

TMX GROUP LIMITED

Q3 2020

R E P O R T T O S H A R E H O L D E R S



THE FUTURE
IS YOURS TO SEE.®

**The future
is yours
to see.**

Letter from the CEO



Before commenting on our financial results and progress, I want to thank all of those on the front lines working diligently to protect and support our communities throughout the ongoing COVID-19 pandemic. I also want to say how honoured I am to be entrusted to lead this great organization. During my time here, I have been fortunate enough to work closely with our tremendous people, across our various business areas and corporate functions, to shape and advance the evolution of TMX.

Five years ago, we undertook a major initiative to transform TMX, streamlining our business model, and prioritizing our growth opportunities. Accelerated by the important steps we have taken in executing our long-term strategy, including the acquisition of Trayport, each phase of this transformation has met with considerable success. In my view, our track record of execution has helped to set the stage for a promising future for TMX and I am most excited about the job in front of us.

Turning to our most recent quarter, revenues were up 6% from the third quarter of 2019. This was driven by increases in revenue from Equities and Fixed Income Trading and Clearing and Capital Formation as well as from Global Solutions, Insights and Analytics, offset by a decrease in Derivatives Trading and Clearing revenue. The results once again reflect the resiliency of our business model during a period of sustained market uncertainty, and demonstrate the value of our consistent, strategic focus on diversifying revenue streams. Operating expenses were up 2% over the third quarter of last year. With our operating leverage we were able to deliver an increase of 13% in diluted earnings per share and a 12% increase in adjusted diluted earnings per share.

I want to highlight some important trends and achievements, and also to add context around how the industry challenges of this tumultuous year have informed our thinking as we embark on the next steps in our strategy.

In our Capital Formation business, we have seen an encouraging, positive shift in momentum over the last few months, highlighting both the increasingly global appeal of Canada's capital markets ecosystem and the long-term value of a listing on our exchanges. High profile initial public offerings and new listings have garnered recent headlines, in sectors Toronto Stock Exchange (TSX) and TSX Venture Exchange (TSXV) are traditionally known for, such as mining and resources as well as in the innovation sector, where we are building an international reputation as a leading marketplace among established and starter-stage companies. The TSX/TSXV ecosystem, which includes our vast and varied group of stakeholders, is a global differentiator and a competitive advantage.

In October, Newcrest Mining, Australia's largest gold producer began trading on TSX, a strong testimonial and proof of the high regard for Canada's markets throughout the world. In parallel with a resurgence in mining, our markets continued to build momentum in the innovation sector. September marked the largest tech IPO by amount raised in Toronto Stock Exchange history with the addition of Nuvei Corp, a Montreal-based payments company, to our stock list. Nuvei joins a list of recent tech IPO success stories, including Lightspeed, Docebo, and Dye & Durham.

Trayport continued to report solid growth in revenue and subscribers in the third quarter compared with last year. As commodity markets continue to globalize, the Trayport team is exploring opportunities in disaggregated asset classes where we can add value by consolidating pricing data on one platform, as well as new ways to address client needs for data and analytics applications.

In our Derivatives Trading and Clearing business, while the extreme volatility of early 2020 drove higher derivatives volumes in the first quarter, the historically-low interest rate environment had a negative impact on volumes in MX's key products and revenues in the second and third quarters.

Importantly, we remain on track in terms of enhancing our existing derivatives product suite and expanding our global reach. Later this month, we will relaunch trading in the Two-Year Government of Canada bond futures contract.

Extending our trading hours to include London time has been a success. Volumes traded in our leading products during extended hours represented about 6% of total volumes in these products in the third quarter. The preliminary groundwork is underway for the next phase of MX's extended hours expansion into Asia. We have laid the foundation on a clearing solution and are working with industry stakeholders to pave the way for adoption. We have also initiated digital and virtual engagement with clients in the region. Extending hours to sync with Asian markets will align us with global peers, increase international visibility for Canadian markets and ultimately enable us to connect to more clients.

Turning now to another important development a little closer to home, but also in pursuit of expanding our business and client base, in September, we announced the agreement to acquire AST Investor Services Inc. (Canada), and its subsidiary AST Trust Company (Canada) (collectively, AST Canada). From a strategic standpoint, this acquisition fits squarely within our broader Capital Formation growth plans, and will strengthen TSX Trust's competitive position, and value proposition in the transfer agency and corporate trust services business. The addition of AST Canada will bring dynamic new capabilities to our business and most important of all, add a team of professionals with proven expertise to our own exceptional talent base. The transaction is expected to close within 6 to 12 months from signing at the end of September, subject to receipt of regulatory approvals.

We learn a lot about ourselves in times of crisis. The COVID-19 pandemic has taught us many lessons and shone a bright light for us on near-term priority areas where we can have a positive and lasting impact. As we are acutely aware, vibrant public markets are crucial to the success of the economy. Access to capital through the markets during this most challenging year has helped many companies adapt and persevere and provided them opportunities to build stronger for the future. As we move forward, we will be stepping up our advocacy efforts; leveraging our position at the centre of Canada's markets to pursue meaningful ways to help our clients succeed and to make our markets the markets of choice for connecting companies, investors and traders to growth opportunities. We have made our position clear at the federal and provincial levels of government by seeking equal treatment and burden reduction for small public companies. Advocating for fair treatment for public companies is a perpetual campaign for TMX. There are other forums and topics where we can work together closely with our capital markets stakeholders to effect meaningful change. I strongly believe TMX has a key role to play in leading the way; helping to strengthen Canada's competitive standing on the world stage and a part to play in shaping the economy of the future. Our purpose is to make markets better. It's in our core values and it's intrinsic to what we do.

In closing, I want to take this opportunity to thank all of our employees for their exemplary and unwavering dedication and performance this year. Now eight months operating in a remote working environment, our people have worked hard to ensure that we maintain close connection to our clients, and that we deliver the excellent standards of service our markets require. Ultimately, our success is rooted in our client's success. We continue to look for meaningful and informed ways to improve the client experience for issuers, investors and traders.

I look forward to updating you early in 2021.

A handwritten signature in white ink, consisting of a large, stylized 'J' followed by a horizontal line extending to the right.

John D. McKenzie

Chief Executive Officer
TMX Group Limited
November 5, 2020

MD&A

Management's Discussion and Analysis

TMX Group Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS

November 4, 2020

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 (Q3/20) and nine months ended September 30, 2020, compared with the quarter (Q3/19) and nine months ended September 30, 2019 and as at September 30, 2020 and December 31, 2019. This MD&A should be read together with our unaudited condensed consolidated interim financial statements as at September 30, 2020 and December 31, 2019, and for the quarter and nine months ended September 30, 2020 and 2019 (the interim financial statements), our audited annual consolidated financial statements for the years ended December 31, 2019 and December 31, 2018 (the financial statements) and the 2019 Annual MD&A.

Our interim financial statements and this MD&A for the quarter and nine months ended September 30, 2020 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 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.

OUR RESPONSE TO COVID-19 PANDEMIC

The novel coronavirus (COVID-19) pandemic has altered the world and the way we operate. It has impacted individuals, communities, businesses and governments in significant ways. In these extraordinary times, we believe that our core organizational values, enterprise strategy, risk management practices and staff, are guiding us through this rapidly changing and highly complex situation. Powered by the dedicated and collaborative efforts of employees, the vast majority of whom are working remotely, TMX Group has been able to fulfil our core mission of keeping Canada's markets operational throughout this crisis.

The health and safety of our people, our clients and the entire capital markets community is our top priority in this time of great uncertainty, and consistently guides the decisions that we make. Effective March 17, 2020, we directed all staff other than those required to be physically present in the office to complete business critical tasks to work from home and transitioned approximately 95% of our workforce to working remotely by the end of the month. Those employees working remotely will continue to do so until the end of 2020. TMX Group will reassess our return to work date in early 2021. We have deployed various IT and human resources tools to support both our employees working from home as well as our limited recovery staff who are on site performing critical duties. In April 2020, we conducted our first successful all-remote disaster recovery (DR) test on most of our critical systems. There were subsequent tests in both September 2020 and October 2020.

Throughout this period, we continue to work closely with our clients, regulators and government representatives to ensure continuity. TMX Group's markets play a crucial role in the economy, and we strongly believe that it is in the public interest and in the best interest of our stakeholders, including issuers, investors, and market participants, that markets remain open.

We have also undertaken a number of significant initiatives to help support our key stakeholders most acutely affected by this ongoing crisis, such as:

- Toronto Stock Exchange (TSX) and TSX Venture Exchange (TSXV) implemented blanket relief measures to lessen the administrative burden on our more than 3,200 listed issuers during the COVID-19 pandemic and provide flexibility in volatile markets.
- TMX Group successfully advocated for amendments to the federal Government's COVID-19 response package to include public companies in the wage subsidy program – this was an important win for Canadian small businesses and, most importantly, for the thousands of Canadians that they employ.
- In TSX trading, we made adjustments to relax Market Maker performance levels, and in TSX and TSXV, we waived fees associated with 're-opening' trades after a market-wide circuit breaker.
- And in CDS, to support some of our participants, CDS paid \$2.0 million of the \$4.0 million annual fixed rebate on the May 2020 invoice payable in June 2020. The balance of \$2.0 million will be paid in November 2020, as planned.

As we look into the future, despite prevailing uncertainty looming in our operating environment as the business world prepares to emerge from the COVID-19 pandemic, TMX Group remains firmly focused on serving our clients with excellence, providing our markets with continuity, and executing against our global growth strategy.

INITIATIVES AND ACCOMPLISHMENTS

Capital Formation¹

AST Canada transaction

In September 2020, we announced an agreement to acquire AST Investor Services Inc. (Canada), and its subsidiary AST Trust Company (Canada) (collectively, AST Canada), a leading provider of transfer agency, corporate trust and related services to Canadian public and private companies for \$165 million in total consideration, which includes \$30 million of cash for regulatory and non-regulatory purposes, subject to customary closing conditions and working capital adjustments.

The acquisition will significantly strengthen our ability to serve the needs of companies across the marketplace by bringing to our TSX Trust business a proven team of industry professionals, and a wider range of products and technology capabilities. From a strategic perspective, this transaction will help to accelerate TSX Trust's growth and enhance its competitive position, deepening relationships with existing clients and broadening the scope and scale of its service offerings.

AST Investor Services Inc. (Canada) and AST Trust Company (Canada) offer a comprehensive portfolio of products and services, including transfer agency services, equity plan solutions, corporate trust, structured finance and proxy related services.² AST Investor Services Inc. (Canada) and AST Trust Company (Canada) have approximately 150 employees³ in offices in Toronto, Montreal, Calgary and Vancouver.

¹ The "Capital Formation" section contains certain forward-looking statements. Please refer to "Caution Regarding Forward-Looking Information" for a discussion of risks and uncertainty related to such statements.

² As of September 25, 2020.

³ As of September 25, 2020.

Transaction details:

- AST Trust Company (Canada)'s last twelve months (LTM) unaudited revenue through June 30, 2020 was \$46.5 million (including \$8.0 million of margin income) and adjusted earnings before interest, taxes, depreciation and amortization (EBITDA)⁴ was \$11.6 million, excluding indirect allocations from the parent company.⁵
- Over 50% recurring revenue for the year ended June 30, 2020.⁶
- The transaction is expected to have a positive impact on TMX Group's adjusted earnings per share (EPS)⁷ (excluding amortization of acquired intangibles as well as transaction and integration costs) in the first full year of ownership, before expected synergies.⁸
- We expect to realize combined revenue and technology cost synergies of approximately \$8.0 million over the first two years, following acquisition.
- The transaction is expected to be financed with a combination of cash and debt capacity.
- The transaction is expected to close within 6 to 12 months from the date of signing the agreement (September 25, 2020), subject to receipt of regulatory approvals under the Competition Act (Canada) and Trust and Loan Companies Act (Canada).

Environmental, Social and Governance (ESG) initiatives

At the end of March 2020, we launched ESG 101, a new hub of ESG resources curated for TSX and TSXV issuers by us and by many of Canada's leading ESG experts. The site includes a collection of guides, articles, events, podcasts and definitions to help issuers understand the fundamentals of ESG reporting. In addition, it provides an Expert Centre which offers contact details to help connect issuers to the right people for answers, including the main line to ESG rating agencies. The site will be updated regularly with new content from our own library (podcasts, workshops, guides) and from our partners. This tool addresses a growing client need and will complement our in-person mentorship and education initiatives, including the existing governance modules of our Growth Accelerator program, a new ESG-focused Growth Accelerator module launched in September 2020, and our ESG-focused workshops. In August 2020, we released, in partnership with Chartered Professional Accountants of Canada, an updated Primer for Environmental & Social Disclosure with the objective of helping listed issuers get started with, or enhance, their ESG disclosure.

⁴Adjusted EBITDA of AST Canada provided above is a Non-IFRS measure and does not have a standardized meaning prescribed by IFRS and is, therefore, unlikely to be comparable to similar measures presented by other companies. TMX Group presents this adjusted EBITDA to indicate operating and financial performance exclusive of adjustments including indirect allocations from the parent company. Management uses this measure because it believes doing so results in a more effective analysis of underlying financial performance, including in some cases, our ability to generate cash. Excluding this item also enables comparability across periods. The exclusion of certain items does not imply that they are non-recurring. Adjusted EBITDA as calculated for the purposes of this acquisition excludes indirect corporate overhead.

⁵Revenue and adjusted EBITDA are compilations of financial information provided to us by AST Trust Company (Canada). This information is unaudited and may not be prepared in accordance with IFRS for public companies.

⁶Recurring revenue is a compilation of financial information provided to us by AST Trust Company (Canada). This information is unaudited and may not be prepared in accordance with IFRS for public companies.

⁷Adjusted EPS provided above is a Non-IFRS measure and does not have a standardized meaning prescribed by IFRS and is, therefore, unlikely to be comparable to similar measures presented by other companies. TMX Group presents adjusted EPS to indicate operating and financial performance exclusive of items such as indirect allocations from the parent company and other items as disclosed in our MD&A. Management uses this measure because it believes doing so results in a more effective analysis of underlying 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.

⁸Based on internal analysis.

Derivatives Trading and Clearing⁹

In October 2018, MX launched extended trading hours from the previously 6:00 a.m. ET open to a 2:00 a.m. ET open. Initially, this included MX's interest rate products¹⁰. Beginning in February 2019, MX offered clients the ability to also trade its equity index futures¹¹ in these extended hours. For both Q3/20 and the first nine months of 2020, volumes during extended trading hours represented approximately 6% of total volumes in these products. MX is preparing for the next phase of extended hours to align with trading hours in Asia.

In June 2020, MX launched a new three-month Canadian Overnight Repo Rate Average (CORRA) futures contract. As many jurisdictions around the world transition away from interbank offered rates (IBOR), which are survey-based, to new transaction-based reference rates, Canada followed suit by enhancing the CORRA benchmark, now under the administration of the Bank of Canada. Since the launch on June 12, 2020, 6,564 contracts traded through September 30, 2020, with 3,972 contracts traded in Q3/20. There was open interest of 3,076 contracts at September 30, 2020. Canada is expected to be a dual-rate jurisdiction for the foreseeable future, so this new instrument will coexist with MX's flagship BAX product for years to come.

Global Solutions, Insights and Analytics (GSIA)¹²

Trayport

Trayport is the primary connectivity network and data and analytics platform for European wholesale energy markets. Trayport's solutions enable price discovery, trade execution, post-trade transparency and post-trade straight through processing.

Trayport successfully supported its trader and broker customers as they transitioned to working from home during the COVID-19 pandemic. Volumes have been strong through September 30, 2020 with record volumes in both the European power and gas markets driven by the market volatility. Volumes for these power and gas products were up 12% and 11%, respectively.

Global Gas - Liquid Natural Gas (LNG)

Volumes remained strong for the European and Asian benchmark gas contracts, the Dutch Title Transfer Facility (TTF) and the Japan Korea Marker (JKM). TTF volumes rose 23% in the first nine months of 2020 compared with the same period in 2019¹³ and we have seen record JKM over the counter (OTC) cleared volumes from Trayport brokered customers. While not directly correlated, the increase in volumes in these markets can result in an expansion in market participants, which can drive growth in the number of subscribers connecting with Trayport to trade these products.

