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# Canada's Public Equity Markets: Trends and Opportunities

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Toronto Stock Exchange | TSX Venture Exchange | Montréal Exchange | Natural Gas Exchange | Montréal Climate Exchange | Boston Options Exchange

Canadian Derivatives Clearing Corporation | TMX Datalinx | Equicom | PC Bond | Shorcan

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# Trading: evolution or revolution ?



## “revolution”

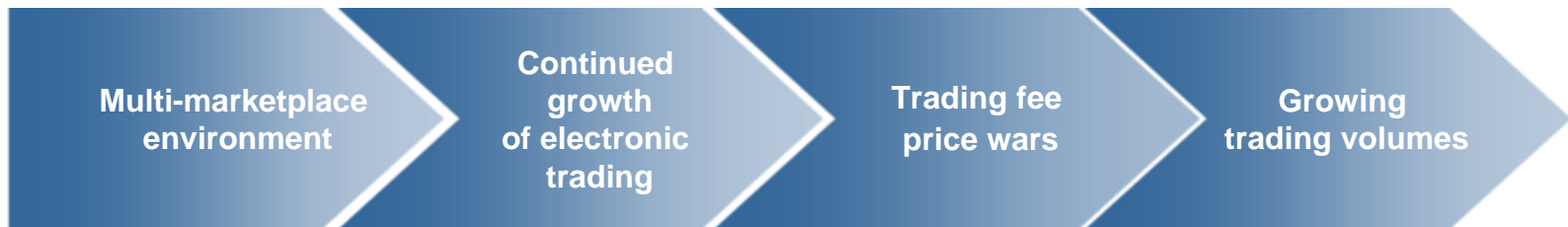
- a sudden, complete or marked change in something

# It's been a year of tremendous change...

## ....in the global economy...



## ...and in the Canadian trading environment.



# TMX is now a multi-asset class exchange group

**TMX GROUP**  
**GRUPE TMX**

## Equities



## Derivatives



## Energy



## Fixed Income



## Data



# Canada and TMX Group have global strength in equities

8<sup>th</sup>

Market Capitalization

\*Based on TSX and TSXV issuers



1<sup>st</sup>

North America

2<sup>nd</sup> **# Companies**  
Globally

\*Based on number of TSX and TSXV issuers

7<sup>th</sup>

Equity Raised

\*Based on TSX and TSXV issuers

# What we've done - what's next...

## Addressing your issues head-on

*Yesterday*

- Trading fee reductions
- Maker-taker pricing
- “Market-maker” model
- FIX implementation

*Today*

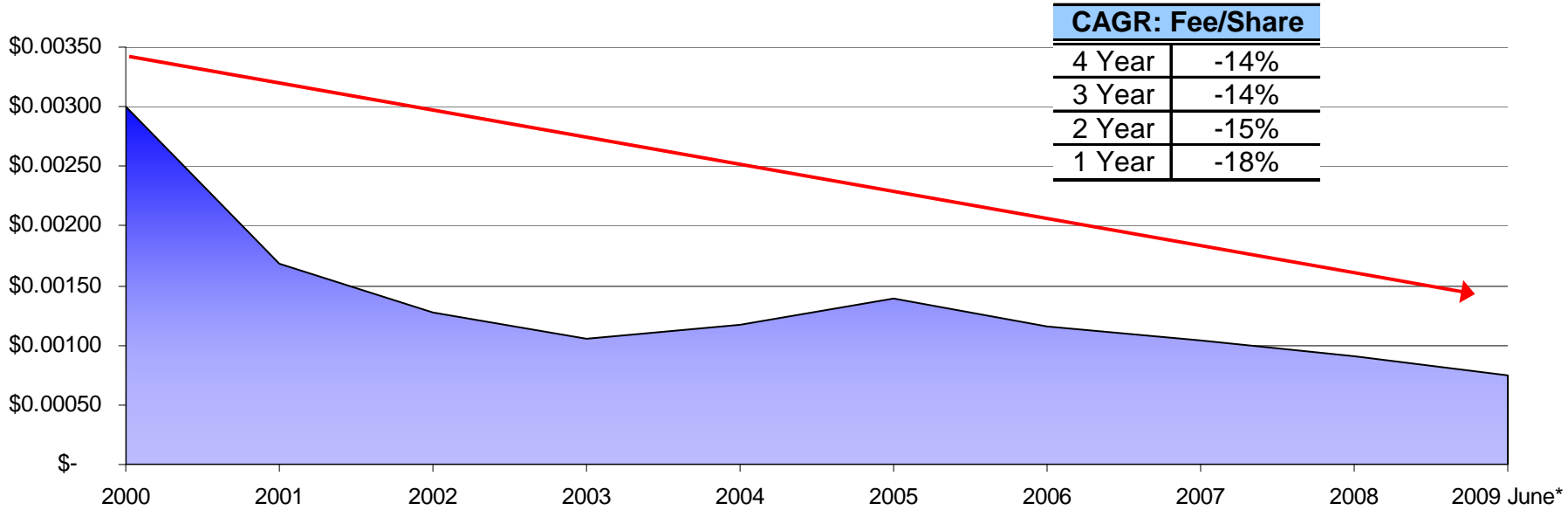
- Major ongoing technology investments:
  - Quantum
- Innovations to drive trading solutions:
  - Smart order router
- Growing liquidity pool:
  - Domestic listings
  - International listings
  - International trading
  - High-frequency trading

