	8%
Other issuer services	5.3	4.3	1.0	23%
	\$43.0	\$45.9	\$(2.9)	(6)%

- *Initial listing fees* for Q3/17 were higher than in Q3/16 reflecting an increase in IPO financing dollars raised on TSX and TSXV.
- *Additional listing fees* in Q3/17 decreased from Q3/16 reflecting a 20% decrease in the number of transactions billed on TSX. There was also a decrease in *additional listing fees* on TSXV reflecting a decrease in the number of financings in Q3/17 compared with Q3/16.
- 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. There was an increase in *sustaining listing fees* on both TSX and TSXV due to the increase in the market capitalization of issuers at December 31, 2016 compared with December 31, 2015.
- *Other issuer services* revenue in Q3/17 was higher compared to Q3/16 reflecting increased revenue from TSX Trust for transfer agent and corporate trust services.

Equity and Fixed Income Trading and Clearing

(in millions of dollars)	Q3/17	Q3/16	\$ increase/ (decrease)	% increase/ (decrease)
Equity and fixed income trading	\$22.9	\$23.7	(\$0.8)	(3)%
Equity and fixed Income - clearing, settlement, depository and other services (CDS)	18.7	17.4	1.3	7%
	\$41.6	\$41.1	\$0.5	1%

- There was a decrease in *Equity and fixed income trading* revenue in Q3/17 compared with Q3/16 reflecting lower *equity trading* revenue due to lower volumes. This was partially offset by higher *fixed income trading* revenue due to increased activity in Government of Canada Bonds and swaps.
- There was a decrease in the overall volume of securities traded on our equities marketplaces of 21% (27.9 billion securities in Q3/17 versus 35.1 billion securities in Q3/16). Volumes on TSX and TSXV decreased by 20% and 23%, respectively in Q3/17 compared with Q3/16 and volumes on Alpha decreased by 17% over the same period.
- Excluding intentional crosses, in all listed issues in Canada, our combined domestic equities trading market share was 63% in Q3/17, down from 69% in Q3/16. The decline in market share reflects an increase in trading volume of issues not listed on TSX or TSXV.
- CDS revenue increased by 7% from Q3/16 to Q3/17 largely reflecting revisions to the fee schedule for issuer services implemented on March 1, 2017.

Derivatives Trading and Clearing

(in millions of dollars)	Q3/17	Q3/16	\$ increase	% increase
	\$27.7	\$27.2	\$0.5	2%

- The increase in *Derivatives Trading and Clearing* revenue was driven by higher revenue from MX and CDCC due to increased volumes, somewhat offset by the impact of lower revenue per contract due to higher rebates. Volumes increased by 17% on MX (23.8 million contracts traded in Q3/17 versus 20.3 million contracts traded in Q3/16).

Energy Trading and Clearing

(in millions of dollars)	Q3/17	Q3/16	\$ increase	% increase
	\$13.4	\$13.2	\$0.2	2%

- Energy Trading and Clearing* revenue increased reflecting higher revenue from Shorcan Energy Brokers Inc. (Shorcan Energy Brokers) and the Natural Gas Exchange (NGX). The increase was partially offset by an unfavourable impact from a stronger Canadian dollar relative to the U.S. dollar in Q3/17 compared with Q3/16.
- Total energy volumes were 10% higher compared to Q3/16 at NGX (3.3 million terajoules in Q3/17 compared with 3.0 million terajoules in Q3/16). Natural Gas volumes in Q3/17 increased over Q3/16 as price volatility increased.

Market Insights

(in millions of dollars)	Q3/17	Q3/16	\$ (decrease)	% (decrease)
	\$42.4	\$52.6	\$(10.2)	(19)%

- The decrease in *Market Insights* revenue in Q3/17 compared with Q3/16 reflected a decline of \$1.4 million in revenue from Razor Risk (sold on December 31, 2016), and \$6.5 million in revenue from TMX Atrium (sold on April 30, 2017). The decrease also reflected lower revenue recoveries related to under-reported usage of real time quotes in prior periods, a decrease in professional market data subscriptions, and an unfavourable impact from a stronger Canadian dollar relative to the U.S. dollar in Q3/17 compared with Q3/16.
- Revenue for Q3/17 decreased by 5% over Q3/16 in the *Market insights* business, excluding Razor Risk and TMX Atrium.
- The average number of professional market data subscriptions for TSX and TSXV products decreased by 4% from Q3/17 to Q3/16 (100,981 professional market data subscriptions in Q3/17 compared with 104,763 in Q3/16).
- The average number of MX professional market data subscriptions was down 3% from Q3/17 to Q3/16 (17,877 MX professional market data subscriptions in Q3/17 compared with 18,370 in Q3/16).

Other

(in millions of dollars)	Q3/17	Q3/16	\$ (decrease)	% (decrease)
	\$(2.0)	\$0.3	\$(2.3)	(767)%

- The decrease in *Other* revenue was largely due to the impact from recognizing net foreign exchange losses on U.S. dollar net monetary assets in Q3/17 compared with net foreign exchange gains in Q3/16.

Operating expenses before strategic re-alignment expenses

(in millions of dollars)	Q3/17	Q3/16	\$ increase/ (decrease)	% increase/ (decrease)
Compensation and benefits	\$46.1	\$51.2	\$(5.1)	(10)%
Information and trading systems	11.5	19.4	(7.9)	(41)%
Selling, general and administration	21.0	19.0	2.0	11%
Depreciation and amortization	13.9	14.7	(0.8)	(5)%
	\$92.5	\$104.3	\$(11.8)	(11)%

Operating expenses before strategic re-alignment expenses in Q3/17 were \$92.5 million, down \$11.8 million or 11%, from \$104.3 million in Q3/16. There were reduced costs related to Razor Risk and TMX Atrium of approximately \$2.8 million and approximately \$6.5 million respectively, as well as lower compensation and benefits costs (including employee performance incentive plan costs) of approximately \$2.7 million related to our strategic re-alignment initiative. In addition, during Q3/16, there was a write-off of approximately \$2.8 million in costs related to discontinued products. The decreases in costs were partially offset by approximately \$2.2 million of increased severance costs (not included as part of strategic re-alignment expenses) and a change in bad debt expense.

Compensation and benefits

(in millions of dollars)	Q3/17	Q3/16	\$ (decrease)	% (decrease)
	\$46.1	\$51.2	\$(5.1)	(10)%

- Compensation and benefits* costs decreased in Q3/17 reflecting reduced costs related to Razor Risk and TMX Atrium of approximately \$2.3 million and approximately \$1.4 million respectively. In addition, there were lower compensation and benefits costs (including employee performance incentive plan costs) of approximately \$2.7 million related to our strategic re-alignment initiative. There were also lower net employee incentive plan costs relating to current employees.
- The decreases were partially offset by increased severance costs (not included as part of strategic re-alignment expenses) of approximately \$2.2 million.
- There were 1,063 TMX Group employees at September 30, 2017 versus 1,113 employees at September 30, 2016 reflecting a reduction in headcount due to our strategic realignment initiative, the sale of Razor Risk on December 31, 2016 which employed approximately 30 people, and the sale of TMX Atrium on April 30, 2017 which employed approximately 20 people.

Information and trading systems

(in millions of dollars)	Q3/17	Q3/16	\$ (decrease)	% (decrease)
	\$11.5	\$19.4	\$(7.9)	(41)%

- *Information and trading systems* expenses decreased in Q3/17 compared with Q3/16 reflecting reduced costs related to Razor Risk and TMX Atrium. In addition, during Q3/16, there was a write-off of approximately \$2.8 million in costs related to discontinued products.

Selling, general and administration

(in millions of dollars)	Q3/17	Q3/16	\$ increase	% increase
	\$21.0	\$19.0	\$2.0	11%

- *Selling, general and administration* expenses increased in Q3/17 compared with Q3/16 primarily due to a change in bad debt expense and increased project costs, including \$0.5 million related to the agreement to acquire Trayport, partially offset by reduced costs related to Razor Risk and TMX Atrium.

Depreciation and amortization

(in millions of dollars)	Q3/17	Q3/16	\$ (decrease)	% (decrease)
	\$13.9	\$14.7	\$(0.8)	(5)%

- Lower *Depreciation and amortization* costs largely reflects a reduction in amortization related to TMX Atrium.
- The *Depreciation and amortization* costs of \$13.9 million included \$8.5 million related to amortization of intangibles related to acquisitions (12 cents per basic and diluted share). The *Depreciation and amortization* costs in Q3/16 of \$14.7 million included \$8.5 million related to amortization of intangibles related to acquisitions (12 cents per basic and diluted share).