Algorithmic Trading and Data Analytics Products

The trend of algorithmic power trading in European intraday markets continued through to September 2020. In the first nine months of 2020, intraday volumes on EPEX Spot grew 22% over the same period in 2019.¹⁴

⁹ The "Derivatives Trading and Clearing" section contains certain forward-looking statements. Please refer to "Caution Regarding Forward-Looking Information" for a discussion of risks and uncertainty related to such statements.

¹⁰ BAX - Three-Month Canadian Bankers' Acceptance Futures, CRA - Three-month Canadian Overnight Repo Rate Average (CORRA) Futures (launched June 12, 2020), CGZ - Two-Year Government of Canada Bond Futures, CGF - Five-Year Government of Canada Bond Futures and CGB - Ten-Year Government of Canada Bond Futures.

¹¹ SXF - S&P/TSX 60 Index Standard Futures and SXM - S&P/TSX 60 Index Mini Futures.

¹² The "Global Solutions Insights and Analytics" section contains certain forward-looking statements. Please refer to "Caution Regarding Forward-Looking Information" for a discussion of risks and uncertainty related to such statements.

¹³ Source: Trayport's Euro Commodities Report.

¹⁴ Sourced from collection of monthly EPEX volume reports.

This algorithmic trading trend is also developing across the rest of the markets Trayport serves in Europe. Trayport has responded to this demand by launching a Data Analytics product to store and analyze customers data sets, which is now live and has been well received by customers. Trayport is also expanding its AutoTrader algorithmic design and execution product to cover these additional forward and futures markets. Together, these products provide an end to end solution for customers to design, backtest, and execute algorithmic strategies.

Geographic Expansion

In October 2019, Trayport and Nodal Exchange, a Washington D.C.-based derivatives exchange serving North American commodities markets, announced an agreement to offer Trayport's core trading screen, Joule, to trading participants of Nodal Exchange. This is currently in the process of being rolled out to customers.

TMX Datalinx

In early July 2020, we announced that new S&P/TSX Environmental, Social and Governance (ESG)¹⁵ indices would become available at the end of the month. Our suite of products is expanding to enable our clients to gain exposure to ESG investments and manage risks associated with ESG. Our offering currently includes a suite of ESG indices; these will be updated and enhanced throughout 2020 to help investors benchmark through an ESG lens, execute ESG mandates and measure the sustainability of their portfolios.

The following indices were launched on July 27, 2020:

S&P/TSX 60 ESG Index¹⁵

The Index is designed to track the performance of the constituent companies of the S&P/TSX 60 Index¹⁵, while taking into account each company's S&P DJI ESG Scores. The index construction methodology is based on the S&P/TSX 60 Index¹⁵; companies are then re-weighted according to their sustainability score and relative to industry-specific standards.

S&P/TSX Composite ESG Index¹⁵

The Index is designed to target 75% of the float capitalization of each GICS® industry group within the S&P/TSX Composite Index¹⁵, using S&P DJI ESG Scores for constituent selection.

S&P/TSX 60 Carbon Price Risk Index and S&P/TSX Composite Carbon Price Risk Index¹⁵

S&P Carbon Price Risk Indices are designed to measure the performance of the constituent companies of the S&P/TSX 60 Index¹⁵ and S&P/TSX Composite Index¹⁵, respectively, reweighed to account for the potential impact of 2030 carbon prices on constituents' stock prices. The S&P Carbon Price Risk 2030 Adjusted Index¹⁵ Series aims to re-balance index constituents in a way that adjusts for their differing levels of future carbon price risk, based on pricing risks arising from industry and geographic distribution of emissions, as well as levels of emissions.

Co-location Services

In July 2020, we received regulatory approval to increase pricing by 5% for co-location services, effective September 1, 2020. We plan to increase capacity at our co-location facility by approximately 25% in Q2/21.

¹⁵ The S&P/TSX 60 Index, S&P/TSX Composite Index, S&P/TSX 60 ESG Index, S&P/TSX Composite ESG Index, S&P/TSX 60 Carbon Price Risk Index and S&P/TSX Composite Carbon Price Risk Index are products of the S&P Dow Jones Indices are products 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 Indices 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 Indices or any data related thereto.

Enterprise non-professional (non-pro) fee discount program

During the 2020 eligibility window for entering the Enterprise non-professional (non-pro) fee discount program, we added two new clients. We now have ten clients in the program including the six largest Canadian banks.

Update on Modernization of Clearing Platforms¹⁶

In 2017, we commenced work on an initiative to modernize the technology platforms for our CDS and CDCC clearing and settlement businesses as well as for our entitlement systems. We have separated the modernization of our clearing houses into two phases. In phase one, we focused on the CDCC risk management element of the project and went live in Q2/19.

Phase two of this project involves the replacement of other legacy systems at CDS including those related to clearing and settlement, as well as an expanded scope to address entitlement payment systems. In March 2017, we implemented an Issuer Services Program that included a number of fee changes in anticipation of the investment that would be required to modernize the entitlement payments system. We spent \$43.8 million up to the end of 2019 on capital expenditures related to phase two and \$21.9 million in the first nine months of 2020. Overall, we expect to incur between approximately \$100 and \$110 million in capital expenditures during Phase two of this project. We expect to complete this project by the end of 2021. We will continue to provide updates on estimates for capital expenditures and timing as this complex project progresses.

Environmental, Social and Governance (ESG) Reporting

In May 2020, we issued our inaugural ESG report. The goal of the report is to inform all of our stakeholders, including current shareholders and potential investors, of our progress in incorporating ESG matter into our corporate strategy, process and operations. We recognize that this initial report is very much a first step on an important journey for TMX Group.

Corporate Strategy¹⁷

In November 2018, we set long term financial objectives of achieving a mid single digit cumulative average annual growth rate (CAGR) for revenue and a double digit CAGR¹⁸ for adjusted EPS¹⁹ based on certain assumptions and expected performance over time. While we continue to believe that these aspirational goals are reasonable, we may not be able to achieve these financial objectives, as our assumptions may prove to be inaccurate and therefore our actual results could differ materially from our long term objectives. For example, the COVID-19 pandemic is having an unprecedented impact on the global economy and markets. At this point, it is difficult to predict the impact that this will have in the short term on our business, and the longer term impact on our aspirational goals.

¹⁶ The "Update on Modernization of Clearing Platforms" section contains certain forward-looking statements. Please refer to "Caution Regarding Forward-Looking Information" for a discussion of risks and uncertainties related to such statements.

¹⁷ The "Corporate Strategy" section contains certain forward-looking statements. Please refer to "Caution Regarding Forward-Looking Information" for a discussion of risks and uncertainties related to such statements.

¹⁸ Organic cumulative average annual growth rate (CAGR). See discussion under the heading "Caution Regarding Forward Looking Information".

¹⁹ Adjusted EPS is a Non-IFRS measure. See discussion under the headings "Caution Regarding Forward Looking Information" and "Non-IFRS Financial Measures".

ORGANIZATIONAL CHANGES

On August 17, 2020, we announced that John McKenzie would lead the organization as its Chief Executive Officer (CEO). Mr. McKenzie, who assumed the role on that date, also became a member of the TMX Group Limited Board of Directors. Mr. McKenzie had served as TMX Group interim CEO, as well as Chief financial Officer (CFO), following the retirement of former CEO Lou Eccleston in January 2020.

Frank Di Liso, Vice President, Corporate Finance and Administration, a member of the Finance department leadership team for over ten years, was named interim Chief Financial Officer until a permanent successor to John McKenzie is appointed.

REGULATORY CHANGES

Equities Trading

On January 23, 2020, the Canadian Securities Administrators (CSA) published a notice confirming that it has approved a Trading Fee Rebate Pilot Study that applies temporary pricing restrictions on marketplace transaction fees, to examine the effects of a prohibition of rebate payments by Canadian marketplaces (Pilot Study). The implementation of the Pilot Study was conditional on the implementation of a similar study by the United States Securities and Exchange Commission (SEC). With a Court ruling against the SEC in June 2020, we understand that the U.S. fee pilot study will not proceed, and that the CSA will not be advancing the Pilot Study in Canada.

MARKET CONDITIONS AND OUTLOOK²⁰

The COVID-19 pandemic has had an unprecedented impact on market and general economic conditions. Heightened volatility has resulted in significantly higher trading and clearing volumes for cash equities markets. At this point it is difficult to project the longer term impact from this volatility, when it may subside, and the implications for capital markets activity. The average CBOE Volatility Index (VIX) was 30.5 in the first nine months of 2020 compared with 15.9 over the same period last year. Overall, Canadian equities trading volumes were up 33% in the nine months ended September 30, 2020 compared with the same period last year.²¹ Across all of our equities markets, overall trading volumes were up 39% in the first nine months of 2020 compared with last year with trading volumes on Toronto Stock Exchange (TSX), TSX Alpha Exchange (Alpha) and TSX Venture Exchange (TSXV) increasing by 39%, 55% and 34%, respectively. In Canadian derivatives trading, the volume of contracts traded on MX was essentially unchanged from the first nine months of 2019 to the first nine months of 2020. While MX experienced significant increases in volumes earlier in 2020, volumes on interest rate products, particularly short-term interest rate contracts, declined substantially throughout the year reflecting reduced trading in a very low interest rate environment.

The highly uncertain and volatile economic and market environment has contributed to less favourable conditions for capital raising in 2020. However, in recent months we have seen increased financing activity on both of our exchanges as valuations have improved. On TSX, the total amount of financing dollars raised increased by 17% from the first nine months of 2019 to the first nine months of 2020, and the total number of financings increased by 8% over the same periods. This included our largest ever initial public offering (IPO) in the technology sector where we continue to see a resurgence in financings. On TSXV (including NEX) there was a 45% increase in the total amount of financing dollars

²⁰ The "Markets Conditions and Outlook" section contains certain forward-looking statements. Please refer to "Caution Regarding Forward-Looking Information" for a discussion of risks and uncertainty related to such statements.

²¹ Source: IIROC (excluding intentional crosses).

raised, and a 25% increase in the total number of financings in the first nine months of 2020 over the same period last year.

On October 28, 2020, the Bank of Canada (the Bank) announced that it was maintaining its target for the overnight rate of ¼ percent. According to the Bank, overall, global GDP is projected to contract by about 4 percent in 2020 before growing by just over 4 ½ percent, on average, in 2021–22. Oil prices remain about 30 percent below pre-pandemic levels. Meanwhile, non-energy commodity prices, on average, have more than fully recovered. Despite continued low oil prices, the Canadian dollar has appreciated since July, largely reflecting a broad-based depreciation of the U.S. dollar.

The Bank added that, in Canada, the rebound in employment and GDP was stronger than expected as the economy reopened through the summer. The economy is now transitioning to a more moderate recuperation phase. In the fourth quarter, growth is expected to slow markedly, due in part to rising COVID-19 case numbers. The economic effects of the pandemic are highly uneven across sectors and are particularly affecting low-income workers. Recognizing these challenges, governments have extended and modified business and income support programs. The Bank also said that after a decline of about 5 ½ percent in 2020, the Bank expects Canada's economy to grow by almost 4 percent on average in 2021 and 2022.²²

UPDATE TO ENTERPRISE RISK MANAGEMENT

A discussion of risk factors related to our businesses appears under the heading “Enterprise Risk Management” in our 2019 Annual MD&A.

Following the release of our 2019 Annual MD&A, the COVID-19 pandemic has introduced uncertainty that poses risks to the global economy, our clients, and could potentially materially affect our business, financial condition, liquidity, results of operations, and long term financial objectives.

The economic and market conditions in Canada, the United States, Europe, China and the rest of the world impact different aspects of our business and our revenue drivers. The pandemic has created significant volatility, uncertainty and economic disruption, which may adversely affect our business, financial condition, liquidity, results of operations and long term financial objectives. Listing, trading and clearing activities can be significantly affected by economic, political and market conditions as well as the overall level of investor confidence. These factors can impact the level of initial public offerings, secondary financings, market capitalization of our issuers, transfer agent and trustee services, trading volumes, energy data and network connectivity and sales of market data across our markets. While in the first nine months of 2020, we experienced unusually high equity and fixed income trading and clearing volumes, there is no assurance that such trading and clearing levels will continue. Global market and economic conditions have fluctuated significantly in recent months. We have witnessed high levels of volatility which, when coupled with prolonged negative economic conditions, can cause dramatic fluctuations in trading volumes, equity financings and demand for market data. This can lead to slower collections of accounts receivable as well as increased counterparty risk which, in turn, could adversely affect our business. Additionally, if we are required to suspend trading for a prolonged period of time or shorten trading hours, our business, operating results, long term financial objectives, cash flows, and financial condition could be materially adversely affected.

Key initiatives continue but some could be delayed or postponed indefinitely due to lack of client availability for effective engagement and business development. Although we continue to plan and engage with new and prospective clients, their level of readiness and commitment is outside of our control; therefore, revenues could be lower than anticipated.

In response to COVID-19, the vast majority of our staff are working remotely, which may increase our exposure to cyber security and operational risks. The impacts of the pandemic could also materially interrupt our business operations and

²² Source: Extracted from Bank of Canada press release, October 28, 2020.

cause material financial loss, human resource constraints, result in adverse regulatory actions, lead to delays in obtaining regulatory or government approvals (including those related to acquisitions), interrupt services received from third parties or provided to clients, result in reputational harm or legal liability, which in turn could materially adversely affect our business, cash flows, financial condition, operating results and long term financial objectives. While all our business units and corporate functions have business continuity plans to support critical operations and mitigate such risks, a prolonged interruption in our key services could materially adversely affect our reputation, business, operating results, long term financial objectives, cash flows, and financial condition.

We have a commercial paper program (up to \$500 million or the US equivalent), which is fully backstopped by the Credit Agreement (see **LIQUIDITY AND CAPITAL RESOURCES** in the 2019 MD&A). As at September 30, 2020, \$169.0 million was outstanding under the commercial paper program. The Credit Agreement is designed to mitigate our exposure to specific liquidity risk in this short term debt market. If we are unable to issue new commercial paper in order to fund commercial paper that is coming due, or to fund additional cash requirements, because of lack of liquidity or demand for our commercial paper in the market or the availability of credit under our Credit Agreement, our ability to refinance our obligations could be materially adversely impacted. Our ability to obtain funding will depend on the liquidity and condition of the financial markets, including the credit market, and our financial condition at the time. A refinancing, under these conditions, could also result in an increase in finance costs.

RESULTS OF OPERATIONS

Non-IFRS Financial Measures

Adjusted earnings per share, adjusted diluted earnings per share and adjusted net income 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, adjusted diluted earnings per share, and adjusted net income to indicate ongoing financial performance from period to period, exclusive of a number of adjustments. These adjustments include amortization of intangibles related to acquisitions, strategic re-alignment expenses, gain on sale of interest in Bermuda Stock Exchange, transaction related costs, change in net deferred income tax liabilities resulting from decrease in Alberta corporate income tax rate, increase in deferred income tax liabilities relating to a change in the U.K. tax rate, net litigation settlement costs and reduction in commodity tax provision. 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.

Quarter ended September 30, 2020 (Q3/20) Compared with Quarter ended September 30, 2019 (Q3/19)

The information below reflects the financial statements of TMX Group for Q3/20 compared with Q3/19. Certain comparative information has been reclassified in order to conform with the financial presentation adopted in the current year.

(in millions of dollars, except per share amounts)	Q3/20	Q3/19	\$ increase	% increase
Revenue	\$207.6	\$196.3	\$11.3	6%
Operating expenses	107.2	104.7	2.5	2%
Income from operations	100.4	91.6	8.8	10%
Net income	70.0	61.7	8.3	13%
Adjusted net income ²³	80.0	70.9	9.1	13%
Earnings per share				
Basic	1.24	1.10	0.14	13%
Diluted	1.23	1.09	0.14	13%
Adjusted Earnings per share ²⁴				
Basic	1.41	1.26	0.15	12%
Diluted	1.40	1.25	0.15	12%
Cash flows from operating activities	101.7	96.9	4.8	5%

Net Income and Earnings per Share

Net income in Q3/20 was \$70.0 million, or \$1.24 per common share on a basic and \$1.23 on a diluted basis, compared with a net income of \$61.7 million, or \$1.10 per common share on a basic and \$1.09 on a diluted basis, for Q3/19. The increase in net income and earnings per share from Q3/19 to Q3/20 was largely driven by an increase in revenue somewhat offset by an increase in operating expenses. There was also an increase in our share of income from BOX. The increase in diluted earnings per share was somewhat offset by an increase in the number of weighted-average common shares outstanding in Q3/20 compared with Q3/19.