*Tomorrow*

- **Significant investments in technology, innovation, new products**
- **Deploy next generation technology**
- **Returning value to the street:**
  - **Fees**
  - **Products**
  - **Service**

# TMX pricing changes improve TMX Group's competitive position and are designed to increase trading activities

TSX Fee Per Share Traded



CAGR: Fee/Share	
4 Year	-14%
3 Year	-14%
2 Year	-15%
1 Year	-18%

\*assume 2009F fee/share stays consistent



However, you have many serious questions...

And we are listening

High velocity trading...  
Good or bad?

AUGUST 14, 2009

IS ATS COMPETITION DISTRACTING THEM?

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THURSDAY • NOVEMBER 15, 2007

Is the technology stable?

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Why are you so complicated?

Why is data costing so much?

When there are problems...why won't you talk to me?

Can the exchange of yesterday  
be the partner for tomorrow?

...will trading fees come down?

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What's next for TMX?

AUGUST 14, 2009

## IS ATS COMPETITION DISTRACTING THEM?

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***“...the imagination is baffled by the facts”***

# ATSs have made a lot of noise in Canada

## ATS Claims

- Good for the market
- Cheaper
- Market on open for free
- Will drive liquidity
- Customer-centric
- Forcing TSX to drop fees
- Neutral
- Transparent
- “By the industry for the industry”

## THE FACTS

- ▶ • Fragmenting the market
- ▶ • Causing costs to rise
- ▶ • Splitting MOO hurts us all
- ▶ • Is simply carving same pie
- ▶ • Complicating trading enviro
- ▶ • Fees down 90% since 1999
- ▶ • Conflict of interest
- ▶ • “Behind closed doors”
- ▶ • ?

THURSDAY • NOVEMBER 15, 2007

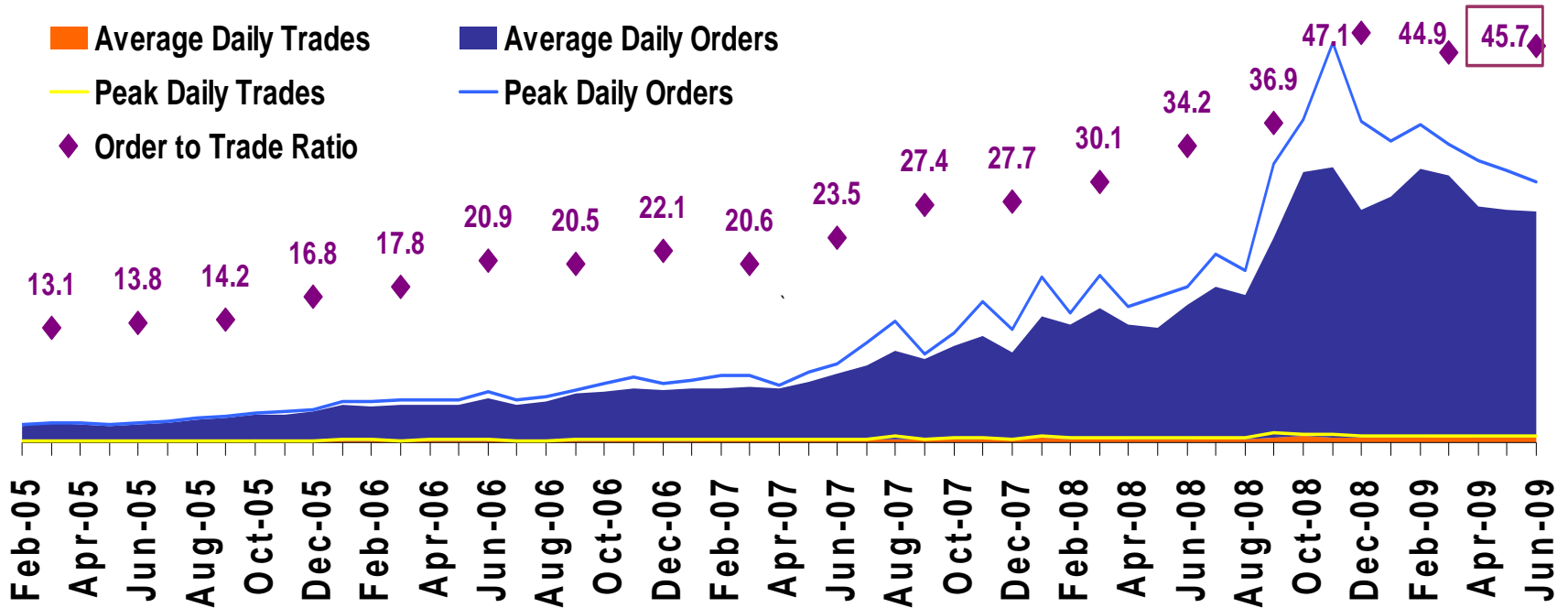
## Is the technology stable?