Strategic re-alignment expenses

	Q3/17		Q3/16	
(in millions of dollars, except per share amounts) (unaudited)	Pre-tax Amount	Basic and Diluted Earnings per Share Impact ²²	Pre-tax Amount	Basic and Diluted Earnings per Share Impact ²³
Severance and related costs	\$—	\$—	\$16.5	\$0.22
Professional and consulting fees and other charges	—	—	1.2	0.02
Strategic re-alignment expenses	\$—	\$—	\$17.7	\$0.24

The decrease in strategic re-alignment expenses from Q3/16 to Q3/17 reflected a decrease in severance costs and amounts paid to consultants. The initiative to transform the organization was largely completed by the end of 2016. (See **INITIATIVES AND ACCOMPLISHMENTS - Update on Integrated Clearing Platform and Strategic Re-alignment Process**).

Additional Information

Share of net income from equity accounted investees

(in millions of dollars)	Q3/17	Q3/16	\$ increase	% increase
	\$0.9	\$0.1	\$0.8	800%

- In Q3/17 share of net income from equity accounted investees increased by \$0.8 million primarily attributable to our share of income from FTSE TMX Global Debt Capital Markets Limited somewhat offset by our share of loss from our investment in BOX.

²² Earnings per share information is based on net income attributable to TMX Group shareholders.

²³ Earnings per share information is based on net income attributable to TMX Group shareholders.

Net finance costs

(in millions of dollars)	Q3/17	Q3/16	\$ (decrease)	% (decrease)
	\$5.0	\$8.0	\$(3.0)	(38)%

- The decrease in net finance costs from Q3/16 to Q3/17 reflects increased cash levels, which resulted in increased finance income, and lower interest expense due to decreased debt levels. In addition, there were foreign exchange gains on U.S. dollar denominated Commercial Paper in Q3/17 compared with foreign exchange losses in Q3/16 as well as higher mark to mark gains on interest rate swaps over the same period.

Income tax expense and effective tax rate

Income Tax Expense (in millions of dollars)		Effective Tax Rate (%)	
Q3/17	Q3/16	Q3/17	Q3/16
\$17.6	\$11.6	25%	23%

- The effective tax rate for Q3/17 was lower than our statutory tax rate of approximately 27% due to an adjustment related to foreign exchange gains.
- In Q3/16, we recorded non-cash income tax adjustments of approximately \$2.0 million (net) largely related to the de-consolidation of results from BOX, which reduced income tax expense. Excluding these items the effective tax rate for Q3/16 would have been approximately 27%.

Nine Months ended September 30, 2017 Compared with Nine Months ended September 30, 2016

The information below reflects the financial statements of TMX Group for the nine months ended September 30, 2017 compared with the nine months ended September 30, 2016.

(in millions of dollars, except per share amounts)	Nine Months ended September 30, 2017	Nine Months ended September 30, 2016	\$ increase/ (decrease)	% increase/ (decrease)
Revenue	\$542.5	\$552.6	\$(10.1)	(2)%
Operating expenses before strategic re-alignment expenses	295.9	317.9	(22.0)	(7)%
Income from operations before strategic re-alignment expenses ²⁴	246.6	234.7	11.9	5%
Strategic re-alignment expenses	0.0	21.0	(21.0)	(100)%
Income from operations ²⁵	246.6	213.7	32.9	15%
Net income attributable to TMX Group shareholders	165.7	143.8	21.9	15%
Earnings per share ²⁶				
Basic	3.00	2.64	0.36	14%
Diluted	2.97	2.64	0.33	13%
Adjusted Earnings per share ²⁷				
Basic	3.47	3.30	0.17	5%
Diluted	3.44	3.30	0.14	4%
Cash flows from operating activities	217.2	236.7	(19.5)	(8)%

Net income attributable to TMX Group shareholders

Net income attributable to TMX Group shareholders in the nine months ended September 30, 2017 was \$165.7 million, or \$3.00 per common share on a basic basis and \$2.97 per common share on a diluted basis, compared with a net income of \$143.8 million, or \$2.64 per common share on a basic and diluted basis, for the nine months ended September 30, 2016. The increase in net income in the nine months ended September 30, 2017 reflected lower operating expenses before strategic re-alignment expenses and no strategic re-alignment expenses, partially offset by lower revenue. There was also a decrease in income tax expense of approximately \$2.4 million relating to a capital loss carryback, which increased net income in the nine months ended September 30, 2017. In addition, we incurred lower net finance costs in the nine months ended September 30, 2017 compared with the nine months ended September 30, 2016. These increases in net income were partially offset by a non-cash income tax adjustment of \$2.9 million relating to the write off of deferred income tax assets and a non-cash impairment charge of \$4.8 million, both amounts related to TMX Atrium. There was also an unfavorable impact on basic and diluted earnings per share from an increase in the number of weighted-average common shares outstanding in the nine months ended September 30, 2017 compared with the nine months ended September 30, 2016.

²⁴ See discussion under the heading "Additional IFRS Financial Measures".

²⁵ See discussion under the heading "Additional IFRS Financial Measures".

²⁶ Earnings per share information is based on net income attributable to TMX Group shareholders.

²⁷ See discussion under the heading "Non-IFRS Financial Measures".

Adjusted Earnings per Share Reconciliation for Nine Months ended September 30, 2017 and Nine Months ended September 30, 2016 ²⁸

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

(unaudited)	Nine Months ended September 30, 2017		Nine Months ended September 30, 2016	
	Basic	Diluted	Basic	Diluted
Earnings per share	\$3.00	\$2.97	\$2.64	\$2.64
Adjustments related to:				
Amortization of intangibles related to acquisitions	0.36	0.36	0.38	0.38
Transaction related costs ²⁹	0.01	0.01	—	—
Strategic re-alignment expenses	—	—	0.28	0.28
Increase in deferred income tax assets resulting from capital loss carryback ³⁰	(0.04)	(0.04)	—	—
Non-cash impairment charges ³¹	0.09	0.09	—	—
Write-off of deferred income tax assets ³²	0.05	0.05	—	—
Adjusted earnings per share	\$3.47	\$3.44	\$3.30	\$3.30
Weighted average number of common shares outstanding	55,257,596	55,712,733	54,498,450	54,575,795

Adjusted diluted earnings per share increased by 4% from \$3.30 in the nine months ended September 30, 2016 to \$3.44 in the nine months ended September 30, 2017. The increase in adjusted diluted earnings per share reflected significantly lower operating expenses, before strategic re-alignment expenses, excluding amortization of intangibles related to acquisitions, partially offset by lower revenue. In addition, we incurred lower net finance costs in the nine months ended September 30, 2017 compared with the nine months ended September 30, 2016. The increase in basic and diluted earnings per share were partially offset by the impact from an increase in the number of weighted-average common shares outstanding in the nine months ended September 30, 2017 compared with the nine months ended September 30, 2016.

²⁸ Adjusted earnings per shares is a non-IFRS measure. See discussion under the heading "Non-IFRS Financial Measures". Earnings per share information is based on net income attributable to TMX Group shareholders.

²⁹ Includes costs related to the agreement to acquire Trayport and divest NGX and Shorcan Energy.

³⁰ Related to Razor Risk.

³¹ Related to TMX Atrium.

³² Related to TMX Atrium Wireless.

Revenue

Results for the nine months ended September 30, 2016 have been restated to conform to this new structure as discussed above.