²³ See discussion under the heading "Non-IFRS Financial Measures".

²⁴ See discussion under the heading "Non-IFRS Financial Measures".

Adjusted Earnings per Share²⁵ Reconciliation for Q3/20 and Q3/19

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

	Q3/20		Q3/19	
(unaudited)	Basic	Diluted	Basic	Diluted
Earnings per share	\$1.24	\$1.23	\$1.10	\$1.09
Adjustments related to:				
Amortization of intangibles related to acquisitions	0.17	0.17	0.16	0.16
Transaction related costs ²⁶	0.02	0.02	—	—
Reduction in commodity tax provision	(0.02)	(0.02)	—	—
Adjusted earnings per share ²⁷	\$1.41	\$1.40	\$1.26	\$1.25
Weighted average number of common shares outstanding	56,552,578	57,080,780	56,121,234	56,757,236

Adjusted diluted earnings per share increased by 12% from \$1.25 in Q3/19 to \$1.40 in Q3/20 largely driven by higher revenue, somewhat offset by higher operating expenses. There was also an increase in our share of income from BOX. The increase in adjusted diluted earnings per share was somewhat reduced by an increase in the number of weighted-average common shares outstanding in Q3/20 compared with Q3/19.

²⁵ See discussion under the heading "Non-IFRS Financial Measures".

²⁶ Includes costs related to the AST Canada transaction in 2020.

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

Adjusted Net Income²⁸ Reconciliation for Q3/20 and Q3/19

The following is a reconciliation of net income to adjusted net income:

(in millions of dollars) (unaudited)	Q3/20	Q3/19	\$ increase / (decrease)	% increase / (decrease)
Net income	\$70.0	\$61.7	\$8.3	13%
Adjustments related to:				
Amortization of intangibles related to acquisitions	9.5	9.2	0.3	3%
Transaction related costs ²⁹	1.4	—	1.4	n/a
Reduction in commodity tax provision	(0.9)	—	(0.9)	n/a
Adjusted net income ³⁰	\$80.0	\$70.9	\$9.1	13%

Adjusted net income increased by 13% from \$70.9 million in Q3/19 to \$80.0 million in Q3/20 largely driven by higher revenue, somewhat offset by higher operating expenses. There was also an increase in our share of income from BOX.

²⁸ See discussion under the heading "Non-IFRS Financial Measures".

²⁹ Includes costs related to the AST Canada transaction in 2020.

³⁰ See discussion under the heading "Non-IFRS Financial Measures".

Revenue

(in millions of dollars)	Q3/20	Q3/19	\$ increase / (decrease)	% increase / (decrease)
Capital Formation	\$50.2	\$43.7	\$6.5	15%
Equities and Fixed Income Trading and Clearing	52.2	45.3	6.9	15%
Derivatives Trading and Clearing	24.9	33.5	(8.6)	(26)%
Global Solutions, Insights and Analytics	80.3	73.6	6.7	9%
Other	—	0.2	(0.2)	(100)%
	\$207.6	\$196.3	\$11.3	6%

Revenue was \$207.6 million in Q3/20, up \$11.3 million or 6% from \$196.3 million in Q3/19 attributable to increases in revenue from *Capital Formation*, *Equities and Fixed Income Trading and Clearing* as well as *Global Solutions, Insights and Analytics* offset by a decrease in *Derivatives Trading and Clearing* revenue.

Capital Formation

(in millions of dollars)	Q3/20	Q3/19	\$ increase / (decrease)	% increase / (decrease)
Initial listing fees	\$2.3	\$2.6	\$(0.3)	(12)%
Additional listing fees	23.9	17.4	6.5	37%
Sustaining listing fees	17.2	17.3	(0.1)	(1)%
Other issuer services	6.8	6.4	0.4	6%
	\$50.2	\$43.7	\$6.5	15%

- *Initial listing fees* in Q3/20 decreased from Q3/19 primarily due to a decline in the amount of deferred *initial listing fee* revenue recognized in Q3/20 compared with Q3/19 on TSXV somewhat offset by a slight increase in the amount of deferred *initial listing fee* revenue recognized on TSX. We recognized *initial listing fees* received in 2019 and 2020 of \$2.1 million in Q3/20 compared with *initial listing fees* received in 2018 and 2019 of \$2.4 million in Q3/19.
- Based on *initial listing fees* billed in 2019 and the nine months ended September 30, 2020, the following amounts have been deferred to be recognized in Q4/20, Q1/21, Q2/21 and Q3/21: \$1.7 million, \$1.3 million, \$0.9 million and \$0.2 million respectively. Total *initial listing fees* revenue for future quarters will also depend on listing activity in those quarters.
- *Additional listing fees* in Q3/20 increased compared to Q3/19 reflecting an increase in *additional listing fee* revenue on TSXV from Q3/19 to Q3/20 due to an increase in both the total number of financings and total financing dollars raised. There was also an increase in *additional listing fee* revenue on TSX reflecting a 41%

increase in the number of transactions billed at the maximum listing fee of \$250,000, and an increase of 9% in the number of transactions billed below the maximum fee from Q3/19 to Q3/20.

- 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 a slight decrease in *sustaining listing fees* on both TSX and TSXV from Q3/19 to Q3/20.
- *Other issuer services* revenue in Q3/20 increased compared to Q3/19 reflecting higher revenue from TSX Trust primarily due to higher transfer agency, corporate trust and recoverable revenue partially offset by lower margin income.

Equities and Fixed Income Trading and Clearing

(in millions of dollars)	Q3/20	Q3/19	\$ increase	% increase
Equities and fixed income trading	\$28.5	\$23.5	\$5.0	21%
Equities and fixed income clearing, settlement, depository and other services (CDS)	23.7	21.8	1.9	9%
	\$52.2	\$45.3	\$6.9	15%

- There was an increase in *Equities and Fixed Income Trading* revenue in Q3/20 compared with Q3/19 driven by significantly higher overall volumes across all of our exchanges. The impact from the higher volumes was somewhat offset by a less favourable product mix in Q3/20 compared with Q3/19. There was also an increase in *Fixed Income Trading* revenue reflecting increased activity in swaps.
- The overall volume of securities traded on our equities marketplaces increased by 39% (43.9 billion securities in Q3/20 versus 31.6 billion securities in Q3/19), reflecting high market volatility. There was an increase in volumes of 20% on TSX, 46% on Alpha, and 81% on TSXV in Q3/20 compared with Q3/19.
- Excluding intentional crosses, for TSX and TSXV listed issues, our combined domestic equities trading market share was approximately 68% in Q3/20, up 3% from approximately 65% in Q3/19.³¹
- Excluding intentional crosses, in all listed issues in Canada, our combined domestic equities trading market share was approximately 60% in Q3/20, up 2% from approximately 58% in Q3/19.³²
- *CDS* revenue increased from Q3/19 to Q3/20. Recoverable costs of \$1.2 million related to CDS's clearing operation, netted in Q3/19, were included in both CDS revenue and *Selling, general and administration* expenses in Q3/20. In addition, there was higher international revenue and higher depository, clearing and settlement revenue due to higher volumes in Q3/20 compared with Q3/19. The increases in revenue were partially offset by higher rebates.

³¹ Source: IIROC.

³² Source: IIROC.

Derivatives Trading and Clearing

(in millions of dollars)	Q3/20	Q3/19	\$ (decrease)	% (decrease)
	\$24.9	\$33.5	\$ (8.6)	(26)%

- The decrease in Derivatives Trading and Clearing revenue from Q3/19 to Q3/20 was primarily driven by a 22% decrease in revenue from MX and CDCC. This decrease in revenue was primarily due to lower overall volumes, particularly in the BAX - Three-Month Canadian Bankers' Acceptance Futures contract. While open interest only decreased by 2% from September 30, 2019 to September 30, 2020, there was a 26% decrease in volumes on MX (21.6 million contracts traded in Q3/20 versus 29.1 million contracts traded in Q3/19).
- There was a decrease of approximately \$1.6 million in revenue from Q3/19 to Q3/20 relating to our agreement to provide transitional services to BOX, which ended on June 30, 2020.

Global Solutions, Insights and Analytics

(in millions of dollars)	Q3/20	Q3/19	\$ increase	% increase
Trayport	\$34.2	\$29.3	\$4.9	17%
GSIA (excluding Trayport)	46.1	44.3	\$1.8	4%
	\$80.3	\$73.6	\$6.7	9%

Trayport

The increase in *Global Solutions, Insights and Analytics (GSIA)* revenue in Q3/20 compared with Q3/19 was primarily driven by increased revenue from Trayport. The higher revenue includes a favourable impact from a weaker Canadian dollar relative to British Pound Sterling (GBP) in Q3/20 compared with Q3/19.

The following table summarizes the average number of Trayport subscribers (excluding VisoTech) over the last eight quarters:

	Q3/20	Q2/20	Q1/20	Q4/19	Q3/19	Q2/19	Q1/19	Q4/18
Trader Subscribers ³³	5,127	4,998	5,191	5,072	4,863	4,834	4,716	4,656
Total Subscribers ³⁴	24,612	24,273	24,711	24,116	23,201	22,823	22,349	21,854
Revenue (in millions of GBP) ³⁵	£19.6	£19.7	£19.4	£18.0	£18.2	£17.8	£16.7	£16.8

Total Subscribers means all chargeable licenses of core Trayport products in core customer segments including Traders, Brokers and Exchanges. Trader Subscribers are a subset of Total Subscribers. Trader Subscribers revenue represents over 50% of total Trayport revenue.

³³ Previous amounts have been restated based on current data.

³⁴ Previous amounts have been restated based on current data. This restatement includes additional connectivity users at exchanges.

³⁵ Revenue prior to Q1/19 includes Contigo (sold November 30, 2018).

In GBP, revenue from Trayport was £19.6 million in Q3/20, up 8% over Q3/19.

GSIA (excluding Trayport)

Revenue from GSIA (excluding Trayport) increased by 4% from Q3/19 to Q3/20. There were higher revenues related to subscriptions, usage based quotes, co-location, benchmarks and indices as well as revenues related to under-reported usage of real-time quotes in prior periods.

- The average number of professional market data subscriptions for TSX and TSXV products was up 1% in Q3/20 compared with Q3/19 (100,669 professional market data subscriptions in Q3/20 compared with 99,559 in Q3/19).
- The average number of MX professional market data subscriptions was down 6% in Q3/20 from Q3/19 (18,463 MX professional market data subscriptions in Q3/20 compared with 19,577 in Q3/19).

Operating expenses

(in millions of dollars)	Q3/20	Q3/19	\$ increase / (decrease)	% increase / (decrease)
Compensation and benefits	\$57.0	\$55.8	\$1.2	2%
Information and trading systems	13.9	13.3	0.6	5%
Selling, general and administration	15.9	16.1	(0.2)	(1)%
Depreciation and amortization	20.4	19.5	0.9	5%
	\$107.2	\$104.7	\$2.5	2%

Operating expenses in Q3/20 were \$107.2 million, up \$2.5 million or 2%, from \$104.7 million in Q3/19. The increase in costs was primarily attributable to higher short term employee performance incentive costs and increased headcount, higher software licensing and information technology professional services costs, higher consulting fees, a write-off of leasehold improvement costs as well as increased costs related to managing our business during the COVID-19 pandemic. In addition, we incurred \$1.4 million (2 cents per basic and diluted share) in transaction related costs related to the proposed AST Canada transaction. There was also an increase in recoverable costs related to CDS. Recoverable costs of \$1.2 million related to CDS's clearing operation, netted in Q3/19, were included in both CDS revenue and *Selling, general and administration* expenses in Q3/20. The increases were somewhat offset by a decline in long term employee performance incentive plan costs as well as travel and entertainment expenses. In addition, there was a reduction of \$1.3 million in a commodity tax provision (2 cents per basic and diluted share), which reduced *Selling, general and administration* expenses.

Compensation and benefits

(in millions of dollars)	Q3/20	Q3/19	\$ increase	% increase
	\$57.0	\$55.8	\$1.2	2%

- *Compensation and benefits* costs increased in Q3/20 reflecting higher short term employee performance incentive plan costs and increased headcount, severance as well as COVID-19 pandemic related costs, somewhat offset by lower long term employee performance incentive plan costs.

- There were 1,361 TMX Group employees at September 30, 2020 versus 1,285 employees at September 30, 2019 reflecting an increase in headcount attributable to investing in the various growth areas of our business.

Information and trading systems

(in millions of dollars)	Q3/20	Q3/19	\$ increase	% increase
	\$13.9	\$13.3	\$0.6	5%

- The increase in *Information and trading systems* expenses from Q3/19 to Q3/20 reflected increased software license and information technology professional services costs as well as higher costs related to the COVID-19 pandemic as employees worked from home.

Selling, general and administration

(in millions of dollars)	Q3/20	Q3/19	\$ (decrease)	% (decrease)
	\$15.9	\$16.1	\$(0.2)	(1)%

- *Selling, general and administration* expenses decreased in Q3/20 compared with Q3/19 primarily due a decline in travel and entertainment expenses and a reduction of \$1.3 million in a commodity tax provision (2 cents per basic and diluted share). The decline was largely offset by an increase in recoverable costs of \$1.2 million related to CDS's clearing operation, netted in Q3/19, which were included in both CDS revenue and *Selling, general and administration* expenses in Q3/20. In addition, we incurred \$1.4 million (2 cents per basic and diluted share) in transaction related costs related to the proposed AST Canada transaction. There were also higher consulting fees, a write-off of leasehold improvement costs and increased costs attributable to the COVID-19 pandemic in Q3/20 compared with Q3/19.

Depreciation and amortization

(in millions of dollars)	Q3/20	Q3/19	\$ increase	% increase
	\$20.4	\$19.5	\$0.9	5%

- There were slightly higher *Depreciation and amortization* costs reflecting increased amortization on new intangible assets.
- The *Depreciation and amortization* costs in Q3/20 of \$20.4 million included \$11.9 million related to amortization of intangibles related to acquisitions (17 cents per basic and diluted share).
- The *Depreciation and amortization* costs in Q3/19 of \$19.5 million included \$11.6 million related to amortization of intangibles related to acquisitions (16 cents per basic and diluted share).

Additional Information

Share of income from equity accounted investees

(in millions of dollars)	Q3/20	Q3/19	\$ increase	% increase
	\$2.9	\$1.0	\$1.9	190%

- The increase in our share of income from equity accounted investees of \$1.9 million primarily reflected an increase in our share of income from BOX.

Net finance costs

(in millions of dollars)	Q3/20	Q3/19	\$ (decrease)	% (decrease)
	\$8.1	\$8.9	\$ (0.8)	(9)%

- The decrease in net finance costs from Q3/19 to Q3/20 reflected lower interest expense due to decreased debt levels and lower interest rates.

Income tax expense and effective tax rate

Income Tax Expense (in millions of dollars)		Effective Tax Rate (%)	
Q3/20	Q3/19	Q3/20	Q3/19
\$25.2	\$22.0	26%	26%

- There were no significant adjustments for Q3/20 or Q3/19, and the effective tax rate was 26% for both periods.

Segments

The following information reflects TMX Group's segment results for the quarter ended September 30, 2020 compared with the quarter ended September 30, 2019.

Quarter ended September 30, 2020

(in millions of dollars)	Capital Formation	Equities and Fixed Income Trading & Clearing	Derivatives Trading & Clearing	Global Solutions, Insights & Analytics	Other	Total
Revenue from external customers	\$ 50.2	\$ 52.2	\$ 24.9	\$ 80.3	\$ —	\$ 207.6
Inter-segment revenue	0.3	0.5		0.1	(0.9)	—
Total revenue	50.5	52.7	24.9	80.4	(0.9)	207.6
Income (loss) from operations	28.8	26.3	8.8	50.1	(13.6)	100.4

Quarter ended September 30, 2019

(in millions of dollars)	Capital Formation	Equities and Fixed Income Trading & Clearing	Derivatives Trading & Clearing	Global Solutions, Insights & Analytics	Other	Total
Revenue from external customers	\$ 43.7	\$ 45.3	\$ 33.5	\$ 73.6	\$ 0.2	\$ 196.3
Inter-segment revenue	—	0.4	—	0.1	(0.5)	—
Total revenue	43.7	45.7	33.5	73.7	(0.3)	196.3
Income (loss) from operations	23.5	19.2	13.8	46.5	(11.4)	91.6

Income (loss) from operations

The increase in *Income from operations* from *Capital Formation* reflected higher *additional listing fee* revenue and increased revenue from TSX Trust, partially offset by an increase in operating expenses in Q3/20 compared with Q3/19.

