

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Recognizing the leadership role that TSX Group has played in shaping corporate governance practices in Canada, Board of Directors and management of TSX Group continue to be committed to remaining at the forefront of good governance and to ensuring the highest standard of corporate governance. TSX Group's corporate governance policies are designed to support the Board in discharging its responsibilities and to enhance shareholder value. Since becoming a publicly-traded company, we have implemented important initiatives to enhance our corporate governance practices and we regularly review these practices.

TSX Group's corporate governance system complies with Toronto Stock Exchange's Corporate Governance Guidelines (*TSX Guidelines*) and Multilateral Instrument 52-110—Audit Committees (*MI 52-110*). In addition, we continue to review our corporate governance practices with reference to the corporate governance guidelines recommended by the Canadian Coalition for Good Governance, and in anticipation of National Policy 580-201—Effective Corporate Governance (*NP 58-201*) and National Instrument 58-101—Disclosure of Corporate Governance Practices (*NI 58-101*) coming into force.

The Board is responsible for TSX Group's governance and stewardship and overseeing its corporate strategy, affairs and management. The Board discharges this responsibility, either directly or, where appropriate, through committees, and by selecting and holding management accountable for TSX Group's operations and for implementing its corporate strategy. The Board sets clear policies and direction for management's responsibilities and authority. Among its many specific duties, the Board annually evaluates the Chief Executive Officer against corporate objectives (established by the Board with the CEO), and sets the CEO's compensation. The Board also approves strategic plans and corporate objectives that the CEO is responsible for meeting, provides advice and counsel to the CEO, oversees ethical and legal conduct, and assesses financial performance. In addition, the Board approves the adequacy and form of compensation paid to Directors. In early 2004, the Board adopted a Board Charter (available on the TSX Group website) that describes its responsibilities.

At each regularly scheduled Board meeting, Directors and senior management examine, review and discuss a broad range of issues relevant to TSX Group's strategy, business interests and growth initiatives. In addition, management provides the Board with timely and periodic reports on operational and financial performance. During fiscal 2004, the Board held eleven regular and two special meetings. Attendance by Directors at these meetings was more than 90%, either in person, by teleconference or by video conference. The Board plans to hold eleven meetings in 2005. At every meeting, the Board meets without

management to ensure it is able to discharge its responsibilities independently of management. The Finance and Audit Committee can retain an outside advisor or expert in its discretion. The Governance Committee can retain an outside advisor or expert with the approval of the Chair, and an individual Director or other committee of the Board can retain an outside advisor or expert with the approval of the Governance Committee.

The Board has a non-executive Chair and knowledgeable and experienced Directors, a majority of whom are "unrelated" within the meaning of the TSX Guidelines. In addition, TSX Group complies with its recognition order issued by the Ontario Securities Commission (*Recognition Order*) which currently requires at least 50% of Directors to be "independent," which is defined in the Recognition Order as being independent of management and not associated with a Participating Organization of Toronto Stock Exchange or a Member or Participating Organization of TSX Venture Exchange.

The Board also derives strength from the background, qualities, skills and experience of its Directors. The Governance Committee recommends candidates to the Board who are suitable for nomination to the Board on an annual basis. Nominees are selected for qualities such as integrity, business judgment, financial acumen, independence, business, professional or board expertise and capital markets experience. The Board also takes into consideration representation from geographic regions relevant to TSX Group's strategic priorities.

TSX Group provides new Directors with a Directors' Manual, which serves as a corporate reference, as well as with orientation materials describing its business, strategy, objectives and initiatives. Directors are invited to spend time at our offices and also have timely and periodic one-on-one meetings with the CEO and key members of the senior management team. The Chair sets the agenda for Board meetings and Directors receive a comprehensive package of information prior to each Board and committee meeting. As well, each committee delivers a report to the full Board on its work after each committee meeting.

TSX Group also provides the Board with a variety of other materials on an *ad hoc* basis, to keep them informed about internal developments as well as developments in, or which affect, its industry. All of these materials and other corporate materials are also accessible by Directors on a permanent, secure intranet.

In each of the past five years, the Board has evaluated its performance and effectiveness through a Board Assessment Survey and has addressed any issues that were raised in these evaluations. In 2004, the Board implemented peer review of the Directors, including the Chair of the Board, to assess individual Director performance. The Chair of the Board conducts formal one-on-one interviews with each Director, based on the results of the survey and the peer review.

The Board's Code of Business Conduct and Ethics for Directors (Board Code), which was updated in late January 2005, sets standards for ethical behaviour of the Board. The Board monitors compliance with the Board Code and is responsible for considering and granting waivers from compliance with the Board Code, if any. No waivers have been granted nor have there been any violations of the Board Code. A copy of the Board Code is available on our website.

TSX Group and the Board are committed to open and proactive communication. Our investor relations staff provides information to current and potential investors and responds to their inquiries. We broadcast quarterly earnings conference calls live and archive these calls on our website. We also make recordings available via telephone to interested investors, the media and members of the public for three months after each call. We promptly make available presentations from investor conferences on our website. We also make material disclosure documents available on our website.

The Board has four standing committees with specific areas of responsibility to effectively govern TSX Group: Finance and Audit Committee, Human Resources Committee, Governance Committee and Public Venture Market Committee. In late 2004, the Board also struck a special committee to search for a new Chief Executive Officer following the announced resignation of the then-Chief Executive Officer. All of the members of the Finance and Audit Committee and a majority of the members on each other committee are unrelated and independent. All of the committees also consist solely of non-management Directors. The Board believes that the composition of its committees ensures that they operate independently from

management to protect all shareholders' interests. The Board also believes that the members of the Finance and Audit Committee are highly financially literate, given their education and experience. Each standing Board committee has a formal written Charter, approved by the Board. These are reviewed at least annually and are available on our website.

TSX Group recognizes that risk management is integral to its business performance, and it follows a comprehensive integrated risk management program to identify, assess and prioritize principal business risks, and consider the likelihood and potential impact of each risk. TSX Group then develops strategies to manage each identified risk. In addition, we have a business continuity plan to protect personnel and resources and to enable it to continue critical business functions if a disaster occurs. We also have an internal audit function, which reports to the Finance and Audit Committee, and which independently assesses the adequacy and effectiveness of internal controls and recommends corrective action.

For a full report on our corporate governance practices, please refer to our Management Information Circular, which may be accessed through www.sedar.com or through our website at www.tsx.com. The Circular also contains our corporate governance practices compared with the TSX Guidelines, information about Directors, and the composition, responsibilities and activities of the Board's committees. All information about corporate governance practices in the Annual Report and in the Management Information Circular was adopted and approved by the Board.