(in millions of dollars)	Nine Months ended September 30, 2017	Nine Months ended September 30, 2016	\$ increase/ (decrease)	% increase/ (decrease)
Capital Formation	\$139.4	\$136.3	\$3.1	2%
Equities and Fixed Income Trading and Clearing	136.5	128.8	7.7	6%
Derivatives Trading and Clearing	87.2	89.1	(1.9)	(2)%
Energy Trading and Clearing	42.5	42.0	0.5	1%
Market Insights	140.3	157.0	(16.7)	(11)%
Other	(3.4)	(0.6)	(2.8)	(467)%
	\$542.5	\$552.6	\$(10.1)	(2)%

Revenue was \$542.5 million in the nine months ended September 30, 2017, down \$10.1 million or 2% compared with \$552.6 million in the nine months ended September 30, 2016. There were decreases in *Equities Trading* as well as *Derivatives Trading and Clearing* from de-consolidating BOX, and a decline in *Market Insights* revenue reflecting both a \$4.5 million decrease in revenue from Razor Risk (sold on December 31, 2016) and a \$11.1 million decrease in revenue from TMX Atrium (sold on April 30, 2017). The decrease in *Other* revenue was primarily due to recognizing higher net foreign exchange losses on U.S. dollar and other non-Canadian denominated net monetary assets in the nine months ended September 30, 2017 compared with the nine months ended September 30, 2016 and reclassifying revenue from BOX's regulatory entity from *Other* revenue to *Derivatives Trading and Clearing* revenue effective July 1, 2016. The decreases were offset by increases in *Capital Formation*, *Fixed Income Trading*, *CDS*, and *Energy Trading and Clearing* revenue. Revenue for the nine months ended September 30, 2017 increased by 2% over the nine months ended September 30, 2016, excluding the Razor Risk and TMX Atrium businesses and the \$6.5 million net impact from de-consolidating BOX (effective July 1, 2016).

Capital Formation

(in millions of dollars)	Nine Months ended September 30, 2017	Nine Months ended September 30, 2016	\$ increase/ (decrease)	% increase/ (decrease)
Initial listing fees	\$9.1	\$5.4	\$3.7	69%
Additional listing fees	60.6	68.4	(7.8)	(11)%
Sustaining listing fees	52.4	49.0	3.4	7%
Other issuer services	17.3	13.5	3.8	28%
	\$139.4	\$136.3	\$3.1	2%

- *Initial listing fees* on TSX and TSXV for the nine months ended September 30, 2017 were higher than in the nine months ended September 30, 2016 reflecting an increase in both the number of new issuers listed and amount of IPO financing dollars raised on TSX and TSXV.
- *Additional listing fees* in the nine months ended September 30, 2017 decreased from the nine months ended September 30, 2016 reflecting a 17% decrease in the number of transactions billed on TSX. There was also a decrease in *additional listing fees* on TSXV where the number of financings decreased in the nine months ended September 30, 2017 compared with the nine months ended September 30, 2016.
- 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. There was an increase in *sustaining listing fees* on both TSX and TSXV due to the increase in the market capitalization of issuers at December 31, 2016 compared with December 31, 2015.
- *Other issuer services* revenue in the nine months ended September 30, 2017 was higher compared to the nine months ended September 30, 2016 reflecting higher revenue from TSX Trust for transfer agent and corporate trust services.

Equities and Fixed Income Trading and Clearing

(in millions of dollars)	Nine Months ended September 30, 2017	Nine Months ended September 30, 2016	\$ increase	% increase
Equities and fixed income trading	\$79.1	\$75.8	\$3.3	4%
Equities and fixed Income clearing, settlement, depository and other services (CDS)	57.4	53.0	4.4	8%
	\$136.5	\$128.8	\$7.7	6%

- There was an increase in *equities and fixed income trading* revenue in the nine months ended September 30, 2017 compared with the nine months ended September 30, 2016. The increase was largely attributable to higher *fixed income trading* revenue reflecting increased activity in Government of Canada Bonds and swaps largely offset by a decline in *equity trading* revenue. The overall volume of securities traded on our equities marketplaces decreased by 8% (103.6 billion securities in the nine months ended September 30, 2017 versus 112.6 billion securities in the nine months ended September 30, 2016). Volumes on TSXV increased by 7% and volumes on Alpha increased by 6% from the nine months ended September 30, 2016 to the nine months ended September 30, 2017; however, volumes on TSX decreased by 16% over the same period. The decreases in *equities trading* revenue on TSX more than offset the increases in *equities trading* revenue on TSXV and Alpha.

- Excluding intentional crosses, our combined domestic equities trading market share was 65% in the nine months ended September 30, 2017, down from 70% in the nine months ended September 30, 2016³³. The decline in market share reflects an increase in trading volume of issues not listed on TSX or TSXV.
- CDS revenue increased by 8% from the nine months ended September 30, 2016 to the nine months ended September 30, 2017 reflecting revisions to the fee schedule for issuer services implemented on March 1, 2017. The increase also reflected higher International Securities Identification Number (ISIN) issuance.

Derivatives Trading and Clearing

(in millions of dollars)	Nine Months ended September 30, 2017	Nine Months ended September 30, 2016	\$ (decrease)	% (decrease)
	\$87.2	\$89.1	\$(1.9)	(2)%

- The decrease in *Derivatives Trading and Clearing* revenue largely reflected the impact from excluding revenue from BOX effective July 1, 2016 when we ceased to consolidate BOX's results from operations. Partially offsetting this decrease, also effective July 1, 2016, *Derivatives Trading and Clearing* revenue includes revenue from licensing SOLA technology and providing other services to BOX. This revenue was previously eliminated when BOX's operating results were consolidated in our financial statements. The net reduction in revenue related to BOX was \$6.5 million.
- This decrease was partially offset by higher revenue from MX and CDCC reflecting higher volumes somewhat offset by the impact of lower revenue per contract due to higher rebates. Volumes increased by 10% on MX (73.6 million contracts traded in the nine months ended September 30, 2017 versus 67.1 million contracts traded in the nine months ended September 30, 2016).
- Excluding BOX, *Derivatives Trading and Clearing* revenue from MX and CDCC increased by 6% in the nine months ended September 30, 2017 over the nine months ended September 30, 2016.

Energy Trading and Clearing

(in millions of dollars)	Nine Months ended September 30, 2017	Nine Months ended September 30, 2016	\$ increase	% increase
	\$42.5	\$42.0	\$0.5	1%

- The increase in *energy trading and clearing* revenue reflected somewhat higher NGX revenue driven by increased natural gas volumes, and a higher recapture of previously deferred revenue. The increase was largely offset by lower revenue from Shorcan Energy Brokers and an unfavourable impact from a stronger Canadian dollar relative to the U.S. dollar in the nine months ended September 30, 2017 compared with the nine months ended September 30, 2016.
- Total energy volumes in the nine months ended September 30, 2017 were 5% higher compared with the nine months ended September 30, 2016 at NGX (10.5 million terajoules in the nine months ended September 30, 2017 compared with 10.0 million terajoules in the nine months ended September 30, 2016) as supply and demand fundamentals and increased price volatility drove market participants' behavior towards longer-term contracts, which offset the impact of a warmer than normal winter. Natural Gas volumes in the nine months ended September 30, 2017 increased over the nine months ended September 30, 2016 as a result of changing fundamentals at certain hubs, especially the Dawn, Ontario hub, which were conducive to the increase of term trading in long-tenor products.

³³ Source: IIROC.

Market Insights

(in millions of dollars)	Nine Months ended September 30, 2017	Nine Months ended September 30, 2016	\$ (decrease)	% (decrease)
	\$140.3	\$157.0	\$(16.7)	(11)%

- The decrease in *Market Insights* revenue reflected a decline of \$4.5 million in revenue from Razor Risk, and \$11.1 million in revenue from TMX Atrium. The decrease also reflected lower revenue recoveries related to under-reported usage of real time quotes in prior periods, a decrease in professional market data subscriptions, and an unfavourable impact from a stronger Canadian dollar relative to the U.S. dollar in the nine months ended September 30, 2017 compared with the nine months ended September 30, 2016. The decreases were somewhat offset by an increase in revenue from co-location services, usage based quotes and new analytic products in the nine months ended September 30, 2017 compared with the nine months ended September 30, 2016.
- Revenue for the nine months ended September 30, 2017 decreased by 1% over the nine months ended September 30, 2016 in the *Market insights* business, excluding Razor Risk and TMX Atrium.
- The average number of professional market data subscriptions for TSX and TSXV products decreased by 4% from the nine months ended September 30, 2016 to the nine months ended September 30, 2017 (102,354 professional market data subscriptions in the nine months ended September 30, 2017 compared with 106,262 in the nine months ended September 30, 2016).
- The average number of MX professional market data subscriptions decreased by 5% from the nine months ended September 30, 2016 to the nine months ended September 30, 2017 (17,804 MX professional market data subscriptions in the nine months ended September 30, 2017 compared with 18,836 in the nine months ended September 30, 2016).

Other

(in millions of dollars)	Nine Months ended September 30, 2017	Nine Months ended September 30, 2016	\$ (decrease)	% (decrease)
	\$(3.4)	\$(0.6)	\$(2.8)	(467)%

- The decrease in *Other* revenue was primarily due to recognizing higher net foreign exchange losses on U.S. dollar and other non-Canadian denominated net monetary assets in the nine months ended September 30, 2017 compared with the nine months ended September 30, 2016 and reclassifying revenue from BOX's regulatory entity from *Other* revenue to *Derivatives Trading and Clearing* revenue effective July 1, 2016.