The increase in *Income from operations* from *Equities and Fixed Income Trading and Clearing* was largely driven by significantly higher revenue from *Equities trading* due to substantially higher volumes across all of our exchanges. The impact from the higher volumes was somewhat offset by a less favourable product mix in Q3/20 compared with Q3/19. In addition, there was an increase in revenue from CDS and *Fixed income trading*.

The decrease in *Income from operations* from *Derivatives Trading and Clearing* was driven by a 22% decrease in revenue from MX and CDCC. This decrease in revenue was primarily due to lower overall volumes, particularly in the BAX - Three-Month Canadian Bankers' Acceptance Futures contract. In addition, there was a decrease of approximately \$1.6 million in revenue from Q3/19 to Q3/20 relating to our agreement to provide transitional services to BOX, which ended on June 30, 2020. The decrease was somewhat offset by a decrease in operating expenses from Q3/19 to Q3/20.

The increase in *Income from operations* from *Global Solutions, Insights and Analytics* reflects higher revenue from Trayport and TMX Datalinx. The increase in Trayport revenue reflected higher total subscribers as well as a favorable impact from a weaker Canadian dollar relative to British Pound Sterling (GBP) in Q3/20 compared with Q3/19. Within TMX Datalinx, there were higher revenues related to subscriptions, usage based quotes, co-location, benchmarks and indices as well as revenues related to under-reported usage of real-time quotes in prior periods. The increase was somewhat offset by an increase in operating expenses from Q3/19 to Q3/20.

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 *loss from operations* for the *Other* segment was higher in Q3/20 compared to Q3/19 reflecting transaction related costs of \$1.4 million incurred and allocated to the *Other* segment.

Nine months ended September 30, 2020 Compared with Nine months ended September 30, 2019

The information below reflects the financial statements of TMX Group for the nine months ended September 30, 2020 compared with the nine months ended September 30, 2019. Certain comparative information has been reclassified in order to conform with the financial presentation adopted in the current year.

(in millions of dollars, except per share amounts)	Nine months ended September 30, 2020	Nine months ended September 30, 2019	\$ increase	% increase
Revenue	\$645.6	\$604.1	\$41.5	7%
Operating expenses	335.8	318.2	17.6	6%
Income from operations	309.8	285.9	23.9	8%
Net income	207.9	200.1	7.8	4%
Adjusted net income ³⁶	253.6	225.9	27.7	12%
Earnings per share				
Basic	3.69	3.57	0.12	3%
Diluted	3.65	3.54	0.11	3%
Adjusted Earnings per share ³⁷				
Basic	4.50	4.02	0.48	12%
Diluted	4.44	3.99	0.45	11%
Cash flows from operating activities	311.6	260.9	50.7	19%

³⁶ See discussion under the heading "Non-IFRS Financial Measures".

³⁷ See discussion under the heading "Non-IFRS Financial Measures".

Net Income and Earnings per Share

Net income in the nine months ended September 30, 2020 was \$207.9 million, or \$3.69 per common share on a basic and \$3.65 per common share on a diluted basis, compared with a net income of \$200.1 million, or \$3.57 per common share on a basic and \$3.54 on a diluted basis, for the nine months ended September 30, 2019. The increase in net income reflected an increase in income from operations of \$23.9 million. The increase in income from operations from the first nine months of September 30, 2019 to the first nine months of September 30, 2020 was driven by an increase in revenue of \$41.5 million, offset by an increase in operating expenses of \$17.6 million. The increase in operating expenses was largely attributable to net litigation settlement costs of \$12.4 million (16 cents per basic and diluted common share) in Q2/20. There was also an increase in our share of income from BOX.

The increase in net income and earnings per share was reduced by significantly higher income tax expense, and a higher effective income tax rate, in the nine months ended September 30, 2020 compared with the nine months ended September 30, 2019.

- During the nine months ended September 30, 2020, there was a change in the U.K. corporate income tax rate. This resulted in an increase in deferred income tax liabilities and a corresponding increase in income tax expense of \$7.4 million, which reduced net income.
- In the nine months ended September 30, 2019, the Alberta general corporate income tax rate decreased. This change resulted in a decrease in net deferred income tax liabilities and a corresponding decrease in income tax expense of \$4.3 million.

The increase in diluted earnings per share was somewhat reduced by an increase in the number of weighted-average common shares outstanding in the nine months ended September 30, 2020 compared with the nine months ended September 30, 2019.

Adjusted Earnings per Share³⁸ Reconciliation for Nine months ended September 30, 2020 and Nine months ended September 30, 2019

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

(unaudited)	Nine months ended September 30, 2020		Nine months ended September 30, 2019	
	Basic	Diluted	Basic	Diluted
Earnings per share	\$3.69	\$3.65	\$3.57	\$3.54
Adjustments related to:				
Amortization of intangibles related to acquisitions	0.51	0.50	0.50	0.50
Strategic re-alignment expenses ³⁹	—	—	0.06	0.06
Net litigation settlement costs	0.16	0.16	—	—
Gain on sale of interest in Bermuda Stock Exchange	—	—	(0.04)	(0.04)
Transaction related costs ⁴⁰	0.03	0.02	0.01	0.01
Change in net deferred income tax liabilities resulting from decrease in Alberta corporate income tax rate	—	—	(0.08)	(0.08)
Increase in deferred income tax liabilities relating to change in U.K. tax rate	0.13	0.13	—	—
Reduction in commodity tax provision	(0.02)	(0.02)	—	—
Adjusted earnings per share ⁴¹	\$4.50	\$4.44	\$4.02	\$3.99
Weighted average number of common shares outstanding	56,406,341	56,955,817	55,990,577	56,489,973

Adjusted diluted earnings per share increased by 11% from \$3.99 in the nine months ended September 30, 2019 to \$4.44 the nine months ended September 30, 2020 largely driven by increased revenue, somewhat offset by higher operating expenses, excluding net litigation settlement costs of \$12.4 million. There was also an increase in our share of income from BOX.

The increase in adjusted diluted earnings per share was somewhat offset by an increase in the number of weighted-average common shares outstanding in the nine months ended September 30, 2020 compared with the nine months ended September 30, 2019.

³⁸ See discussion under the heading "Non-IFRS Financial Measures".

³⁹ Please refer to "Initiatives and Accomplishments - Strategic re-alignment" in 2019 MD&A for more details.

⁴⁰ Includes costs related to the AST Canada transaction in 2020 and costs related to the acquisition of Visotech in 2019.

⁴¹ See discussion under the heading "Non-IFRS Financial Measures".

Adjusted Net Income⁴² Reconciliation for Nine months ended September 30, 2020 and Nine months ended September 30, 2019

The following is a reconciliation of net income to adjusted net income:

(in millions of dollars) (unaudited)	Nine months ended September 30, 2020	Nine months ended September 30, 2019	\$ increase / (decrease)	% increase / (decrease)
Net income	\$207.9	\$200.1	\$7.8	4%
Adjustments related to:				
Amortization of intangibles related to acquisitions	28.7	28.1	0.6	2%
Strategic re-alignment expenses ⁴³	—	3.4	(3.4)	(100)%
Net litigation settlement costs	9.1	—	9.1	n/a
Gain on sale of interest in Bermuda Stock Exchange	—	(2.0)	2.0	(100)%
Transaction related costs ⁴⁴	1.4	0.6	0.8	133%
Change in net deferred income tax liabilities resulting from decrease in Alberta corporate income tax rate	—	(4.3)	4.3	(100)%
Increase in deferred income tax liabilities relating to change in U.K. tax rate	7.4	—	7.4	n/a
Reduction in commodity tax provision	(0.9)	—	(0.9)	n/a
Adjusted net income ⁴⁵	\$253.6	\$225.9	\$27.7	12%

Adjusted net income increased by 12% from \$225.9 million in the nine months ended September 30, 2019 to \$253.6 million in the nine months ended September 30, 2020 largely driven by increased revenue, somewhat offset by higher operating expenses, excluding net litigation settlement costs of \$12.4 million. There was also an increase in our share of income from BOX.

⁴² See discussion under the heading "Non-IFRS Financial Measures".

⁴³ Please refer to "Initiatives and Accomplishments - Strategic re-alignment" in 2019 MD&A for more details.

⁴⁴ Includes costs related to the AST Canada transaction in 2020 and costs related to the acquisition of Visotech in 2019.

⁴⁵ See discussion under the heading "Non-IFRS Financial Measures".

Revenue

(in millions of dollars)	Nine months ended September 30, 2020	Nine months ended September 30, 2019	\$ increase / (decrease)	% increase / (decrease)
Capital Formation	\$138.4	\$138.1	\$0.3	0%
Equities and Fixed Income Trading and Clearing	169.9	142.4	27.5	19%
Derivatives Trading and Clearing	95.4	99.9	(4.5)	(5)%
Global Solutions, Insights and Analytics	241.1	223.8	17.3	8%
Other	0.8	(0.1)	0.9	900%
	\$645.6	\$604.1	\$41.5	7%

Revenue was \$645.6 million in the nine months ended September 30, 2020, up \$41.5 million or 7% compared with \$604.1 million in the nine months ended September 30, 2019 attributable to increases in revenue from *Capital Formation*, *Equities and Fixed Income Trading and Clearing* as well as *Global Solutions, Insights and Analytics* offset by a decrease in *Derivatives Trading and Clearing* revenue.

Capital Formation

(in millions of dollars)	Nine months ended September 30, 2020	Nine months ended September 30, 2019	\$ increase / (decrease)	% increase / (decrease)
Initial listing fees	\$7.3	\$8.4	\$(1.1)	(13)%
Additional listing fees	59.2	56.2	3.0	5%
Sustaining listing fees	51.8	51.8	0.0	0%
Other issuer services	20.1	21.7	(1.6)	(7)%
	\$138.4	\$138.1	\$0.3	0%

- *Initial listing fees* in the nine months ended September 30, 2020 decreased from the nine months ended September 30, 2019 due to a decline in the amount of deferred *initial listing fee* revenue recognized in the nine months ended September 30, 2020 compared with the nine months ended September 30, 2019 on TSXV, somewhat offset by a slight increase in the amount of deferred *initial listing fee* revenue recognized on TSX. We recognized *initial listing fees* received in 2019 and 2020 of \$6.5 million in the nine months ended September 30, 2020 compared with *initial listing fees* received in 2018 and 2019 of \$7.7 million in the nine months ended September 30, 2019.
- Based on *initial listing fees* billed in 2019 and the nine months ended September 30, 2020, the following amounts have been deferred to be recognized in Q4/20, Q1/21, Q2/21 and Q3/21: \$1.7 million, \$1.3 million, \$0.9 million and \$0.2 million respectively. Total *initial listing fees* revenue for future quarters will also depend on listing activity in those quarters.
- *Additional listing fees* in the nine months ended September 30, 2020 increased compared to the nine months ended September 30, 2019 reflecting an increase in *additional listing fee* revenue on TSXV where there was an increase in both the number of financings and total financing dollars raised. This increase was somewhat offset by a decline in *additional listing fee* revenue on TSX reflecting a 12% decrease in the number of transactions billed at

the maximum listing fee of \$250,000, somewhat offset by an increase of 8% in the number of transactions billed below the maximum fee, from the nine months ended September 30, 2019 to the nine months ended September 30, 2020.

- 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. These fees were essentially unchanged from the nine months ended September 30, 2019 to the nine months ended September 30, 2020.
- *Other issuer services* revenue in the nine months ended September 30, 2020 was lower compared to the nine months ended September 30, 2019 reflecting decreased revenue from TSX Trust primarily due to lower margin income and a decrease in recoverable revenue as some issuers postponed their annual general meetings. The decreases were somewhat offset by an increase in transfer agent fee revenue.

Equities and Fixed Income Trading and Clearing

(in millions of dollars)	Nine months ended September 30, 2020	Nine months ended September 30, 2019	\$ increase	% increase
Equities and fixed income trading	\$96.4	\$75.3	\$21.1	28%
Equities and fixed Income clearing, settlement, depository and other services (CDS)	73.5	67.1	6.4	10%
	\$169.9	\$142.4	\$27.5	19%

- There was an increase in *Equities and Fixed Income Trading* revenue in the nine months ended September 30, 2020 compared with the nine months ended September 30, 2019 driven by significantly higher overall volumes across all of our exchanges. The impact from the higher volumes was somewhat offset by a less favourable product mix in the nine months ended September 30, 2020 compared with the nine months ended September 30, 2019. There was also an increase in *fixed income trading* revenue reflecting increased activity in swaps and Government of Canada Bonds.
- The overall volume of securities traded on our equities marketplaces increased by 39% (140.8 billion securities in the nine months ended September 30, 2020 versus 101.2 billion securities in the nine months ended September 30, 2019). There was an increase in volumes of 39% on TSX, 34% on TSXV and 55% on Alpha in the nine months ended September 30, 2020 compared with the nine months ended September 30, 2019.
- Excluding intentional crosses, for TSX and TSXV listed issues, our combined domestic equities trading market share was approximately 67% in the nine months ended September 30, 2020, up 2% from approximately 65% in the nine months ended September 30, 2019.⁴⁶ We only trade securities that are listed on TSX or TSXV.
- Excluding intentional crosses, in all listed issues in Canada, our combined domestic equities trading market share was 60% in the nine months ended September 30, 2020, up 3% from 57% in the nine months ended September 30, 2019⁴⁷.
- CDS revenue increased from the nine months ended September 30, 2019 to the nine months ended September 30, 2020 reflecting higher clearing and settlement revenue due to higher volumes, increased depository fee revenue as well as higher international revenue. In addition, recoverable costs of \$4.2 million related to CDS's clearing operation, netted in the first nine months of 2019 were included in both CDS revenue and *Selling, general and*

⁴⁶ Source: IIROC.

⁴⁷ Source: IIROC.

administration expenses in the first nine months of 2020. The increases in revenue were partially offset by higher rebates.

Derivatives Trading and Clearing

(in millions of dollars)	Nine months ended September 30, 2020	Nine months ended September 30, 2019	\$ (decrease)	% (decrease)
	\$95.4	\$99.9	\$(4.5)	(5)%

- The decrease in *Derivatives Trading and Clearing* revenue was primarily attributable to reduced revenue of approximately \$2.5 million from BOX relating to our agreement to provide transitional services, which ended on June 30, 2020.
- The decrease in revenue was also driven by a 2% decrease in revenue from MX and CDCC. While volumes on MX were essentially unchanged from the nine months ended September 30, 2019 to the nine months ended September 30, 2020 (87.9 million contracts traded in the nine months ended September 30, 2020 versus 87.7 million contracts traded in the nine months ended September 30, 2019), there was lower revenue per contract attributable to an unfavourable product mix.

Global Solutions, Insights and Analytics

(in millions of dollars)	Nine months ended September 30, 2020	Nine months ended September 30, 2019	\$ increase	% increase
Trayport	\$101.4	\$88.7	\$12.7	14%
GSIA (excluding Trayport)	139.7	135.1	\$4.6	3%
	\$241.1	\$223.8	\$17.3	8%

Trayport

The increase in *Global Solutions, Insights and Analytics (GSIA)* revenue in the nine months ended September 30, 2020 compared with the nine months ended September 30, 2019 was primarily driven by increased revenue from Trayport, including revenue from VisoTech (acquired May 15, 2019). The higher revenue includes a favourable impact from a weaker Canadian dollar relative to British Pound Sterling (GBP) in the nine months ended September 30, 2020 compared with the nine months ended September 30, 2019.

The following table summarizes the average number of Trayport subscribers (excluding VisoTech) over the last eight quarters:

	Q3/20	Q2/20	Q1/20	Q4/19	Q3/19	Q2/19	Q1/19	Q4/18
Trader Subscribers	5,127	4,998	5,191	5,072	4,863	4,834	4,716	4,656
Total Subscribers	24,612	24,273	24,711	24,116	23,201	22,823	22,349	21,854
Revenue (in millions of GBP)	£19.6	£19.7	£19.4	£18.0	£18.2	£17.8	£16.7	£16.8

Total Subscribers means all chargeable licenses of core Trayport products in core customer segments including Traders, Brokers and Exchanges. Trader Subscribers are a subset of Total Subscribers. Trader Subscribers revenue represents over 50% of total Trayport revenue.