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- Ongoing investments to meet customer needs
- Focus on reliability, through-put, latency
- Regret recent issues
- Focused on delivering for the future

# We're ramping up – modernizing for a new era

## Enormous volume increases



### CAGR Peak Daily Orders:

5yr:	86%
2yr:	87%
1yr:	108%

# Building for the future

## World-class trading technology and performance

- ✓ State-of-the-art performance
- ✓ Enhanced liquidity & turnover
- ✓ Low latency
- ✓ Scalability
- ✓ Attracts new entrants & order flow to Canada



**TSX**  
**QUANTUM™**  
*The Speed of Trade*

Complete

Complete

Autumn 2009

Q4 2009 +

TSX Quantum

TSX Symbol Migration  
May 2008

TSX Venture  
Symbol  
Migration

TSX Quantum  
Gateway

Performance  
Expansion &  
Data Feeds  
Gateway

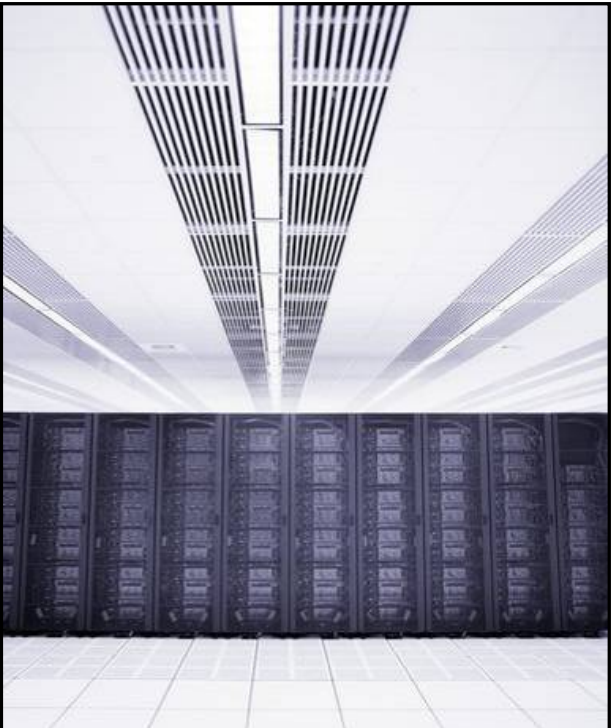
# Goal: the right technology for you

## Maximizing customer benefits for the long term

### Combined technology platform



### Co-location



### Combined gateway



Simpler. Faster. Cheaper.



# Can the exchange of yesterday be the partner for tomorrow?

- Quality listings – both domestic and international
- Driving liquidity
- Enhancements to trading experience
- Fighting for what matters to you:
  - Lighter touch on SOX
  - Regulatory oversight for quality market
- Challenger brand – fighting for NA market share with NASDAQ, NYSE, others

# We're globalizing Canada's Capital Markets



- **Attract US and international listings**
- **Enhance our overall liquidity**
- **Encourage investors to put \$ into Canada**

# And global community is trading Canada



- TSX has attracted new international participating organizations and sponsored DMA clients
- Electronic trading flow from new international clients is expected to represent over 40% of volume growth on TSX in 2009

# What's next for TMX?

- **Focus on value**

- **Pricing**
- **Technology**
- **Innovation**
- **Service**

# In some ways we've come full circle

**1999**

*Exchange  
Specialization*

**1999**

*Fragmented Markets  
Conflicted Ownership  
High Costs of MME*

**2000 - 2002**

*TSX Demutualization /  
TSX Going Public*

**2009**

*Fragmented Markets  
Conflicted Ownership  
High Costs of MME*

**2008**

*Canadian Exchange  
Consolidation*

# Trading:

**Evolution**

*or*

**Revolution**

*or*

**Full Circle**

*Answer is probably  
some of each*

Thank you