Operating expenses before strategic re-alignment expenses

(in millions of dollars)	Nine Months ended September 30, 2017	Nine Months ended September 30, 2016	\$ increase/ (decrease)	% increase/ (decrease)
Compensation and benefits	\$145.5	\$153.5	\$(8.0)	(5)%
Information and trading systems	44.5	56.0	(11.5)	(21)%
Selling, general and administration	62.6	62.6	0.0	0%
Depreciation and amortization	43.3	45.8	(2.5)	(5)%
	\$295.9	\$317.9	\$(22.0)	(7)%

Operating expenses before strategic re-alignment expenses in the nine months ended September 30, 2017 were \$295.9 million, down \$22.0 million or 7%, from \$317.9 million in the nine months ended September 30, 2016. There were lower compensation and benefits costs (including employee performance incentive plan costs) of approximately \$8.9 million related to our strategic re-alignment initiative, as well as reduced costs related to Razor Risk and TMX Atrium of approximately \$9.8 million and approximately \$12.4 million respectively. Effective July 1, 2016, we excluded operating expenses related to BOX when we ceased to consolidate BOX's results from operations, which were approximately \$7.6 million in 1H/16. The decreases in costs were partially offset by approximately \$5.6 million of higher employee performance incentive plan costs and increased severance costs of \$5.3 million (not included as part of strategic re-alignment expenses). There was also a change in bad debt expenses and increased project costs in the nine months ended September 30, 2017 compared with the nine months ended September 30, 2016.

Compensation and benefits

(in millions of dollars)	Nine Months ended September 30, 2017	Nine Months ended September 30, 2016	\$ (decrease)	% (decrease)
	\$145.5	\$153.5	\$(8.0)	(5)%

- *Compensation and benefits* costs decreased in the nine months ended September 30, 2017 compared with the nine months ended September 30, 2016 reflecting reduced costs related to Razor Risk and TMX Atrium of approximately \$8.2 million and approximately \$2.7 million respectively, and the exclusion of BOX costs effective July 1, 2016 when we ceased to consolidate BOX's results from operations. In addition, there were lower compensation and benefits costs (including employee performance incentive plan costs) of approximately \$8.9 million related to our strategic re-alignment initiative.
- These decreases were largely offset by an increase of approximately \$5.6 million in employee performance incentive plan costs relating to current employees in the nine months ended September 30, 2017 compared with the nine months ended September 30, 2016 driven by the increase in our share price, and increased severance costs (not included as part of strategic re-alignment expenses) of approximately \$5.3 million. There were also higher costs associated with employee compensation including merit increases as well as higher costs related to projects (net of labour capitalization).
- There were 1,063 TMX Group employees at September 30, 2017 versus 1,113 employees at September 30, 2016 reflecting a reduction in headcount due to our strategic realignment initiative, the sale of Razor Risk on December 31, 2016 which employed approximately 30 people, and the sale of TMX Atrium on April 30, 2017 which employed approximately 20 people. There were 1,075 employees at December 31, 2016.

Information and trading systems

(in millions of dollars)	Nine Months ended September 30, 2017	Nine Months ended September 30, 2016	\$ (decrease)	% (decrease)
	\$44.5	\$56.0	\$(11.5)	(21)%

- *Information and trading systems* expenses decreased by \$11.5 million in the nine months ended September 30, 2017 compared with the nine months ended September 30, 2016 reflecting lower expenses related to Razor Risk and TMX Atrium. In addition, expenses related to BOX were excluded effective July 1, 2016 when we ceased to consolidate BOX's results from operations. There was also a reduction in the write-off in costs related to discontinued products of \$2.1 million in the nine months ended September 30, 2017 compared with the nine months ended September 30, 2016.
- These decreases were partially offset by one-time contract termination fees of \$0.8 million in the nine months ended September 30, 2017.

Selling, general and administration

(in millions of dollars)	Nine Months ended September 30, 2017	Nine Months ended September 30, 2016	\$ (decrease)	% (decrease)
	\$62.6	\$62.6	\$0.0	0%

- *Selling, general and administration* expenses were flat in the nine months ended September 30, 2017 compared with the nine months ended September 30, 2016.
- Lower Razor Risk and TMX Atrium costs as well as the exclusion of BOX costs effective July 1, 2016 when we ceased to consolidate BOX's results from operations were offset by a change in bad debt expense as well as increased consulting fees and project costs, including \$0.5 million related to the agreement to acquire Trayport.

Depreciation and amortization

(in millions of dollars)	Nine Months ended September 30, 2017	Nine Months ended September 30, 2016	\$ (decrease)	% (decrease)
	\$43.3	\$45.8	\$(2.5)	(5)%

- Lower *Depreciation and amortization* costs reflected a reduction in amortization related to BOX effective July 1, 2016 when we ceased to consolidate BOX's results from operations. There was also a decrease in *Depreciation and amortization* costs related to TMX Atrium.
- The *Depreciation and amortization* costs in the nine months ended September 30, 2017 of \$43.3 million included \$25.5 million related to amortization of intangibles assets related to acquisitions (36 cents per basic and diluted share). The *Depreciation and amortization* costs in the nine months ended September 30, 2016 of \$45.8 million included \$26.3 million (\$25.8 million, net of non-controlling interests, NCI, for the six months ended June 30, 2016) related to amortization of intangibles related to acquisitions (38 cents per basic and diluted share).

Strategic re-alignment expenses

	Nine Months ended September 30, 2017		Nine Months ended September 30, 2016	
(in millions of dollars, except per share amounts) (unaudited)	Pre-tax Amount	Basic and Diluted Earnings per Share Impact ³⁴	Pre-tax Amount	Basic and Diluted Earnings per Share Impact ³⁵
Severance and related costs	—	—	\$18.3	\$0.25
Professional and consulting fees and other charges	—	—	2.7	0.04
Strategic re-alignment expenses	\$—	\$—	\$21.0	\$0.29

The decrease in strategic re-alignment expenses from the nine months ended September 30, 2016 to the nine months ended September 30, 2017 reflected a decrease in severance costs and amounts paid to consultants. The initiative to transform the organization was largely completed by the end of 2016. (See **INITIATIVES AND ACCOMPLISHMENTS - Update on Integrated Clearing Platform and Strategic Re-alignment Process**).

Additional Information

Share of net income from equity accounted investees

(in millions of dollars)	Nine Months ended September 30, 2017	Nine Months ended September 30, 2016	\$ increase	% increase
	\$3.3	\$1.5	\$1.8	120%

- In the nine months ended September 30, 2017 our share of net income from equity accounted investees increased by \$1.8 million primarily attributable to an increase in our share of income from FTSE TMX Global Debt Capital Markets Limited.

Impairment charges

(in millions of dollars)	Nine Months ended September 30, 2017	Nine Months ended September 30, 2016	\$ increase	% increase
	\$4.8	\$0.0	\$4.8	n/a

- In Q1/17 we determined that the fair value of TMX Atrium was below its carrying value, resulting in impairment charges relating to the write-down of goodwill. In February 2017, we entered into an agreement to sell TMX Atrium. The transaction closed on April 30, 2017 (see **INITIATIVES AND ACCOMPLISHMENTS - Market Insights**), and there was no material gain or loss on sale in Q2/17.

³⁴ Earnings per share information is based on net income attributable to TMX Group shareholders.

³⁵ Earnings per share information is based on net income attributable to TMX Group shareholders.

Net finance costs

(in millions of dollars)	Nine Months ended September 30, 2017	Nine Months ended September 30, 2016	\$ (decrease)	% (decrease)
	\$18.3	\$24.2	\$(5.9)	(24)%

- The decrease in net finance costs from the nine months ended September 30, 2017 to the nine months ended September 30, 2016 reflects increased cash levels, which resulted in increased finance income, and lower interest expense due to decreased debt levels. In addition, there were also mark to mark gains on interest rate swaps in the nine months ended September 30, 2017 compared with mark to mark losses over the same period last year. The impact from these increases were partially offset by lower foreign exchange gains on U.S. dollar denominated Commercial Paper in the nine months ended September 30, 2017 compared with the nine months ended September 30, 2016.