Revenue from Trayport, including VisoTech (acquired May 15, 2019), was £58.7 million in the nine months ended September 30, 2020, up 11% over the nine months ended September 30, 2019. Excluding VisoTech, revenue from Trayport was up 9%.

GSIA (excluding Trayport)

Revenue from GSIA (excluding Trayport) increased by 3% from the first nine months of 2019 to the first nine months of 2020. There were higher revenues related to subscriptions, usage based quotes, feeds, benchmarks and indices as well as co-location, partially offset by lower revenues related to under-reported usage of real-time quotes in prior periods. The higher revenue includes a favourable impact from a weaker Canadian dollar relative to the U.S. dollar in the nine months ended September 30, 2020 compared with the nine months ended September 30, 2019.

- The average number of professional market data subscriptions for TSX and TSXV products was essentially unchanged from the nine months ended September 30, 2019 to the nine months ended September 30, 2020 (100,497 professional market data subscriptions in the nine months ended September 30, 2020 compared with 100,913 in the nine months ended September 30, 2019.)
- The average number of MX professional market data subscriptions decreased 3% from the nine months ended September 30, 2019 to the nine months ended September 30, 2020 (18,561 MX professional market data subscriptions in the nine months ended September 30, 2020 compared with 19,038 in the nine months ended September 30, 2019).
- Revenue from GSIA, excluding VisoTech was up 7% in the nine months ended September 30, 2020 from the nine months ended September 30, 2019.

Other

(in millions of dollars)	Nine months ended September 30, 2020	Nine months ended September 30, 2019	\$ increase	% increase
	\$0.8	\$(0.1)	\$0.9	900%

- The increase in *Other* revenue was primarily due to recognizing net foreign exchange gains on net monetary assets in the nine months ended September 30, 2020 compared with net foreign exchange losses in the nine months ended September 30, 2019.

Operating expenses

(in millions of dollars)	Nine months ended September 30, 2020	Nine months ended September 30, 2019	\$ increase / (decrease)	% increase / (decrease)
Compensation and benefits	\$168.4	\$160.9	\$7.5	5%
Information and trading systems	39.9	38.0	1.9	5%
Selling, general and administration	67.8	55.5	12.3	22%
Depreciation and amortization	59.7	59.2	0.5	1%
Strategic re-alignment expenses	—	4.6	(4.6)	(100)%
	\$335.8	\$318.2	\$17.6	6%

Operating expenses in the nine months ended September 30, 2020 were \$335.8 million, up \$17.6 million or 6%, from \$318.2 million in the nine months ended September 30, 2019. The increase in costs was primarily attributable to net litigation settlement costs of \$12.4 million (16 cents per basic and diluted shares) included within *Selling, general and administration* expenses in Q2/20. There were higher costs related to our short term employee performance incentive plan and increased headcount, software licensing and information technology professional services, a write-off of leasehold improvements, bad debt expense as well as increased costs related to managing our business during the COVID-19 pandemic. In addition, we incurred \$1.4 million (3 cents per basic and 2 cents per diluted share) in transaction related costs related to the proposed AST Canada transaction. There was also an increase in recoverable costs related to CDS. Recoverable costs of \$4.2 million related to CDS's clearing operation, netted in the nine months ended September 30, 2019, were included in both CDS revenue and *Selling, general and administration* expenses in the nine months ended September 30, 2020.

The increases were somewhat offset by a decline in long term employee performance incentive plan costs, travel and entertainment expenses, consulting fees and marketing costs. There was also a reduction of \$1.3 million in a commodity tax provision (2 cents per basic and diluted share), which reduced *Selling, general and administration* expenses. Lastly, there were *Strategic re-alignment* expenses of \$4.6 million in the nine months ended September 30, 2019 with no similar costs in the nine months ended September 30, 2020.

Compensation and benefits

(in millions of dollars)	Nine months ended September 30, 2020	Nine months ended September 30, 2019	\$ increase	% increase
	\$168.4	\$160.9	\$7.5	5%

- The increase in *Compensation and benefits* expenses reflected higher short term employee performance incentive plan costs and increased headcount as well as COVID-19 pandemic related costs, somewhat offset by lower long term employee performance incentive plan costs.
- There were 1,361 TMX Group employees at September 30, 2020 versus 1,285 employees at September 30, 2019 reflecting an increase in headcount attributable to investing in the various growth areas of our business.

Information and trading systems

(in millions of dollars)	Nine months ended September 30, 2020	Nine months ended September 30, 2019	\$ increase	% increase
	\$39.9	\$38.0	\$1.9	5%

- The increase in *Information and trading systems* expenses from the nine months ended September 30, 2019 to the nine months ended September 30, 2020 reflected higher software license and information technology professional services costs as well as increased costs related to the COVID-19 pandemic as employees worked from home.

Selling, general and administration

(in millions of dollars)	Nine months ended September 30, 2020	Nine months ended September 30, 2019	\$ increase	% increase
	\$67.8	\$55.5	\$12.3	22%

- Selling, general and administration* expenses increased by \$12.3 million in the nine months ended September 30, 2020 compared with the nine months ended September 30, 2019 primarily due to incurring net litigation settlement costs of \$12.4 million (16 cents per basic and diluted share) in Q2/20. In addition, we incurred \$1.4 million (2 cents per basic and diluted share) in transaction related costs related to the proposed AST Canada transaction. The increase was also due to higher costs attributable to the COVID-19 pandemic, a write-off of leasehold improvement costs and higher bad debt expense.
- There was also an increase in recoverable costs of \$4.2 million related to CDS's clearing operation, netted in the nine months ended September 30, 2019, which were included in both CDS revenue and *Selling, general and administration* expenses in the nine months ended September 30, 2020.
- The increases in *Selling, general and administration* expenses were partially offset by lower travel and entertainment expenses, marketing costs and consulting fees. There was also a reduction of \$1.3 million in a commodity tax provision (2 cents per basic and diluted share), which reduced *Selling, general and administration* expenses.

Depreciation and amortization

(in millions of dollars)	Nine months ended September 30, 2020	Nine months ended September 30, 2019	\$ increase	% increase
	\$59.7	\$59.2	\$0.5	1%

- There were higher *Depreciation and amortization* costs reflecting increased amortization on new intangible assets.
- The *Depreciation and amortization* costs in the nine months ended September 30, 2020 of \$59.7 million included \$35.5 million related to amortization of intangibles assets related to acquisitions (51 cent per basic and 50 cent per diluted share).
- The *Depreciation and amortization* costs in the nine months ended September 30, 2019 of \$59.2 million included \$35.2 million related to amortization of intangibles assets related to acquisitions (50 cents per basic and diluted share).

Strategic re-alignment expenses

	Nine months ended September 30, 2020		Nine months ended September 30, 2019	
(in millions of dollars)	Pre-tax Amount	Basic and Diluted Earnings per Share Impact	Pre-tax Amount	Basic and Diluted Earnings per Share Impact
	\$—	\$—	\$4.6	\$0.06

- *Strategic re-alignment expenses* for the nine months ended September 30, 2019 were \$4.6 million, which included \$3.3 million related to organizational changes we made in our post trade business, elimination of our centralized innovation product development unit, and changes to our enterprise risk approach. There were also non-recurring charges for onerous contracts related to our initiative on modernizing our clearing platforms of \$1.3 million. (See **INITIATIVES AND ACCOMPLISHMENTS - Update on Modernization of Clearing Platforms**).

Additional Information

Share of income from equity accounted investees

(in millions of dollars)	Nine months ended September 30, 2020	Nine months ended September 30, 2019	\$ increase	% increase
	\$6.6	\$3.1	\$3.5	113%

- In the nine months ended September 30, 2020 our share of income from equity accounted investees increased by \$3.5 million primarily reflecting an increase in our share of income from BOX.

Other income

(in millions of dollars)	Nine months ended September 30, 2020	Nine months ended September 30, 2019	\$ (decrease)	% (decrease)
	\$—	\$2.3	\$(2.3)	(100)%

- In the nine months ended September 30, 2019, we completed the sale of our interest in Bermuda Stock Exchange resulting in a gain on sale of approximately \$2.3 million before tax (\$2.0 million after income tax, or 4 cents per basic and diluted share).

Net finance costs

(in millions of dollars)	Nine months ended September 30, 2020	Nine months ended September 30, 2019	\$ (decrease)	% (decrease)
	\$24.8	\$27.1	\$(2.3)	(8)%

- The decrease in net finance costs for the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019 reflected lower interest expense due to decreased debt levels.

Income tax expense and effective tax rate

Income Tax Expense (in millions of dollars)		Effective Tax Rate (%)	
Nine months ended September 30, 2020	Nine months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
\$83.7	\$64.1	29%	24%

Excluding adjustments, primarily related to the items noted below, the effective tax rate would have been approximately 26% for both the nine months ended September 30, 2020 and the nine months ended September 30, 2019.

2020

- In the nine months ended September 30, 2020, there was an increase in deferred income tax liabilities and a corresponding increase in income tax expense of \$7.4 million relating to the U.K. corporate income tax rate. In

Q1/20, it was announced that the U.K. corporate income tax rate would not decline as previously anticipated; therefore, we were required to revalue deferred income tax liabilities related to acquired intangible assets.

2019

- In the nine months ended September 30, 2019, the Alberta general corporate income tax rate decreased. This change resulted in a decrease in net deferred income tax liabilities and a corresponding decrease in income tax expense of \$4.3 million.

Total equity

(in millions of dollars)	As at September 30, 2020	As at December 31, 2019	\$ increase
Total equity	\$3,609.1	\$3,499.1	\$110.0

- As at September 30, 2020, there were 56,607,402 common shares issued and outstanding and 1,242,438 options outstanding under the share option plan.
- At November 2, 2020, there were 56,607,402 common shares issued and outstanding and 1,232,991 options outstanding under the share option plan.
- The increase in Total equity is primarily attributable to the inclusion of net income of \$207.9 million less dividend payments to shareholders of TMX Group of \$114.0 million. In addition, we received proceeds on the exercise of options, which were largely offset by the cost of repurchasing 140,000 of our common shares under a normal course issuer bid.

Segments

The following information reflects TMX Group's segment results for the nine months ended September 30, 2020 compared with the the nine months ended September 30, 2019.

Nine months ended September 30, 2020

(in millions of dollars)	Capital Formation	Equities and Fixed Income Trading & Clearing	Derivatives Trading & Clearing	Global Solutions, Insights & Analytics	Other	Total
Revenue from external customers	\$ 138.4	\$ 169.9	\$ 95.4	\$ 241.1	\$ 0.8	\$ 645.6
Inter-segment revenue	0.3	1.4		0.2	(1.9)	—
Total revenue	138.7	171.3	95.4	241.3	(1.1)	645.6
Income (loss) from operations	71.8	88.9	45.9	157.0	(53.8)	309.8

Nine months ended September 30, 2019

(in millions of dollars)	Capital Formation	Equities and Fixed Income Trading & Clearing	Derivatives Trading & Clearing	Global Solutions, Insights & Analytics	Other	Total
Revenue from external customers	\$ 138.1	\$ 142.4	\$ 99.9	\$ 223.8	\$ (0.1)	\$ 604.1
Inter-segment revenue	—	1.2	—	0.3	(1.5)	—
Total revenue	138.1	143.6	99.9	224.1	(1.6)	604.1
Income (loss) from operations	76.0	65.4	42.8	142.2	(40.5)	285.9

Income (loss) from operations

The decrease in *Income from operations* from *Capital Formation* primarily reflected higher operating expenses in the nine months ended September 30, 2020 compared with the nine months ended September 30, 2019. There was an increase in revenue from *additional listing fee* revenue, largely offset by lower *initial listing fee* revenue and reduced revenue from TSX Trust.

The increase in *Income from operations* from *Equities and Fixed Income Trading and Clearing* was largely driven by significantly higher revenue from *Equities trading* due to substantially higher volumes across all of our exchanges. In addition, there was an increase in revenue from CDS and *Fixed income trading*. The increase was partially offset by an increase in operating expenses in the nine months ended September 30, 2020 compared with the nine months ended September 30, 2019.

The increase in *Income from operations* from *Derivatives Trading and Clearing* primarily reflected lower operating expenses in the nine months ended September 30, 2020 compared with the nine months ended September 30, 2019, due to reduced expenses relating to BOX. The increase was partially offset by lower revenue from *Derivatives Trading and Clearing*. The decrease in *Derivatives Trading and Clearing* revenue was primarily attributable to reduced revenue of approximately \$2.5 million from BOX relating to our agreement to provide transitional services, which ended on June 30, 2020. While volumes on MX were essentially unchanged from the nine months ended September 30, 2019 to the nine months ended September 30, 2020, there was lower revenue per contract attributable to an unfavourable product mix.

The increase in *Income from operations* from *Global Solutions, Insights and Analytics* reflects higher revenue from Trayport, including VisoTech (acquired May 15, 2019) and TMX Datalinx. The increase in Trayport revenue reflected higher total subscribers as well as a favourable impact from a weaker Canadian dollar relative to British Pound Sterling (GBP) in the nine months ended September 30, 2020 compared with the nine months ended September 30, 2019. Within TMX Datalinx, there were higher revenues related to subscriptions, usage based quotes, feeds, benchmarks and indices as well as co-location, partially offset by lower revenues related to under-reported usage of real-time quotes in prior periods. The higher revenue includes a favourable impact from a weaker Canadian dollar relative to the U.S. dollar in the nine months ended September 30, 2020 compared with the nine months ended September 30, 2019. The increase in *Income from operations* was somewhat offset by an increase in operating expenses.

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 *loss from operations* for the *Other* segment was higher in the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019 reflecting net litigation settlement costs of \$12.4 million incurred in Q2/20 and allocated to the *Other* segment in Q2/20. The impact was partially offset by net foreign exchange gains on net monetary assets in the nine months ended September 30, 2020 compared with net foreign exchange losses in the nine months ended September 30, 2019.

LIQUIDITY AND CAPITAL RESOURCES

Summary of Cash Flows

Q3/20 compared with Q3/19

(in millions of dollars)	Q3/20	Q3/19	\$ increase / (decrease) in cash
Cash flows from operating activities	\$101.7	\$96.9	\$4.8
Cash flows (used in) financing activities	(34.2)	(61.4)	27.2
Cash flows (used in) investing activities	(16.5)	(15.4)	(1.1)

- In Q3/20, *Cash flows from operating activities* increased compared with Q3/19 reflecting higher income from operations (excluding depreciation and amortization) an increase in cash related to trade and other receivables, and prepaid expenses as well as a reduction in income taxes paid. The increases in cash were partially offset by a decrease in provisions as we paid out net litigation settlement costs.
- Q3/20, *Cash flows used in financing activities* were lower than in Q3/19. During Q3/20 there was a net decrease in cash used to redeem Commercial Paper of \$26.5 million as well as an increase in cash from drawings on liquidity facilities related to our clearing operations of \$5.9 million compared with Q3/19. The increases in cash were somewhat offset by an increase in dividend payments to shareholders of \$4.8 million.
- In Q3/20, *Cash flows used investing activities* were higher than in Q3/19. This was largely due to an increase in cash used for additions to premises and equipment and intangible assets of \$1.2 million in Q3/20 compared with Q3/19.

Nine months ended September 30, 2020 compared with Nine months ended September 30, 2019

(in millions of dollars)	Nine months ended September 30, 2020	Nine months ended September 30, 2019	\$ increase / (decrease) in cash
Cash flows from operating activities	\$311.6	\$260.9	\$50.7
Cash flows (used in) financing activities	(180.5)	(154.4)	(26.1)
Cash flows (used in) investing activities	(4.7)	(68.2)	63.5

- In the nine months ended September 30, 2020, *Cash flows from operating activities* increased compared with the nine months ended September 30, 2019 reflecting higher income from operations (excluding depreciation and amortization), an increase in cash from trade and other payables and a decrease in income taxes paid.
- In the nine months ended September 30, 2020, *Cash flows used in financing activities* were higher than in the nine months ended September 30, 2019. During the nine months ended September 30, 2020, there was a net increase in cash used to redeem Commercial Paper of \$16.4 million compared with the nine months ended September 30, 2019. In addition there was an increase in cash of \$14.7 million used for share repurchases under our normal course issuer bid program, which was launched in Q1/20.
- In the nine months ended September 30, 2020, *Cash flows used in investing activities* were lower than in the nine months ended September 30, 2019. This was largely due to an increase in cash of \$45.8 million from the net sale of marketable securities in the nine months ended September 30, 2020 compared with the nine months ended September 30, 2019. In addition, during the nine months ended September 30, 2019, we had a cash outflow of \$23.6 million related to the VisoTech acquisition, which was somewhat offset by receiving \$3.8 million on the sale of our interest in the Bermuda Stock Exchange.

