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Statement Responding to Open Letter from a Select Group of Financial Institutions

TMX Group has taken careful note of the concerns raised by a number of financial institutions in the context of its proposed merger with the London Stock Exchange Group (LSEG). We recognize that we are asking governments and financial institutions – not to mention all concerned Canadians – to absorb an enormous amount of information and a complex merger agreement that took many months to negotiate. Our role is to help facilitate this process – and our commitment to open dialogue and debate remains firm.

Throughout our own deliberations and negotiations with LSEG, the two primary concerns being expressed by the financial institutions in question were at the forefront of our thinking as well: can we protect Canada's winning regulatory structure while offering Canadian public capital markets an opportunity to grow and succeed even more broadly? After much work, we believe that we have tabled a merger agreement that achieves these goals. Allow me to try and articulate just a few points.

As the financial institutions correctly point out, Canada's regulatory regime has served this country extremely well. That is why, as we have clearly stated from day one, the merger agreement contains protections and covenants to ensure that regulatory oversight of the exchanges and of Canadian issuers remain intact. Put plainly, full and exclusive Canadian regulation and oversight of our Canadian exchanges, clearinghouse and issuers is the cornerstone of our agreement. It really is that simple – no foreign regulator, including the U.K. Financial Services Authority, will have any regulatory powers or influence over any of our Canadian exchanges, entities or issuers.

TMX also notes the concerns expressed regarding operational control of our exchanges. We share this concern, which is why careful thought went into the undertakings we are providing to Canadian government and regulatory authorities; undertakings that maintain Canadian mind and management for the future. First, regarding our regulated exchanges – particularly Toronto Stock Exchange, TSX Venture Exchange and Montreal Exchange – separate boards will be maintained, with minimum 50% Canadian residents in each case. Further, our undertakings ensure that the leadership of these exchanges remains in the hands of a Canadian resident, permanently. Combined with continued oversight by our Canadian regulators, this provides the best possible protection.

As we have noted previously, this merger represents a pooling of ownership at the holding company level and is not in any way a merger of exchanges. However, in addition to the clear protections described above for each TMX-managed exchange, a significant level of

Canadian leadership will also exist at the holding company level. Seven directors will be based in Canada, while five will come from the U.K. and an additional three from Italy. A Canadian Chair will sit at the helm of that Board. Furthermore, the various businesses and exchanges across the holding company will all be managed by a Canadian-based President, and the finances of that merged entity overseen by a Canadian-based Chief Financial Officer. These provisions are accompanied by longer-term guarantees that ensure a permanent Canadian presence on the holding company Board regardless of potential future transactions, a unique provision for international mergers. In addition, any future transaction resulting in a change of control would once again require Canadian regulatory approval.

However strong the protections I have just outlined may be, the benefits and potential opportunities before us are what truly require attention. This is not just about globalization – it is also about accelerated growth for Canada's capital markets. Fundamentally, we believe that a trans-Atlantic merger between TMX Group and LSEG contributes directly to Canada's success. By spreading our cost base across a broader organization, our ability to develop and deploy industry-leading innovations, new products and winning technology quickly and efficiently is significantly enhanced. Access to an international and well-established sales and business development organization gives TMX enhanced ability to attract new investors, participants and overall interest to Canada. And, as these investors drive up activity, deepen liquidity and increase the overall capital pool available for Canadian public companies, our exchanges can even better serve the market.

I agree fully with the signatories of the letter, we do today operate world-class platforms. However, that does not mean that the right step is to rest on our laurels. On the contrary, it is our obligation to look to the future, act with determination and careful thought and ensure our competitiveness, not just tomorrow but for decades to come.

We believe we have entered into an agreement that both protects Canada and opens important opportunities for growth. We look forward to further discussion and debate with all stakeholders across Canada in the days and weeks ahead. We trust that, in the end, most will agree that the opportunity before us is real, the benefits achievable and the future of Canada's capital markets well-protected.

Regards,

Thomas A. Kloet
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