Income tax expense and effective tax rate

Income Tax Expense (in millions of dollars)		Effective Tax Rate (%)	
Nine Months ended September 30, 2017	Nine Months ended September 30, 2016	Nine Months ended September 30, 2017	Nine Months ended September 30, 2016
\$61.1	\$49.3	27%	26%

- In the nine months ended September 30, 2016, we recorded non-cash income tax adjustments of approximately \$2.0 million (net) largely related to the de-consolidation of results from BOX, which reduced income tax expense. Excluding these items the effective tax rate would have been approximately 27% for the nine months ended September 30, 2016.

Net loss attributable to non-controlling interests

(in millions of dollars)	Nine Months ended September 30, 2017	Nine Months ended September 30, 2016	\$ (decrease)
	\$—	\$0.7	\$(0.7)

- As of July 1, 2016, we no longer consolidated BOX as we ceased to hold the majority of voting power on the board of directors and exercise control. As a result our financial results from July 1, 2016 forward do not include the results of BOX, and our share of BOX's net income (loss), is reflected in **Net income from equity accounted investees** in our financial statements.
- For periods prior to July 1, 2016 our financial results include the results from BOX on a consolidated basis and we reported the net income (loss) attributable to non-controlling interests.

Total equity attributable to shareholders of TMX Group

(in millions of dollars)	As at September 30, 2017	as at December 31, 2016	\$ increase
Total equity attributable to shareholders of TMX Group	\$3,021.9	\$2,920.7	\$101.2

- At September 30, 2017, there were 55,353,526 common shares issued and outstanding and 1,931,032 options outstanding under the share option plan.
- At November 8, 2017, there were 55,364,440 common shares issued and outstanding and 1,920,118 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 \$165.7 million, proceeds from exercised share options of \$16.0 million, less dividend payments to shareholders of TMX Group of \$80.1 million.

Segments

The following information reflects TMX Group's segment results for the three months ended September 30, 2017 compared with the three months ended September 30, 2016.

Q3/17

(in millions of dollars)	Capital Formation	Equities and Fixed Income Trading & Clearing	Derivatives Trading & Clearing	Energy Trading & Clearing	Market Insights	Other	Total
Revenue from external customers	\$ 43.0	\$ 41.6	\$ 27.7	\$ 13.4	\$ 42.4	\$ (2.0)	\$ 166.1
Inter-segment revenue	—	0.2	—	—	—	(0.2)	—
Total revenue	43.0	41.8	27.7	13.4	42.4	(2.2)	166.1
Income (loss) from operations before strategic re-alignment expenses	23.2	16.1	13.0	4.3	29.0	(12.0)	73.6

Q3/16

(in millions of dollars)	Capital Formation	Equities and Fixed Income Trading & Clearing	Derivatives Trading & Clearing	Energy Trading & Clearing	Market Insights	Other	Total
Revenue from external customers	\$ 45.9	\$ 41.1	\$ 27.2	\$ 13.2	\$ 52.6	\$ 0.3	\$ 180.3
Inter-segment revenue	—	0.6	—	—	0.5	(1.1)	—
Total revenue	45.9	41.7	27.2	13.2	53.1	(0.8)	180.3
Income (loss) from operations before strategic re-alignment expenses	29.2	17.1	11.1	4.4	29.9	(15.7)	76.0

Income (loss) from operations before strategic re-alignment expenses

Income from operations before strategic re-alignment expenses from *Capital Formation* decreased reflecting higher operating costs before strategic re-alignment expenses in Q3/17 compared with Q3/16. There was also lower revenue from *additional listing fees* somewhat offset by higher revenue from *initial and sustaining listing fees* as well as higher revenue from TSX Trust.

The decrease in *income from operations before strategic re-alignment expenses* from *Equities and Fixed Income Trading and Clearing* was mainly driven by higher operating costs before strategic re-alignment expenses.

Income from operations before strategic re-alignment expenses from *Derivatives* increased due to higher revenue from MX and CDCC, reflecting a 17% increase in volumes on MX somewhat offset by the impact of lower revenue per contract due to higher rebates. There was also lower operating costs before strategic re-alignment expenses.

The slight decrease in *income from operations before strategic re-alignment expenses* from *Energy Trading and Clearing* was mainly driven by higher operating costs before strategic re-alignment expenses, largely offset by higher revenue from Shorcan Energy Brokers. There was also an unfavourable impact on revenue from a stronger Canadian dollar relative to the U.S. dollar in Q3/17 compared with Q3/16.

The decrease in *Income from operations before strategic re-alignment expenses* from *Market Insights* reflected lower revenue recoveries related to under-reported usage of real time quotes in prior periods, lower revenue due to declining professional market data subscriptions, and an unfavourable impact from a stronger Canadian dollar relative to the U.S. dollar in Q3/17 compared with Q3/16. The decrease was partially offset by the positive impact from the sale of Razor Risk. While revenue from Razor Risk declined by \$1.4 million in Q3/17 compared with Q3/16, operating expenses declined by \$2.8 million over the same period. Revenue and operating expenses from TMX Atrium both declined by \$6.5 million in Q3/17 compared with Q3/16.

Other includes certain revenue as well as corporate and other costs related to initiatives, not allocated to the operating segments. Revenue related to foreign exchange gains and losses and other services are presented in the *Other* segment. Costs and expenses related to the amortization of purchased intangibles, along with certain consolidation and elimination adjustments, are also presented in *Other*. The decrease in *Other* revenue was largely due to the impact from recognizing net foreign exchange losses on U.S. dollar and other non-Canadian denominated net monetary assets in Q3/17 compared with net foreign exchange gains in Q3/16. The lower *loss from operations before strategic re-alignment expenses* for the *Other* segment also reflected an increase in corporate and other costs allocated to other segments.

Nine Months ended September 30, 2017

(in millions of dollars)	Capital Formation	Equities and Fixed Income Trading & Clearing	Derivative s Trading & Clearing	Energy Trading & Clearing	Market Insights	Other	Total
Revenue from external customers	\$ 139.4	\$ 136.5	\$ 87.2	\$ 42.5	\$ 140.3	\$ (3.4)	\$ 542.5
Inter-segment revenue	—	1.2	—	—	0.5	(1.7)	—
Total revenue	139.4	137.7	87.2	42.5	140.8	(5.1)	542.5
Income (loss) from operations before strategic re-alignment expenses	78.2	58.3	41.6	13.1	87.3	(31.9)	246.6

Nine Months ended September 30, 2016

(in millions of dollars)	Capital Formation	Equities and Fixed Income Trading & Clearing	Derivative s Trading & Clearing	Energy Trading & Clearing	Market Insights	Other	Total
Revenue from external customers	\$ 136.3	\$ 128.8	\$ 89.1	\$ 42.0	\$ 157.0	\$ (0.6)	\$ 552.6
Inter-segment revenue	—	1.5	—	—	1.3	(2.8)	—
Total revenue	136.3	130.3	89.1	42.0	158.3	(3.4)	552.6
Income (loss) from operations before strategic re-alignment expenses	83.8	56.1	35.5	12.8	82.5	(36.0)	234.7

Income (loss) from operations before strategic re-alignment expenses

The decrease in *Income from operations before strategic re-alignment expenses* from *Capital Formation* reflects higher operating costs before strategic re-alignment expenses in the nine months ended September 30, 2017 compared with the nine months ended September 30, 2016. The decrease was somewhat offset by higher revenue from *initial and sustaining listing fees* as well as higher revenue from TSX Trust partially offset by lower revenue from *additional listing fees*

The increase in *income from operations before strategic re-alignment expenses* from *Equities and Fixed Income Trading and Clearing* was driven by higher revenue from *Fixed Income Trading* and CDS partially offset by lower *Equities Trading* revenue. The increased revenue was partially offset by higher operating costs before strategic re-alignment expenses.

Income from operations before strategic re-alignment expenses from *Derivatives* increased reflecting lower operating costs before strategic re-alignment expenses. There was also higher revenue from MX and CDCC, reflecting a 10% increase in volumes on MX somewhat offset by the impact of lower revenue per contract due to higher rebates. *Income from operations before strategic re-alignment expenses* from *Derivatives* also reflects the exclusion of revenue and expenses from BOX effective July 1, 2016 when we ceased to consolidate BOX's results from operations. Also effective July 1, 2016, *Derivatives* revenue and expenses include revenue and expenses from licensing SOLA technology and providing other services to BOX. This revenue and associated expense were previously eliminated when BOX's operating results were consolidated in our financial statements. The net reduction in *Derivatives* revenue related to BOX from the nine months ended September 30, 2017 to the nine months ended September 30, 2016 was \$6.5 million.