Summary of Cash Position and Other Matters⁴⁸

Cash, Cash Equivalents and Marketable Securities

(in millions of dollars)	As at September 30, 2020	As at December 31, 2019	\$ increase
	\$323.5	\$229.4	\$94.1

We had \$323.5 million of cash, cash equivalents and marketable securities as at September 30, 2020. There was an increase in cash, cash equivalents and marketable securities primarily reflecting cash flows from operating activities of \$311.6 million, liquidity facilities drawings related to our clearing operations of \$13.8 million and proceeds from exercised options of \$30.0 million. Offsetting these increases in cash and cash equivalents were cash outflows for dividends to our shareholders of \$114.0 million, additions to premises and equipment and intangible assets of \$44.4 million, repurchases our shares under a normal course issuer bid of \$14.7 million, interest paid, net of interest received, of \$16.9 million, and a net decrease in Commercial Paper of \$70.6 million. Based on our current business operations and model, we believe that we have sufficient cash resources and access to financing 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 Credit Agreement (as defined in the 2019 MD&A) 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.

⁴⁸ 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.

We will also have cash outlays related to the modernization of our clearing platforms (see - **INITIATIVES AND ACCOMPLISHMENTS - Update on Modernization of Clearing Platforms**) and to fund the AST Canada transaction, which will be financed with a combination of cash and debt capacity (see - **INITIATIVES AND ACCOMPLISHMENTS - Capital Formation - AST Canada transaction**)

Our ability to obtain funding in the future will depend on the liquidity and condition of the financial markets, including the credit market, and our financial condition at the time, the covenants in the Credit Agreement and the trust indentures governing the Debentures, and by capital maintenance requirements imposed by regulators. At September 30, 2020, there was \$169.0 million of Commercial Paper outstanding, and the authorized limit under the program was \$500.0 million, which is fully backstopped by the TMX Group credit facility (see - **LIQUIDITY AND CAPITAL RESOURCES - Credit Facility** in our 2019 Annual MD&A).

Total Assets

(in millions of dollars)	As at September 30, 2020	As at December 31, 2019	\$ increase
	\$39,744.3	\$32,359.7	\$7,384.6

- Our consolidated balance sheet as at September 30, 2020 includes *Balances with Participants and Clearing Members* related to our clearing operations. These balances have equal amounts included within *Total Liabilities*. The increase in *Total Assets* of \$7,384.6 million from December 31, 2019 reflected higher collateral balances in both CDS and CDCC at September 30, 2020 driven by the Bank of Canada requiring participants to post substantially more collateral (to address Cover 1 liquidity risk under Principles of Financial Market Infrastructure (PFMI)).

Commercial Paper, Debentures, Credit and Liquidity Facilities

Commercial Paper

(in millions of dollars)	As at September 30, 2020	As at December 31, 2019	\$ (decrease)
	\$169.0	\$239.6	\$(70.6)

There was \$169.0 million of Commercial Paper outstanding, including accrued interest, under the program at September 30, 2020 reflecting a net reduction of \$70.6 million from December 31, 2019. Commercial paper is short term in nature, and the average term to maturity from the date of issue was 31 days in Q3/20. The Commercial Paper Program is fully backstopped by the TMX Group credit facility (see - **LIQUIDITY AND CAPITAL RESOURCES - Credit Facility** in our 2019 Annual MD&A).

For additional information on our credit facilities, please see **Credit Facilities** under the heading **LIQUIDITY AND CAPITAL RESOURCES** in our 2019 Annual MD&A.

Debentures

TMX Group has the following Debentures outstanding:

(in millions of dollars)	As at September 30, 2020	As at December 31, 2019	\$ increase
Series B - Non-Current Debentures	\$249.7	\$249.6	\$0.1
Series D - Non-Current Debentures	\$298.7	\$298.6	\$0.1
Series E - Non-Current Debentures	\$199.0	\$198.9	\$0.1
	\$747.4	\$747.1	\$0.3

For additional information on the Debentures, see **Debentures** under the heading **LIQUIDITY AND CAPITAL RESOURCES** in our 2019 Annual MD&A.

Credit Facilities

For additional information on our credit facilities, please see **Credit Facilities** under the heading **LIQUIDITY AND CAPITAL RESOURCES** in our 2019 Annual MD&A.

As at September 30, 2020, all covenants were met under the TMX Group Credit Agreement.

Effective Interest Rates

The effective interest rates as at September 30, 2020 for the Debentures and Commercial Paper are shown below:

Debentures and Commercial Paper	Principal (\$CAD millions)	Maturity	All-in Rate
Series B Debentures	250	Oct. 3, 2023	4.461%
Series D Debentures	300.0	Dec. 11, 2024	2.997%
Series E Debentures	200.0	Jun. 5, 2028	3.779%
Commercial Paper	169.0	October 5 to October 30, 2020	0.250%

Other Credit and Liquidity Facilities

CDCC maintains a \$27,012 million REPO uncommitted facility (\$18,102.0 million at December 31, 2019) that is in place to provide end of day liquidity in the event that CDCC is unable to clear the daylight liquidity facilities to zero. On April 30, 2020, the amount was further amended from \$20,622.0 million at March 31, 2020 to \$27,012.0 million. On February 28, 2020, CDCC extended this facility to February 26, 2021. The facility would provide liquidity in exchange for securities that have been received by, or pledged to, CDCC.

CDCC also maintains a \$320.0 million syndicated revolving standby liquidity facility (\$400.0 million at December 31, 2019) to provide end of day liquidity in the event that CDCC is unable to clear the daylight liquidity facilities to zero. Advances under the facility are secured by collateral in the form of securities that have been pledged to or received by CDCC. On February 28, 2020, this facility was extended to February 26, 2021.

As at September 30, 2020, CDCC had drawn \$22.0 million to facilitate a failed REPO settlement. The amount is fully offset by liquid securities included in cash and cash equivalents and was fully repaid subsequent to the reporting date.

CDS Clearing maintains a secured standby liquidity facility of US\$720.0 million, or Canadian dollar equivalent, that can be drawn in either United States (US) or Canadian currency. On March 24, 2020, CDS Clearing extended the maturity date to March 23, 2021.

CDS Clearing also has a secured standby liquidity facility of \$2.0 billion or US equivalent that can be drawn in either Canadian or US currency. On March 24, 2020, CDS Clearing extended the maturity date to March 23, 2021.

MANAGING CAPITAL

Our primary objectives in managing capital and our capital maintenance requirements are described in our 2019 Annual MD&A.

As at September 30, 2020, we were in compliance with each of these externally imposed capital maintenance requirements. See **Credit Facility** and **Other Credit and Liquidity Facilities** and **MANAGING CAPITAL** in our 2019 Annual MD&A for a description of the financial covenants imposed on us.

QUARTERLY FINANCIAL INFORMATION

(in millions of dollars except per share amounts - unaudited)	Sep 30 2020	Jun 30 2020	Mar 31 2020	Dec 31 2019	Sep 30 2019	Jun 30 2019	Mar 31 2019	Dec 31 2018
Capital Formation	\$50.2	\$48.1	\$40.1	\$42.6	\$43.7	\$52.6	\$41.8	\$45.4
Equities and Fixed Income Trading	28.5	34.7	33.2	22.7	23.5	25.6	26.2	28.6
Equities and fixed Income - clearing, settlement, depository and other services (CDS)	23.7	24.8	25.0	28.4	21.8	23.0	22.3	26.3
Derivatives Trading & Clearing	24.9	30.0	40.5	33.3	33.5	33.8	32.6	35.1
Global Solutions, Insights and Analytics	80.3	81.0	79.8	75.9	73.6	75.6	74.6	73.8
Other	—	(0.9)	1.7	(0.1)	0.2	(0.3)	—	2.0
Revenue	207.6	217.7	220.3	202.8	196.3	210.3	197.5	211.2
Operating expenses	107.2	119.3	109.3	106.3	104.7	106.2	107.3	114.2
Income from operations	100.4	98.4	111.0	96.5	91.6	104.1	90.2	97.0
Net income	70.0	67.8	70.1	47.5	61.7	77.2	61.2	69.8
Earnings per share ⁴⁹								
Basic	1.24	1.20	1.25	0.85	1.10	1.38	1.10	1.25
Diluted	1.23	1.19	1.24	0.84	1.09	1.37	1.09	1.24

Q3/20 compared with Q2/20

- Revenue was \$207.6 million in Q3/20, down \$10.1 million or 5% from \$217.7 million in Q2/20 largely attributable to decreases in revenue from *Equities and Fixed Income Trading and Clearing*, *Derivatives Trading and Clearing*, and *GSIA*, excluding *Trayport*, largely offset by increases in revenue from both *Capital Formation* and *Trayport*.
- Operating expenses in Q3/20 were \$107.2 million, down \$12.1 million or 10%, from \$119.3 million in Q2/20. The decrease was largely attributable to a decline in *Selling, general and administration* expenses, which included \$12.4 million of net litigation settlement costs in Q2/20. Increases in short term employee performance incentive plan costs, severance, consulting fees and transaction related costs of \$1.4 million were largely offset by decreases in long term employee performance incentive plan costs, bad debt expense, the reversal of a commodity tax provision of \$1.3 million and lower COVID-19 pandemic related costs.
- Income from operations* increased from Q2/20 to Q3/20 largely due to the lower operating expenses largely offset by lower revenue.
- Net income in Q3/20 was \$70.0 million, or \$1.24 per common share on a basic and \$1.23 on a diluted basis, compared with a net income of \$67.8 million, or \$1.20 per common share on a basic and \$1.19 on a diluted basis, for Q2/20. The increase in net income and earnings per share was driven by the higher *income from operations* in Q3/20 compared with Q2/20.

⁴⁹ Earnings per share information is based on net income.

Q2/20 compared with Q1/20

- Revenue was \$217.7 million in Q2/20, down \$2.6 million or 1% from \$220.3 million in Q1/20 largely attributable to decreases in revenue from *Derivatives Trading and Clearing*, *CDS*, *Trayport*, as well as *Other* revenue, largely offset by increases in *Capital Formation*, *Equities and Fixed Income Trading* and *GSIA*, excluding *Trayport*.
- Operating expenses in Q2/20 were \$119.3 million, up \$10.0 million or 9%, from \$109.3 million in Q1/20. The increase was largely related to net litigation settlement costs. There were also higher short term employee performance incentive plan, recruitment and COVID-19 pandemic related costs, which were offset by lower salary and benefits costs and reduced travel and entertainment expenses from Q1/20 to Q2/20.
- *Income from operations* decreased from Q1/20 to Q2/20 largely due to the lower revenue and higher operating expenses.
- Net income in Q2/20 was \$67.8 million, or \$1.20 per common share on a basic and \$1.19 on a diluted basis, compared with a net income of \$70.1 million, or \$1.25 per common share on a basic and \$1.24 on a diluted basis, for Q1/20. The decrease in net income and earnings per share was driven by the lower *income from operations* in Q2/20 compared with Q1/20. During Q1/20, there was a change in the expected U.K. corporate income tax rate. This resulted in an increase in deferred income tax liabilities and a corresponding increase in income tax expense of \$7.4 million, which reduced net income for Q1/20. The decrease in basic and diluted earnings per share was also due to an increase in the number of weighted-average common shares outstanding in Q2/20 compared with Q1/20.

Q1/20 compared with Q4/19

- Revenue was \$220.3 million in Q1/20, up \$17.5 million or 9% from \$202.8 million in Q4/19 largely attributable to increases in revenue from *Equities and Fixed Income Trading*, *Derivatives Trading and Clearing*, *GSIA*, including *Trayport*, as well as *Other* revenue, somewhat offset by decreases in *Capital Formation* and *CDS* revenue.
- Operating expenses in Q1/20 were \$109.3 million, up \$3.0 million or 3%, from \$106.3 million in Q4/19. The increase in costs was largely related to higher short term and long term employee performance incentive plan costs of \$8.1 million. There was also an increase in payroll taxes of \$3.0 million. Offsetting these increases, certain recoverable costs related to CDS's clearing operation, previously netted, are now included in both *CDS* revenue and *Selling, general and administration* expenses. The amounts reclassified to *Selling, general and administration* expenses were \$5.3 million for Q4/19 compared with only \$1.1 million in Q1/20. In addition, there was also a decrease in travel and entertainment expenses as well as in recruitment costs from Q4/19 to Q1/20.
- *Income from operations* increased from Q4/19 to Q1/20 largely due to the higher revenue somewhat offset by higher operating expenses.
- Net income in Q1/20 was \$70.1 million, or \$1.25 per common share on a basic and \$1.24 on a diluted basis, compared with a net income of \$47.5 million, or \$0.85 per common share on a basic and \$0.84 on a diluted basis, for Q4/19. The increase in net income and earnings per share was driven by the higher *income from operations* in Q1/20 compared with Q4/19. In addition, there was a non-cash impairment charge of \$18.0 million related to Shorcan in Q4/19 and no similar charge in Q1/20. However, during Q1/20, there was a change in the expected U.K. corporate income tax rate. This resulted in an increase in deferred income tax liabilities and a corresponding increase in income tax expense of \$7.4 million, which reduced net income for Q1/20. The increase in basic and diluted earnings per share was also somewhat reduced by an increase in the number of weighted-average common shares outstanding in Q1/20 compared with Q4/19.

For additional information on the five previous quarters, please see *Select Annual and Quarterly financial information in our 2019 Annual MD&A*.

Accounting and Control Matters

Changes in accounting policies

The following amendments were effective for TMX Group from January 1, 2020:

- IFRS 3, Business Combinations;
- IAS 1, Presentation of Financial Statements and IAS 8, Accounting Policies, Changes in Accounting Estimate and Errors; and
- Amendments to conceptual framework.

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

Changes in Internal Control over Financial Reporting

There were no changes to internal control over financial reporting (ICFR) during the quarter ended September 30, 2020 that materially affected, or are reasonably likely to materially affect, our ICFR.

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, growth objectives; the proposed relaunch of the Two-Year Government of Canada Bond Futures; our target dividend payout ratio; the ability of TMX Group to de-leverage and the timing thereof; the modernization of clearing platforms, including the expected cash expenditures related to the modernization of our clearing platforms and the timing of the modernization; other statements related to cost reductions; the impact of the market capitalization of TSX and TSXV issuers overall (from 2019 to 2020) on TMX Group's revenue; future changes to TMX Group's anticipated statutory income tax rate for 2020; factors relating to stock, and derivatives exchanges and clearing houses and the business, strategic goals and priorities, market conditions, pricing, proposed technology and other initiatives, the proposed timing for the completion of the acquisition of AST Canada, including the ability to obtain the required regulatory approvals and financing required to complete this acquisition, the composition of AST Canada's client base and the products and services it will provide, the anticipated benefits and synergies of the AST Canada acquisition, including the expected impact on TMX Group's earnings and adjusted earnings per share and the timing thereof, 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 (including COVID-19) 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 (including COVID-19); 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 to achieve planned economics, or divest underperforming 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 GBP), 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 project, including the acquisition of AST Canada; the amount of revenue and cost synergies resulting from the AST Canada acquisition; 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.

In addition to the assumptions outlined above, forward looking information related to long term revenue cumulative average annual growth rate (CAGR) objectives, and long term adjusted earnings per share CAGR objectives are based on assumptions that include, but not limited to:

- TMX Group's success in achieving growth initiatives and business objectives;
- continued investment in growth businesses and in transformation initiatives including next generation post-trade systems;
- no significant changes to our effective tax rate, recurring revenue, and number of shares outstanding;
- moderate levels of market volatility;
- level of listings, trading, and clearing consistent with historical activity;
- economic growth consistent with historical activity;
- no significant changes in regulations;
- continued disciplined expense management across our business;
- continued re-prioritization of investment towards enterprise solutions and new capabilities;
- free cash flow generation consistent with historical run rate; and
- a limited impact from the COVID-19 pandemic on our plans to grow our business over the long term including on the ability of our listed issuers to raise capital.

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 in the section "**Enterprise Risk Management**" of our 2019 Annual MD&A which is

incorporated by reference into this MD&A, and also in the section "***Update to Enterprise Risk Management***" in this MD&A.

Financial Statements

TMX GROUP LIMITED

Condensed Consolidated Interim Balance Sheets

(In millions of Canadian dollars)

(Unaudited)

	Note	September 30, 2020	December 31, 2019
Assets			
Current assets:			
Cash and cash equivalents		\$ 275.5	\$ 149.0
Restricted cash and cash equivalents		147.5	151.5
Marketable securities		48.0	80.4
Trade and other receivables		102.4	105.3
Balances with Participants and Clearing Members		33,899.1	26,588.9
Other current assets		23.6	30.1
		34,496.1	27,105.2
Non-current assets:			
Goodwill and intangible assets		5,039.7	5,041.2
Right-of-use assets		84.2	93.0
Other non-current assets		99.1	96.7
Deferred income tax assets		25.2	23.6
Total Assets		\$ 39,744.3	\$ 32,359.7
Liabilities and Equity			
Current liabilities:			
Trade and other payables		\$ 106.5	\$ 102.7
Participants' tax withholdings		147.5	151.5
Balances with Participants and Clearing Members		33,899.1	26,588.9
Debt	6	169.0	239.6
Credit and liquidity facilities drawn	6	22.0	8.2
Other current liabilities		71.1	62.1
		34,415.2	27,153.0
Non-current liabilities:			
Debt	6	747.4	747.1
Lease liabilities		88.4	95.4
Other non-current liabilities		80.2	64.1
Deferred income tax liabilities		804.0	801.0
Total Liabilities		36,135.2	28,860.6
Equity:			
Share capital		2,983.8	2,965.1
Contributed surplus		10.9	12.1
Retained earnings		603.7	512.9
Accumulated other comprehensive income		10.7	9.0
Total Equity		3,609.1	3,499.1
Commitments and contingent liabilities	2		
Total Liabilities and Equity		\$ 39,744.3	\$ 32,359.7

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

TMX GROUP LIMITED**Condensed Consolidated Interim Income Statements***(In millions of Canadian dollars, except per share amounts)*

<i>(Unaudited)</i>	<i>Note</i>	For the three months ended September 30		For the nine months ended September 30	
		2020	2019	2020	2019
Revenue	3	\$ 207.6	\$ 196.3	\$ 645.6	\$ 604.1
REPO and collateral interest:					
Interest income		17.6	74.6	142.1	237.7
Interest expense		(17.6)	(74.6)	(142.1)	(237.7)
Net REPO and collateral interest		—	—	—	—
Total revenue		207.6	196.3	645.6	604.1
Compensation and benefits		57.0	55.8	168.4	160.9
Information and trading systems		13.9	13.3	39.9	38.0
Selling, general and administration		15.9	16.1	67.8	55.5
Depreciation and amortization		20.4	19.5	59.7	59.2
Strategic re-alignment expenses		—	—	—	4.6
Total operating expenses		107.2	104.7	335.8	318.2
Income from operations		100.4	91.6	309.8	285.9
Share of income from equity accounted investees		2.9	1.0	6.6	3.1
Other income		—	—	—	2.3
Finance income (costs):					
Finance income		0.3	1.1	1.7	3.1
Finance costs		(8.4)	(10.0)	(26.5)	(30.2)
Net finance costs		(8.1)	(8.9)	(24.8)	(27.1)
Income before income tax expense		95.2	83.7	291.6	264.2
Income tax expense		25.2	22.0	83.7	64.1
Net income		\$ 70.0	\$ 61.7	\$ 207.9	\$ 200.1
Earnings per share:					
Basic	5	\$ 1.24	\$ 1.10	\$ 3.69	\$ 3.57
Diluted	5	\$ 1.23	\$ 1.09	\$ 3.65	\$ 3.54

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

TMX GROUP LIMITED**Condensed Consolidated Interim Statements of Comprehensive Income***(In millions of Canadian dollars)*

<i>(Unaudited)</i>	<i>Note</i>	For the three months ended September 30		For the nine months ended September 30	
		2020	2019	2020	2019
Net income		\$ 70.0	\$ 61.7	\$ 207.9	\$ 200.1
Other comprehensive loss:					
Items that will not be reclassified to the consolidated income statements:					
Actuarial loss on defined benefit pension and other post-retirement benefit plans (net of tax benefit of \$1.1)		(3.1)	—	(3.1)	—
Total items that will not be reclassified to the consolidated income statements		(3.1)	—	(3.1)	—
Items that may be reclassified subsequently to the consolidated income statements:					
Unrealized (loss) gain on translating financial statements of foreign operations		19.4	(19.9)	1.7	(63.7)
Total items that may be reclassified subsequently to the consolidated income statements		19.4	(19.9)	1.7	(63.7)
Total comprehensive income		\$ 86.3	\$ 41.8	\$ 206.5	\$ 136.4

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

TMX GROUP LIMITED**Condensed Consolidated Interim Statements of Changes in Equity***(In millions of Canadian dollars)**(Unaudited)*

For the nine months ended September 30, 2020

	Note	Share capital	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Total equity
Balance at January 1, 2020		\$ 2,965.1	\$ 12.1	\$ 9.0	\$ 512.9	\$3,499.1
Net income		—	—	—	207.9	207.9
Other comprehensive income (loss):						
Foreign currency translation differences		—	—	1.7	—	1.7
Actuarial losses on defined benefit pension and other post-retirement benefit plans, net of taxes		—	—	—	(3.1)	(3.1)
Total comprehensive income		—	—	1.7	204.8	206.5
Dividends to equity holders	8	—	—	—	(114.0)	(114.0)
Proceeds from exercised share options		30.0	—	—	—	30.0
Cost of exercised share options		3.4	(3.4)	—	—	—
Cost of share option plan		—	2.2	—	—	2.2
Shares repurchased under normal course issuer bid	8	(14.7)	—	—	—	(14.7)
Balance at September 30, 2020		\$ 2,983.8	\$ 10.9	\$ 10.7	\$ 603.7	\$3,609.1

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

TMX GROUP LIMITED**Condensed Consolidated Interim Statements of Changes in Equity***(In millions of Canadian dollars)**(Unaudited)***For the nine months ended September 30, 2019**

	<i>Note</i>	Share capital	Contributed surplus	Accumulated other comprehensive (loss) income	Retained earnings	Total equity
Balance at January 1, 2019		\$ 2,938.0	\$ 12.3	\$ 21.5	\$ 410.0	\$ 3,381.8
Net income		—	—	—	200.1	200.1
Other comprehensive loss:						
Foreign currency translation differences		—	—	(63.7)	—	(63.7)
Total comprehensive (loss) income		—	—	(63.7)	200.1	136.4
Dividends to equity holders	8	—	—	—	(104.2)	(104.2)
Proceeds from exercised share options		22.3	—	—	—	22.3
Cost of exercised share options		2.4	(2.4)	—	—	—
Cost of share option plan		—	2.2	—	—	2.2
Balance at September 30, 2019		\$ 2,962.7	\$ 12.1	\$ (42.2)	\$ 505.9	\$ 3,438.5

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

TMX GROUP LIMITED**Condensed Consolidated Interim Statements of Cash Flows***(In millions of Canadian dollars)*

(In millions of Canadian dollars)		For the three months ended September 30		For the nine months ended September 30	
(Unaudited)	Note	2020	2019	2020	2019
Cash flows from (used in) operating activities:					
Income before income taxes		\$ 95.2	\$ 83.7	\$ 291.6	\$ 264.2
Adjustments to determine net cash flows:					
Depreciation and amortization		20.4	19.5	59.7	59.2
Other income		—	—	—	(2.3)
Net finance costs		8.1	8.9	24.8	27.1
Share of income from equity accounted investees		(2.9)	(1.0)	(6.6)	(3.1)
Cost of share option plan		0.7	0.7	2.2	2.2
Unrealized foreign exchange (gains) losses		(0.2)	0.5	0.4	—
Trade and other receivables, and prepaid expenses		13.0	8.5	4.9	2.7
Trade and other payables		9.3	9.2	(9.8)	(25.0)
Provisions		(15.5)	0.4	(5.8)	(2.2)
Deferred revenue		(18.4)	(18.5)	15.4	16.2
Other assets and liabilities		10.5	6.6	11.4	6.4
Income taxes paid		(18.5)	(21.6)	(76.6)	(84.5)
		101.7	96.9	311.6	260.9
Cash flows (used in) from financing activities:					
Interest paid		(1.1)	(1.4)	(18.8)	(17.3)
Net settlement on derivative instruments		—	—	—	0.4
Repayment of lease liabilities		(2.0)	(2.3)	(6.2)	(6.1)
Proceeds from exercised options		6.8	7.8	30.0	22.3
Shares repurchased under normal course issuer bid	8	—	—	(14.7)	—
Dividends paid to equity holders	8	(39.6)	(34.8)	(114.0)	(104.2)
Net movement of Commercial Paper	6	(8.0)	(34.5)	(70.6)	(54.2)
Credit and liquidity facilities drawn, net	6	9.7	3.8	13.8	4.7
		(34.2)	(61.4)	(180.5)	(154.4)
Cash flows from (used in) investing activities:					
Interest received		0.2	1.1	1.9	3.1
Dividends received		—	—	5.4	2.9
Additions to premises and equipment and intangible assets		(14.2)	(13.0)	(44.4)	(41.0)
Acquisition of subsidiary, net of cash		—	(0.3)	—	(23.6)
Proceeds from sales		—	—	—	3.8
Marketable securities, net		(2.5)	(3.2)	32.4	(13.4)
		(16.5)	(15.4)	(4.7)	(68.2)
Increase in cash and cash equivalents					
Cash and cash equivalents, net, beginning of the period		224.2	152.9	149.0	135.3
Unrealized foreign exchange losses on cash and cash equivalents held in foreign currencies		0.3	(0.3)	0.1	(0.9)
Cash and cash equivalents, net, end of the period		\$ 275.5	\$ 172.7	\$ 275.5	\$ 172.7

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

TMX GROUP LIMITED

Notes to the Condensed Consolidated Interim Financial Statements

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

GENERAL INFORMATION

TMX Group Limited is a company domiciled in Canada and incorporated under the Business Corporations Act (Ontario). The registered office is located at 100 Adelaide Street West, Toronto, Ontario, Canada.

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

The unaudited condensed consolidated interim financial statements as at September 30, 2020 and December 31, 2019, and for the three and nine months ended September 30, 2020 and 2019 (the “interim financial statements”), comprise the accounts of TMX Group Limited and its subsidiaries (collectively referred to as the “Company”), and the Company’s interests in equity accounted investees.

NOTE 1 – BASIS OF PREPARATION

STATEMENT OF COMPLIANCE

The interim financial statements have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”) and IFRS Interpretations Committee (“IFRIC”) interpretations, as issued by the International Accounting Standards Board (“IASB”), for the preparation of interim financial statements, and they are in compliance with IAS 34, *Interim Financial Reporting*.

The interim financial statements do not contain all disclosures required by IFRS for annual financial statements, but have been prepared using the same accounting policies and methods of application as those used in the most recently prepared audited annual consolidated financial statements. Accordingly, the interim financial statements should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended December 31, 2019.

The following amendments were effective for the Company from January 1, 2020:

- IFRS 3, *Business Combinations*;
- IAS 1, *Presentation of Financial Statements* and IAS 8, *Accounting Policies, Changes in Accounting Estimate and Errors*; and
- Amendments to conceptual framework.

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

The interim financial statements were approved by the Company’s Board of Directors on November 4, 2020.

USE OF ESTIMATES AND JUDGEMENTS

The preparation of the interim financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the interim financial statements and the reported amounts of revenue and expenses during the reporting period. The judgements, estimates and associated assumptions are based on historical experience and other factors that management considers to be relevant. The areas of significant judgement and estimation were identified in the Company’s audited annual consolidated financial statements for the year ended December 31, 2019. Actual results could differ from these estimates and assumptions made.

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

NOTE 2 – ACQUISITIONS

(A) VisoTech

On May 15, 2019, the Company completed the acquisition of all the shares of VisoTech for €17.2 (\$25.9). The acquisition has been accounted for as a business combination with the Company consolidating 100% of the results of its operations from the date of acquisition. VisoTech is included in the Global Solutions, Insights & Analytics operating segment (note 4).

The final purchase price allocation is as follows:

Goodwill	\$	21.8
Intangible assets		5.8
Other assets and liabilities, net		(0.3)
Deferred tax liabilities on identifiable intangible assets		(1.4)
Fair value of net assets acquired	\$	25.9

The total purchase price was allocated to VisoTech's tangible and identifiable intangible assets and liabilities based on their estimated fair values as of May 15, 2019. In determining the purchase price allocation, the Company considered, among other factors, the intended future use of acquired assets, analysis of historical financial performance and the expected future performance of VisoTech's business. The excess of the purchase price over the net tangible and identifiable intangible assets was recorded as goodwill and assigned to the Global Solutions, Insights & Analytics reportable segment. The goodwill recorded reflects expected revenue synergies from combining VisoTech with the Company's existing businesses.

(B) Proposed acquisition of AST Canada

On September 25, 2020, the Company announced it has entered into an agreement to acquire AST Investor Services Inc. (Canada), and its subsidiary AST Trust Company (Canada), for \$165.0 million in total consideration, subject to working capital adjustments, and which includes \$30.0 million of cash for regulatory and non-regulatory purposes. The transaction is expected to close within 6 to 12 months, subject to receipt of regulatory approvals under the Competition Act (Canada) and Trust and Loan Companies Act (Canada).

NOTE 3 – REVENUE

The Company's primary contracts from customers are disaggregated by major products and service lines below, and categorized by operating segments as identified and disclosed in note 4.

	For the three months ended September 30,		For the nine months ended September 30,	
Global Solutions, Insights & Analytics	2020	2019	2020	2019
Trayport	\$ 34.2	\$ 29.3	\$ 101.4	\$ 88.7
Subscribers and usage	24.6	23.3	74.3	71.2
Other	21.5	21.0	65.4	63.9
	80.3	73.6	241.1	223.8
Capital Formation				
Initial listing fees	2.3	2.6	7.3	8.4
Additional listing fees	23.9	17.4	59.2	56.2
Sustaining fees	17.2	17.3	51.8	51.8
Other issuer services	6.8	6.4	20.1	21.7
	50.2	43.7	138.4	138.1
Derivatives Trading & Clearing	24.9	33.5	95.4	99.9
Equities and Fixed Income Trading & Clearing				
Equities and fixed income trading	28.5	23.5	96.4	75.3
Equities and fixed income clearing, settlement, depository and other services (CDS)	23.7	21.8	73.5	67.1
	52.2	45.3	169.9	142.4
Other	—	0.2	0.8	(0.1)
Total Revenue	\$ 207.6	196.3	\$ 645.6	\$ 604.1

NOTE 4 – SEGMENT INFORMATION

The Company has four reportable segments:

- **Global Solutions, Insights & Analytics:** to deliver integrated data sets to fuel high-value proprietary and third party analytics to help clients make better trading and investment decisions. The Company's operations included in the Global Solutions, Insights & Analytics segment are TMX Datalinx, Trayport and VisoTech.
- **Capital Formation:** to energize and expand the "capital market community" to better facilitate capital raising for issuers of all types at all stages of their development and to provide access to alternative sources of capital. The Company's operations included in the Capital Formation segment are: Toronto Stock Exchange, a national stock exchange serving the senior equities market; TSX Venture Exchange, a national stock exchange serving the public venture equity market; and TSX Trust, a provider of corporate trust, registrar, transfer agency and foreign exchange services.
- **Derivatives Trading & Clearing:** to intensify new product creation and leverage our unique market position to benefit from increasing demand for derivatives products both in Canada and globally. The Company's operations included in the Derivatives Trading & Clearing segment are Montréal Exchange, a national derivatives exchange; and Canadian Derivatives Clearing Corporation ("CDCC"), a clearinghouse for options and futures contracts and certain over-the-counter products and fixed income repurchase agreements.
- **Equities and Fixed Income Trading & Clearing:** to operate innovative, efficient, reliable, fast, easy to use platforms for equities trading and clearing. The Company's operations included in the Equities and Fixed Income Trading & Clearing segment are the trading operations of Toronto Stock Exchange, TSX Venture Exchange, and TSX Alpha Exchange; CDS Clearing and Depository Services Inc. ("CDS Clearing"), an automated facility for the clearing and settlement of equities and fixed income transactions and custody of securities in Canada and Shorcan Brokers Limited, a fixed income inter-dealer broker.

The Company has certain revenue and corporate costs 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 the Other segment.