The increase in *income from operations before strategic re-alignment expenses* from *Energy Trading and Clearing* reflects higher revenue from NGX, largely offset by a decrease in Shorcan Energy Brokers revenue and an unfavourable impact from a stronger Canadian dollar relative to the U.S. dollar in the nine months ended September 30, 2017 compared with the nine months ended September 30, 2016.

The increase in *Income from operations before strategic re-alignment expenses* from *Market Insights* largely reflects the positive impacts from the sales of Razor Risk and TMX Atrium. While revenue from Razor Risk declined by \$4.5 million in the nine months ended September 30, 2017 compared with the nine months ended September 30, 2016, operating expenses declined by \$9.8 million in the nine months ended September 30, 2017 compared with the nine months ended September 30, 2016. Revenue from TMX Atrium declined by \$11.1 million in the nine months ended September 30, 2017 compared with the nine months ended September 30, 2016, while operating expenses decline by \$12.4 million in the nine months ended September 30, 2017 compared with the nine months ended September 30, 2016.

Other includes certain revenue as well as corporate and other costs related to initiatives, not allocated to the operating segments. Revenue related to foreign exchange gains and losses and other services are presented in the *Other* segment. Costs and expenses related to the amortization of purchased intangibles, along with certain consolidation and elimination adjustments, are also presented in *Other*. The lower *loss from operations before strategic re-alignment expenses* for the *Other* segment reflected an increase in corporate and other costs allocated to other segments, partially offset by the impact of lower revenue. The decrease in *Other* revenue was primarily due to recognizing higher net foreign exchange losses on U.S. dollar and other non-Canadian denominated net monetary assets in the nine months ended September 30, 2017 compared with the nine months ended September 30, 2016 and reclassifying revenue from BOX's regulatory entity from *Other* revenue to *Derivatives Trading and Clearing* revenue effective July 1, 2016.

LIQUIDITY AND CAPITAL RESOURCES

Summary of Cash Flows

Q3/17 compared with Q3/16

(in millions of dollars)	Q3/17	Q3/16	\$ increase/ (decrease) in cash
Cash flows from operating activities	\$63.4	\$82.9	\$(19.5)
Cash flows (used in) financing activities	(27.5)	(11.2)	(16.3)
Cash flows (used in) investing activities	(23.9)	(12.6)	(11.3)

- The decrease in *Cash flows from operating activities* in Q3/17 compared with Q3/16 was primarily due to a decrease in provisions and increase in income taxes paid partially offset by an increase in income from operations (excluding depreciation and amortization).
- In Q3/17, *Cash flows used in financing activities* were higher than in Q3/16. In Q3/17, there were lower proceeds on exercised options, higher interest payments as well as an increase in dividends paid to equity holders. The decreases in cash were partially offset by net drawings on credit and liquidity facilities in Q3/17 compared with net repayments in Q3/16.
- In Q3/17, there was an increase in *Cash flows used in investing activities* compared with Q3/16 reflecting a net purchase of marketable securities in Q3/17 compared with a net sale of marketable securities in Q3/16 as well as an increase in cash outlays for additions to premises and equipment and intangible assets. During Q3/16, there was a decrease in cash from the de-consolidation of BOX effective July 1, 2016.

Nine Months ended September 30, 2017 compared with Nine Months ended September 30, 2016

(in millions of dollars)	Nine Months ended September 30, 2017	Nine Months ended September 30, 2016	\$ increase/ (decrease) in cash
Cash flows from operating activities	\$217.2	\$236.7	\$(19.5)
Cash flows (used in) financing activities	(109.7)	(118.0)	8.3
Cash flows from investing activities	(16.9)	(11.0)	(5.9)

- *Cash flows from operating activities* in the nine months ended September 30, 2017 decreased compared with the nine months ended September 30, 2016 primarily due a decrease in provisions and increase in income taxes paid, partially offset by an increase in income from operations (excluding depreciation and amortization).
- In the first nine months ended September 30, 2017, *Cash flows used in financing activities* were lower than in the first nine months ended September 30, 2016, reflecting lower net repayments on our debt (see **Commercial Paper, Debentures, Credit and Liquidity Facilities**) and higher net drawings on credit and liquidity facilities in the nine months ended September 30, 2017 compared with the nine months ended September 30, 2016. These decreases in *Cash flows used in financing activities* were partially offset by lower proceeds from exercised options as well as an increase in dividends paid to equity holders.
- In the first nine months ended September 30, 2017, there was a decrease in *Cash flows from investing activities* compared with the first nine months ended September 30, 2016 reflecting a net purchase of marketable securities in the first nine months ended September 30, 2017 compared with a net sale of marketable securities in the first nine months ended September 30, 2016 and an increase in cash outlays for additions to premises and equipment and intangible assets. The decreases in cash were largely offset by proceeds on the sale of TMX Atrium. In addition, during Q3/16, there was a decrease in cash from the de-consolidation of BOX effective July 1, 2016.

Summary of Cash Position and Other Matters³⁶

Cash, Cash Equivalents and Marketable Securities

(in millions of dollars)	As at September 30, 2017	as at December 31, 2016	\$ increase
	\$408.1	\$302.4	\$105.7

We had \$408.1 million of cash, cash equivalents and marketable securities at September 30, 2017. There was an increase in cash, cash equivalents and marketable securities primarily reflecting cash flows from operating activities of \$217.2 million and proceeds from exercised options of \$16.0 million. These increases in cash were offset by a net reduction in Commercial Paper of approximately \$39.6 million, dividends to TMX Group shareholders of \$80.1 million, and additions to premises and equipment and intangible assets of \$30.1 million. Based on our current business operations and model, we believe that we have sufficient cash resources to operate our business, make interest payments, as well as meet our covenants under the trust indentures governing our debentures and the terms of the Amended and Restated Credit Agreement and commercial paper program (Commercial Paper Program) (see **LIQUIDITY AND CAPITAL RESOURCES - Commercial Paper, Debentures, Credit and Liquidity Facilities**), and satisfy the capital maintenance requirements imposed by regulators.

Going forward, we expect to have increased capital requirements related to premises as we consolidate our Toronto and Montreal facilities. We expect to have approximately \$24.0 million in capital expenditures in 2017, of which approximately

³⁶ 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.

\$16.0 million was spent in the nine months ended September 30, 2017, and a further approximately \$8.0 million of spending in 2018. The expected annual savings will result in reductions in operating expenses of approximately \$2.4 to \$2.8 million on a run rate basis starting in Q3/18. During 1H/18, we also expect to record charges of approximately \$5.0 million related to lease terminations.

We will also have cash outlays in integrating our clearing platforms (see - **INITIATIVES AND ACCOMPLISHMENTS - Update on Integrated Clearing Platform and Strategic Re-alignment Process**)

Debt financing of future investment opportunities could be limited by current and future economic conditions, the covenants in the Amended and Restated Credit Agreement and the Debentures, the terms of the proposed non-revolving term Credit Facility and by capital maintenance requirements imposed by regulators. At September 30, 2017, there was \$270.3 million of Commercial Paper outstanding, and the authorized limit under the program was \$500.0 million.

Total Assets

(in millions of dollars)	As at September 30, 2017	as at December 31, 2016	\$ (decrease)
	\$19,211.9	\$22,201.4	(\$2,989.5)

- Our consolidated balance sheet as at September 30, 2017 includes outstanding balances on open REPO agreements within *Balances with Clearing Members and Participants*. These balances have equal amounts included within *Total Liabilities*. The decrease in *Total Assets* of \$2,989.5 million from December 31, 2016 reflected lower balances in CDCC related to REPO agreements at September 30, 2017.

Commercial Paper, Debentures, Credit and Liquidity Facilities³⁷

Commercial Paper

(in millions of dollars)	As at September 30, 2017	as at December 31, 2016	\$ (decrease)
	\$270.3	\$309.9	\$(39.6)

There was \$270.3 million outstanding under the program at September 30, 2017 reflecting a net reduction in the nine months ended September 30, 2017 of approximately \$39.6 million. The Commercial Paper outstanding at September 30, 2017 included approximately \$251.6 million issued in Canadian dollars and approximately \$18.7 million in the Canadian dollar equivalent amount of U.S.dollar Commercial Paper. Commercial paper is short term in nature, and the average term to maturity from the date of issue in the nine months ended September 30, 2017 was 38.7 days on Canadian dollar Commercial Paper and 48.0 days on U.S.dollar Commercial Paper.

³⁷ "The Commercial Paper, Debentures, Credit and Liquidity Facilities" section above contain certain forward-looking statements. Please refer to "Caution Regarding Forward-Looking Information" for a discussion of risks and uncertainties related to such statements.

Debentures

(in millions of dollars)	As at September 30, 2017	as at December 31, 2016	\$ increase
	\$649.0	\$648.7	\$0.3

- For additional information on the Debentures, see **Debentures** under the heading **LIQUIDITY AND CAPITAL RESOURCES** in our 2016 Annual MD&A.

Credit Facilities

We obtained a commitment letter from National Bank of Canada to underwrite \$650.0 million to provide partial funding for the proposed acquisition of Trayport. Facility amounts will be drawn one-time, made available on the closing of the proposed acquisition and due 18 months from that date. We plan to replace the facility with other forms of financing over this 18 month period. The new facility will draw on the terms of the Amended and Restated Credit Agreement dated May 2, 2016, and we expect the pricing to be similar to that in the Amended and Restated Credit Agreement.

On May 2, 2016, we entered into an Amended and Restated Credit Agreement which has a maturity date of May 2, 2019. For additional information on the Credit Facility, please see **Credit Facility** under the heading **LIQUIDITY AND CAPITAL RESOURCES** in our 2016 Annual MD&A.

As at September 30, 2017, all covenants were met under the Amended and Restated Credit Agreement.

Foreign Exchange Forwards to hedge proposed Trayport acquisition

On October 27, 2017 we entered into the following foreign exchange forwards to economically hedge the cash consideration of the purchase price of the proposed Trayport acquisition.

Forward Rate	Maturity Date	Principal (in millions)
1.69119	December 29, 2017	£200
1.69005	December 29, 2017	£150

It is possible that there may be fluctuations in net income as we mark to market the fair value of the forwards until the proposed acquisition of Trayport is closed since we are not seeking hedge accounting treatment on the forwards.

Interest Rate Swaps (IRS)

As at September 30, 2017 we have the following IRS in place:

Interest Rate	Maturity Date	Principal (in millions)
1.08%	May 2, 2019	\$100.0

This swap was put in place to economically hedge the issuance of commercial paper starting on October 3, 2016 (see **MANAGING CAPITAL** in our 2016 Annual MD&A). As this IRS was not designated as a hedge for accounting purposes, it is possible that there will be fluctuations in net income as we mark to market the fair value of this IRS each quarter until maturity.

Effective Interest Rates

The effective interest rates as at September 30, 2017 for the Debentures and Commercial Paper are shown below:

Debentures and Commercial Paper	Principal (\$ millions)	Maturity	All-in Rate
Series A Debentures	\$400.0	Oct. 3, 2018	3.253%
Series B Debentures	250.0	Oct. 3, 2023	4.461%
Commercial Paper, CAD - interest rate economically hedged	100.0	Oct 27 - Nov 3, 2017	1.08% ³⁸
Commercial Paper, CAD - interest rate unhedged	151.6	Oct 4 - Nov 7, 2017	1.35% ³⁹
Commercial Paper, USD - interest rate unhedged	18.7	Oct 2 - Oct 18, 2017	1.41% ⁴⁰

Other Credit and Liquidity Facilities

For additional information, see **Other Credit and Liquidity Facilities** under the heading **LIQUIDITY AND CAPITAL RESOURCES** in our 2016 Annual MD&A. The CDCC facility, which expired on March 3, 2017 was extended to March 2, 2018.

MANAGING CAPITAL

Our primary objectives in managing capital are described in our 2016 Annual MD&A.

As at September 30, 2017, we were in compliance with all of the externally imposed capital requirements. See **Credit Facility** and **MANAGING CAPITAL** in our 2016 MD&A for a description of the financial covenants imposed on us.

³⁸ Rate denoted in CAD.

³⁹ Rate denoted in CAD.

⁴⁰ Rate denoted in USD.

QUARTERLY FINANCIAL INFORMATION

(in millions of dollars except per share amounts - unaudited)	Sept 30 2017	Jun 30 2017	Mar 31 2017	Dec 31 2016	Sept 30 2016	Jun 30 2016	Mar 31 2016	Dec 31 2015
Capital Formation	\$43.0	\$51.6	\$44.8	\$46.6	\$45.9	\$51.8	\$38.6	\$38.8
Equities and Fixed Income Trading	22.9	26.8	29.2	26.5	23.7	26.5	25.6	20.1
Equities and fixed Income - clearing, settlement, depository and other services (CDS)	18.7	19.9	19.0	18.2	17.4	18.1	17.5	17.9
Derivatives Trading & Clearing	27.7	31.4	28.1	28.4	27.2	30.4	31.5	25.8
Energy Trading & Clearing	13.4	14.9	14.2	13.7	13.2	14.4	14.4	13.7
Market Insights	42.4	46.9	51.0	54.0	52.6	52.7	51.7	58.8
Other	(2.0)	(1.2)	(0.2)	2.0	0.3	0.7	(1.6)	2.0
Revenue	166.1	190.3	186.1	189.4	180.3	194.6	177.7	177.1
Operating expenses before strategic re-alignment expenses	92.5	98.7	104.7	104.8	104.3	106.9	106.7	116.6
Income from operations before strategic re-alignment expenses ⁴¹	73.6	91.6	81.4	84.6	76.0	87.7	71.0	60.5
Strategic re-alignment expenses	—	—	—	—	17.7	2.0	1.3	8.2
Income from operations ⁴²	73.6	91.6	81.4	84.6	58.3	85.7	69.7	52.3
Net Income (loss) attributable to TMX Group shareholders	51.9	66.5	47.3	52.6	39.2	58.3	46.3	(159.0)
Earnings (loss) per share:								
Basic	0.94	1.20	0.86	0.96	0.72	1.07	0.85	(2.92)
Diluted	0.93	1.19	0.85	0.95	0.72	1.07	0.85	(2.92)

⁴¹ See discussion under the heading "Additional IFRS Financial Measures".

⁴² See discussion under the heading "Additional IFRS Financial Measures".

⁴³ Earnings per share information is based on net income attributable to TMX Group shareholders.

Q3/17 compared with Q2/17

- *Revenue* in Q3/17 decreased over Q2/17 reflecting decreases in *Capital Formation, CDS, Derivatives Trading and Clearing, Energy Trading and Clearing, Equities and Fixed Income Trading* as well as *Market Insights* revenue, including approximately \$2.3 million related to TMX Atrium (sold April 30, 2017).
- *Operating expenses before strategic re-alignment expenses* for Q3/17 decreased by \$6.2 million from Q2/17 largely reflecting lower overall *Compensation and benefits* costs, reduced infrastructure spending, lower *Depreciation and amortization* costs and reduced expenses of approximately \$2.0 million from TMX Atrium (sold April 30, 2017).
- *Income from operations before strategic re-alignment expenses* and *Income from operations* decreased from Q2/17 to Q3/17 due to the lower revenue partially offset by lower operating expenses.
- *Net income attributable to TMX Group shareholders* for Q3/17 was \$51.9 million, or \$0.94 per common share on a basic basis and \$0.93 on a diluted basis, compared with net income of \$66.5 million, or \$1.20 per common share on a basic basis and \$1.19 on a diluted basis, for Q2/17 reflecting significantly lower revenue partially offset by lower operating expenses and lower net finance costs. In addition, for Q2/17, there was a \$2.4 million increase in deferred income tax assets from a capital loss carryback, which reduced income tax expense and net income.

Q2/17 compared with Q1/17

- *Revenue* in Q2/17 increased over Q1/17 reflecting increases in *Capital Formation, CDS, Derivatives Trading and Clearing, and Energy Trading and Clearing* revenue. This was somewhat offset by decreases in *Equities and Fixed Income Trading* as well as *Market Insights* revenue, including approximately \$4.5 million related to TMX Atrium (sold April 30, 2017).
- *Operating expenses before strategic re-alignment expenses* for Q2/17 decreased by \$6.0 million from Q1/17 largely reflecting lower expenses of approximately \$5.5 million from TMX Atrium (sold April 30, 2017).
- *Income from operations before strategic re-alignment expenses* and *Income from operations* increased from Q1/17 to Q2/17 reflecting both higher revenue and lower operating expenses.
- *Net income attributable to TMX Group shareholders* for Q2/17 was \$66.5 million, or \$1.19 per common share on a diluted basis, compared with net income of \$47.3 million, or \$0.85 per common share on a diluted basis, for Q1/17 reflecting higher revenue, lower operating expenses, lower net finance costs and a \$2.4 million increase in deferred income tax assets from a capital loss carryback. In addition, during Q1/17, net income was reduced by a non-cash income tax adjustment of \$2.9 million relating to the write off of deferred income tax assets and a non-cash impairment charge of \$4.8 million, both amounts related to TMX Atrium.