Information related to each reportable segment is as follows:

For the three months ended							September 30, 2020
	Global Solutions Insights & Analytics	Capital Formation	Derivatives Trading & Clearing	Equities and Fixed Income Trading & Clearing	Other		Total
Revenue (external)	\$ 80.3	\$ 50.2	\$ 24.9	\$ 52.2	\$ —	\$	207.6
Inter-segment revenue	0.1	0.3		0.5	(0.9)		—
Total revenue	\$ 80.4	\$ 50.5	\$ 24.9	\$ 52.7	\$ (0.9)	\$	207.6
Income (loss) from operations	\$ 50.1	\$ 28.8	\$ 8.8	\$ 26.3	\$ (13.6)	\$	100.4
Selected items:							
Depreciation and amortization	\$ 2.1	\$ 0.1	\$ 0.3	\$ 0.1	\$ 17.8	\$	20.4

For the three months ended							September 30, 2019
	Global Solutions Insights & Analytics	Capital Formation	Derivatives Trading & Clearing	Equities and Fixed Income Trading & Clearing	Other		Total
Revenue (external)	\$ 73.6	\$ 43.7	\$ 33.5	\$ 45.3	\$ 0.2	\$	196.3
Inter-segment revenue	0.1	—	—	0.4	(0.5)		—
Total revenue	\$ 73.7	\$ 43.7	\$ 33.5	\$ 45.7	\$ (0.3)	\$	196.3
Income (loss) from operations	\$ 46.5	\$ 23.5	\$ 13.8	\$ 19.2	\$ (11.4)	\$	91.6
Selected items:							
Depreciation and amortization	\$ 1.9	\$ —	\$ 0.1	\$ 0.1	\$ 17.4	\$	19.5

For the nine months ended							September 30, 2020
	Global Solutions Insights & Analytics	Capital Formation	Derivatives Trading & Clearing	Equities and Fixed Income Trading & Clearing	Other		Total
Revenue (external)	241.1	138.4	95.4	169.9	0.8	\$	645.6
Inter-segment revenue	0.2	0.3		1.4	(1.9)		—
Total revenue	241.3	138.7	95.4	171.3	(1.1)	\$	645.6
Income (loss) from operations	\$ 157.0	\$ 71.8	\$ 45.9	\$ 88.9	\$ (53.8)	\$	309.8
Selected items:							
Depreciation and amortization	5.6	0.1	0.8	0.4	52.8	\$	59.7

For the nine months ended

September 30, 2019

	Global Solutions Insights & Analytics	Capital Formation	Derivatives Trading & Clearing	Equities and Fixed Income Trading & Clearing	Other	Total
Revenue (external)	\$ 223.8	\$ 138.1	\$ 99.9	\$ 142.4	\$ (0.1)	\$ 604.1
Inter-segment revenue	0.3	—	—	1.2	(1.5)	—
Total revenue	\$ 224.1	\$ 138.1	\$ 99.9	\$ 143.6	\$ (1.6)	\$ 604.1
Income (loss) from operations	\$ 142.2	\$ 76.0	\$ 42.8	\$ 65.4	\$ (40.5)	\$ 285.9
Selected items:						
Depreciation and amortization	\$ 6.0	\$ —	\$ 0.3	\$ 0.4	\$ 52.5	\$ 59.2

NOTE 5 – EARNINGS PER SHARE

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

Basic and diluted earnings per share for the period are as follows:

For the three months ended	September 30, 2020	September 30, 2019
Net income	\$ 70.0	\$ 61.7
Weighted average number of common shares outstanding – basic	56,552,578	56,121,234
Effect of dilutive share options	528,202	636,002
Weighted average number of common shares outstanding – diluted	57,080,780	56,757,236
Basic earnings per share	\$ 1.24	\$ 1.10
Diluted earnings per share	\$ 1.23	\$ 1.09

For the nine months ended	September 30, 2020	September 30, 2019
Net income	\$ 207.9	\$ 200.1
Weighted average number of common shares outstanding – basic	56,406,341	55,990,577
Effect of dilutive share options	549,476	499,396
Weighted average number of common shares outstanding – diluted	56,955,817	56,489,973
Basic earnings per share	\$ 3.69	\$ 3.57
Diluted earnings per share	\$ 3.65	\$ 3.54

NOTE 6 – DEBT, CREDIT AND LIQUIDITY FACILITIES**(A) DEBT**

The Company has the following debt outstanding at:

				September 30, 2020	December 31, 2019
	Interest rate	Maturity date(s)	Principal/ Authorized amount	Carrying amount	Carrying amount
Series B Debentures	4.461 %	Oct 3, 2023	\$ 250.0	\$ 249.7	\$ 249.6
Series D Debentures	2.997 %	Dec 11, 2024	300.0	298.7	298.6
Series E Debentures	3.779 %	June 5, 2028	200.0	199.0	198.9
Debentures				747.4	747.1
Commercial Paper	0.25%	Oct 5 - Oct 30, 2020	500.0	169.0	239.6
Commercial Paper				169.0	239.6
TMX Group Limited credit facility	1 month B.A./ LIBOR + 107.5 bps	May 2, 2021	500.0	—	—
Credit facility				—	—
Total debt				916.4	986.7
Less: current portion of debt				(169.0)	(239.6)
Non-current debt				\$ 747.4	\$ 747.1

(i) Debentures

During the three and nine months ended September 30, 2020, the Company recognized interest expense on its Series B, Series D and Series E debentures of \$2.8, \$2.3 and \$1.9 and \$8.4, \$6.9 and \$5.7, respectively (three and nine months ended September 30, 2019 – \$2.8, \$2.3 and \$1.9 and \$8.4, \$6.9 and \$5.7, respectively).

(ii) Commercial paper

During the three and nine months ended September 30, 2020, the Company issued Commercial Paper with a cumulative amount of \$523.0 and \$1,502.2, respectively (three and nine months ended September 30, 2019 – \$491.0 and \$1,491.3, respectively). During the same period, the Company repaid Commercial Paper with a cumulative amount of \$531.0 and \$1,572.8, respectively (three and nine months ended September 30, 2019 – \$525.5 and \$1,545.5, respectively).

(B) CREDIT AND LIQUIDITY FACILITIES

The Company has the following credit and liquidity facilities that were amended or drawn and outstanding at:

				September 30, 2020	December 31, 2019
	Interest rate†	Maturity date(s)	Authorized	Carrying amount	Carrying amount
CDS Clearing secured standby liquidity facility	—	March 23, 2021	2,000.0	\$ —	\$ —
CDS Clearing secured standby liquidity facility	—	March 23, 2021	US\$720.0	—	—
CDCC syndicated revolving standby liquidity facility	—	Feb 26, 2021	320.0	22.0	8.2
CDCC syndicated REPO facility	—	Feb 26, 2021	27,012.0	—	—
Total credit and liquidity facilities drawn				\$ 22.0	\$ 8.2

†The interest rate charged on borrowings under the credit and liquidity facilities vary as the actual rate will be based on the prevailing market rates at the time of draw.

(i) TMX Group Limited credit facility

The TMX Group Limited credit facility continues to provide 100% backstop to the commercial paper program and it can also be used for general corporate purposes. The amount available to be drawn under the TMX Group Limited credit facility is limited to \$500 (or the equivalent USD) less the aggregate amount, at any point in time, of: (i) Commercial Paper outstanding (September 30, 2020 – \$169.0); and (ii) inter-company notes payable outstanding to CDS Clearing, CDCC and Shorcan Brokers Limited (September 30, 2020 – \$34.5).

(ii) CDS Clearing facilities

CDS Clearing maintains a secured standby liquidity facility of US\$720, or Canadian dollar equivalent, that can be drawn in either United States ("US") or Canadian currency. On March 24, 2020, CDS Clearing extended the maturity date to March 23, 2021.

CDS Clearing also has a secured standby liquidity facility of \$2,000, or US equivalent, that can be drawn in either Canadian or US currency. On March 24, 2020, CDS Clearing extended the maturity date to March 23, 2021.

(iii) CDCC syndicated revolving standby liquidity and syndicated REPO facilities

CDCC maintains a \$27,012.0 REPO uncommitted facility (December 31, 2019 – \$18,102.0) that is in place to provide end of day liquidity in the event that CDCC is unable to clear the daylight liquidity facilities to zero. On February 28, 2020, CDCC extended this facility to February 26, 2021.

CDCC also maintains a \$320.0 syndicated revolving standby liquidity facility (December 31, 2019 – \$400.0) to provide end of day liquidity in the event that CDCC is unable to clear the daylight liquidity facilities to zero. Advances under the facility are secured by collateral in the form of securities that have been received by, or pledged to, CDCC. On February 28, 2020, CDCC extended this facility to February 26, 2021.

As at September 30, 2020, CDCC had drawn \$22.0 to facilitate a failed REPO settlement. The amount is fully offset by liquid securities included in cash and cash equivalents and was fully repaid subsequent to the reporting date.

(C) RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's consolidated statement of cash flows arising from financing activities.

	Debtentures	Commercial Paper	CDCC syndicated revolving standby liquid facility	Total return swaps	Lease liabilities	Total
Balance at December 31, 2019	\$ 747.1	\$ 239.6	\$ 8.2	\$ 1.1	\$ 103.7	\$ 1,099.7
Financing cash flows	—	(70.6)	13.8	(1.1)	(6.2)	(64.1)
Other (non-cash)	0.3	—	—	—	(1.3)	(1.0)
Balance at September 30, 2020	\$ 747.4	\$ 169.0	\$ 22.0	\$ —	\$ 96.2	\$ 1,034.6

NOTE 7 – FINANCIAL INSTRUMENTS

The classification of the Company's financial instruments, along with their carrying amounts and fair values are as follows:

	September 30, 2020		December 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets at fair value through profit or loss				
Marketable securities	\$ 48.0	\$ 48.0	\$ 80.4	\$ 80.4
Total return swaps	0.4	0.4	—	—
	48.4	48.4	80.4	80.4
Assets at amortized cost				
Cash and cash equivalents	275.5	275.5	149.0	149.0
Restricted cash and cash equivalents	147.5	147.5	151.5	151.5
Trade and other receivables	102.4	102.4	105.3	105.3
Promissory note	4.7	4.7	5.0	5.0
Clearing Members cash collateral	5,218.5	5,218.5	1,596.7	1,596.7
Balances with Clearing Members	22,638.4	22,638.4	24,333.6	24,333.6
Balances with Participants	6,042.2	6,042.2	658.6	658.6
	34,429.2	34,429.2	26,999.7	26,999.7
Liabilities at fair value through profit or loss				
Total return swaps	—	—	(1.1)	(1.1)
	—	—	(1.1)	(1.1)
Liabilities at amortized cost				
Other trade and other payables	(60.2)	(60.2)	(61.0)	(61.0)
Accrued interest payable	(10.7)	(10.7)	(3.8)	(3.8)
Participants' tax withholdings	(147.5)	(147.5)	(151.5)	(151.5)
Clearing Members cash collateral	(5,218.5)	(5,218.5)	(1,596.7)	(1,596.7)
Balances with Clearing Members	(22,638.4)	(22,638.4)	(24,333.6)	(24,333.6)
Balances with Participants	(6,042.2)	(6,042.2)	(658.6)	(658.6)
Credit and liquidity facilities drawn	(22.0)	(22.0)	(8.2)	(8.2)
Commercial Paper	(169.0)	(169.0)	(239.6)	(239.6)
Debentures	(747.4)	(827.4)	(747.1)	(784.9)
	\$ (35,055.9)	\$ (35,135.9)	\$ (27,800.1)	\$ (27,837.9)

The carrying amount of the Company's financial instruments approximate their fair values at each reporting date, with the exception of the debentures. The fair values of the debentures were obtained using Level 2 observable market prices as inputs.

FAIR VALUE MEASUREMENT

The categories within the fair value hierarchy of the Company's financial instruments carried at fair value are as follows:

As at Asset/(Liability)	Fair value measurements using:			September 30, 2020
	Level 1	Level 2	Level 3	
Marketable securities	\$ 48.0	\$ —	\$ —	\$ 48.0
Total return swaps	—	0.4	—	0.4

As at Asset/(Liability)	Fair value measurements using:			December 31, 2019
	Level 1	Level 2	Level 3	
Marketable securities	\$ 80.4	\$ —	\$ —	\$ 80.4
Total return swaps	—	(1.1)	—	(1.1)

There were no transfers during the periods between any of the levels.

NOTE 8 – SHARE CAPITAL**SHARE REPURCHASES**

On February 28, 2020, the Company announced that the Toronto Stock Exchange ("TSX") accepted its normal course issuer bid ("NCIB") under which it can purchase for cancellation up to a maximum number of 560,000 of its common shares through the facilities of the TSX. The purchases will be made at prevailing market prices at the time of acquisition and in accordance with the rules and policies of the TSX. Purchases under the NCIB commenced on March 4, 2020 and will terminate on March 3, 2021, or on such earlier date as the Company completes its purchases.

During the nine months ended September 30, 2020, 140,000 common shares were purchased for cancellation by the Company, at an average price of \$104.93, and for a total amount of \$14.7.

DIVIDENDS

Dividends recognized and paid in the period are as follows:

For the nine months ended	September 30, 2020		September 30, 2019	
	Dividend per share	Total paid	Dividend per share	Total paid
Dividend paid in March	\$ 0.66	\$ 37.2	\$ 0.62	\$ 34.6
Dividend paid in June	\$ 0.66	\$ 37.2	\$ 0.62	\$ 34.8
Dividend paid in September	\$ 0.70	\$ 39.6	\$ 0.62	\$ 34.8
Total dividends paid	\$	114.0	\$	104.2

On November 4, 2020, the Company's Board of Directors declared a dividend of 70 cents per share. This dividend will be paid on December 4, 2020 to shareholders of record on November 20, 2020 and is estimated to amount to \$39.6.

Investor Contact Information

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Le rapport est également disponible en français.

Dividend Information

The Board of Directors of TMX Group Limited declared a dividend of \$0.70 on each common share outstanding, payable on December 4, 2020 to shareholders of record at the close of business on November 20, 2020. TMX Group hereby advises that this dividend is an "eligible dividend" for Canadian income tax purposes. Shareholders with questions regarding the tax treatment of dividends should consult with their own tax advisors or contact their local office of the Canada Revenue Agency and where applicable, the provincial taxation authorities.

Normal Course Issuer Bid

On February 28, 2020, TMX Group announced that its normal course issuer bid ("NCIB") had been accepted by Toronto Stock Exchange ("TSX"). TMX Group intends to repurchase up to 560,000 of its common shares through the facilities of the TSX, representing approximately 1% of its common shares outstanding on February 24, 2020. TMX Group will make purchases in accordance with TSX requirements and the price TMX Group will pay for any such common shares will be the

market price of such shares at the time of acquisition. The purchases commenced on March 4, 2020 and will terminate on March 3, 2021, or on such earlier date as TMX Group completes its purchases. All repurchased shares will be cancelled.

The Company also entered into a pre-defined plan with its designated broker to allow for the repurchase of common shares at times when the TMX Group ordinarily would not be active in the market due to its own internal trading blackout periods, insider trading rules or otherwise.

A copy of our Notice of Intention to Make an NCIB may be obtained, without charge, by contacting Investor Relations as outlined above.

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Forward-Looking Information

This report contains forward-looking statements, which are not historical facts but are based on certain assumptions and reflect TMX Group's current expectations. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. We have no intention to update this forward-looking information, except as required by applicable securities law.

This forward-looking information should not be relied upon as representing our views as of any date subsequent to the date of this report. Please see "Caution regarding Forward-Looking Information" in the Q3-2020 Management's Discussion and Analysis for some of the risk factors that could cause actual events or results to differ materially from current expectations.

Non-IFRS Financial Measures

Adjusted diluted earnings per share, as referred to in the letter from the CEO, is a non-IFRS measure which does not have a standardized meaning prescribed by IFRS and is, therefore, unlikely to be comparable to similar measures presented by other companies. We present 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, strategic re-alignment expenses, gain on sale of interest in Bermuda Stock Exchange, transaction related costs, change in net deferred income tax liabilities resulting from decrease in Alberta corporate income tax rate and net litigation settlement 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.

The reconciliation of adjusted diluted earnings per share is located in the Q3/20 Management's Discussion and Analysis on page 17 for the quarters ended September 30, 2020 and 2019.

For more information

Please contact TMX Group if you have any additional questions or require further clarification.

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