Q1/17 compared with Q4/16

- *Revenue* in Q1/17 decreased over Q4/16 reflecting decreases in *Capital Formation* and *Market Insights* revenue, including \$1.4 million related to Razor Risk in Q4/16. This is somewhat offset by increases in *Equities and Fixed Income Trading* and *Energy Trading and Clearing* revenue.
- *Operating expenses before strategic re-alignment expenses* for Q1/17 were essentially unchanged from Q4/16 reflecting increased *Compensation and benefits* expenses, offset by lower *Depreciation and Amortization*. The increase in *Compensation and benefits* expenses reflected higher payroll taxes of \$3.2 million in Q1/17 compared with Q4/16, partially offset by lower Razor Risk expenses (sold December 31, 2016). Both *Information and trading systems* costs as well as *Selling, general and administration* expenses remained essentially flat.
- *Income from operations before strategic re-alignment expenses* and *Income from operations* decreased from Q4/16 to Q1/17 reflecting the lower revenue.
- *Net income attributable to TMX Group shareholders* for Q1/17 was \$47.3 million, or \$0.85 per common share on a diluted basis, compared with net income of \$52.6 million, or \$0.95 per common share on a basic and diluted

basis, for Q4/16 reflecting the lower revenue, impairment charges related to TMX Atrium, and the write off of deferred income tax assets related to businesses being sold.

For additional information on the seven previous quarters please see **Select Annual and Quarterly Financial Information** in our 2016 Annual MD&A.

ACCOUNTING AND CONTROL MATTERS

Changes in accounting policies

The following new amendments were effective for "the Company" (TMX Group Limited) from January 1, 2017:

- Annual Improvements to IFRSs 2014-2016 Cycle (Amendments to IFRS 12, Disclosure of Interests in Other Entities) and
- Recognition of deferred tax assets for unrealized losses – Amendments to IAS 12, Income Taxes.

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

The Company intends to adopt the disclosure initiative amendments to IAS 7, Statement of Cash Flows, for the annual consolidated financial statements for the year ended December 31, 2017. At this time, the Company does not expect any material impact on its annual consolidated financial statements as a result of the adoption of the amendments to IAS 7.

Future changes in accounting policies

A number of new standards, amendments and interpretations are not yet effective for the year ending December 31, 2017, and have not been applied in preparing the financial statements.

The standards that may have a significant impact on the Company's financial statements are IFRS 9, Financial Instruments and IFRS 15, Revenue from Contracts with Customers, which are required to be implemented for financial years beginning on or after January 1, 2018. The Company's progress on its adoption plans for IFRS 9 and IFRS 15 is outlined below.

- 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.

The Company has performed its preliminary assessment and is performing a detailed assessment of the impact the adoption of IFRS 9 will have on its financial statements. Based on the assessment performed to date, management continues to expect that the adoption of IFRS 9 will not have a significant impact on the financial statements.

- 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. Also in April 2016, amendments were issued to clarify how to identify a

performance obligation in a contract, determine whether an entity is a principal or agent and determine whether the revenue from granting a license should be recognized at a point in time or over time. The amendments also include two additional reliefs to reduce cost and complexity when the standard is first applied. The mandatory effective date for IFRS 15 is for annual periods beginning on or after January 1, 2018 with either full retrospective application, retrospective with optional practical expedients or a modified prospective approach with disclosure requirements.

The Company will adopt this standard for the annual period beginning January 1, 2018. The Company has undertaken an assessment of each material revenue stream in accordance with the prescribed five-step model to determine the impact on the timing and measurement of its revenue recognition. Based on this assessment, the Company has determined that this standard will only have an impact on its listing fees revenue. However, the impact is not expected to be material.

The other new standards, amendments and interpretations required to be implemented for financial years beginning on or after January 1, 2018 are outlined below. The Company intends to adopt each of the below standards and amendments in the year in which they are effective. At this time, the extent of the impact of adoption of these standards and amendments has not yet been determined.

- Annual improvements 2014-2016 cycle (Amendments to various standards) – These narrow-scope amendments apply to a total of three standards as part of the IASB’s annual improvements process. The IASB uses the annual improvements process to make non-urgent but necessary amendments to IFRS. The amendments are effective for annual periods beginning on or after January 1, 2018.
- IFRIC 22, Foreign currency transactions and advance consideration (Interpretation of IAS 21, The Effects of Changes in Foreign Exchange Rates) – This interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The interpretation is effective for annual periods beginning on or after January 1, 2018, with early application permitted.
- IFRIC 23, *Uncertainty over income tax treatments* (Interpretation of IAS 12, *Income Taxes*) - This interpretation clarifies application of recognition and measurement requirements in IAS 12, *Income Taxes* when there is uncertainty over income tax treatments. The interpretation is effective for annual periods beginning on or after January 1, 2019.
- Classification and measurement of share-based payment transactions (Amendments to IFRS 2, Share-based Payments) – The amendments clarify the accounting for the effects of vesting conditions on cash-settled share-based payment transactions, the classification of share-based payment transactions with net settlement features for withholding tax obligations and the accounting for a modification to the terms and conditions of a share-based payment that changes the transaction from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018 with earlier application permitted.
- IFRS 16, Leases – The IASB issued a new standard on leases which provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements. IFRS 16 supersedes IAS 17, Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, differentiating between leases and service contracts on the basis of whether there is an identified asset controlled by the customer. Among other significant changes, the distinction between operating and finance leases is removed and assets and liabilities are recognized in respect of all leases. Further, IFRS 16 requires a front-loaded pattern for the recognition of lease expense over the life of the lease. The mandatory effective date for IFRS 16 is for annual periods beginning on or after January 1, 2019 with earlier application permitted for entities that have also adopted IFRS 15.
- 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 effective date of the amendments has been delayed indefinitely; however early application is permitted.

Changes in Internal Control over Financial Reporting

During the quarter ended September 30, 2017, we implemented a new enterprise resource planning (ERP) system, including a new general ledger system. As a result, we have updated our internal controls over financial reporting, as required, to accommodate modifications to our business processes and accounting policies. We believe our new ERP system facilitates better transactional reporting and oversight as well as enhances our internal controls 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, the anticipated benefits of the transactions to both TMX Group and Trayport; the expected impact on TMX Group’s earnings and adjusted earnings per share; the ability to integrate Trayport into TMX Group and the potential synergies; the acquisition of Trayport bolstering TMX Group’s strategy to shift towards recurring data and analytics revenue globally; the impact on TMX Group’s capital markets, derivatives and energy markets and market insights businesses as a result of a European presence; the expected conversion to the SaaS model and the timing thereof; potential for geographic expansion; the ability for TMX Group to accelerate Trayport’s growth; the source and amount of funds to fund the acquisition; the ability of TMX Group to refinance the new credit facility or otherwise de-leverage and the timing thereof; the ability to obtain required regulatory approval; and the timeliness for the transactions and the completion of the transactions; expected cash expenditures related to the integration of our clearing platforms and costs associated with consolidation of office premises,, statements related to cost reductions, strategic realignment expenses and TMX Group's business integration initiative including the integration of clearing platforms, and anticipated cost savings related to consolidation of office premises, factors relating to stock, derivatives and energy exchanges and clearing houses and the business, strategic goals and priorities, market conditions, pricing, proposed technology and other initiatives, financial results or 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 conditions or 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, including cyber attacks; failure to properly identify or implement our strategies; regulatory constraints; constraints imposed by our level of indebtedness, risks of litigation or other proceedings; dependence on adequate numbers of customers; failure to develop, market or gain acceptance of new products; failure to effectively integrate acquisitions, including the Trayport acquisition, to achieve planned economics or divest under performing businesses; currency risk; adverse effect of new business activities; adverse effects from business divestitures; 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; the failure to realize cost reductions in the amount or the time frame anticipated; 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 exchange rates from Canadian dollars to the U.S. dollar or British pound sterling), commodities prices, 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 2016 Annual MD&A.