



**Montréal
Exchange**

DERIVATIVES: THE CANADIAN WAY

CCAD 2010, Tremblant - October 14



Contents



- Global and Canadian environment
- MX performance and key market initiatives
- Reform of the financial regulatory system:
A “Made in Canada” solution for OTC
derivatives clearing
- Going forward - Investing in our future

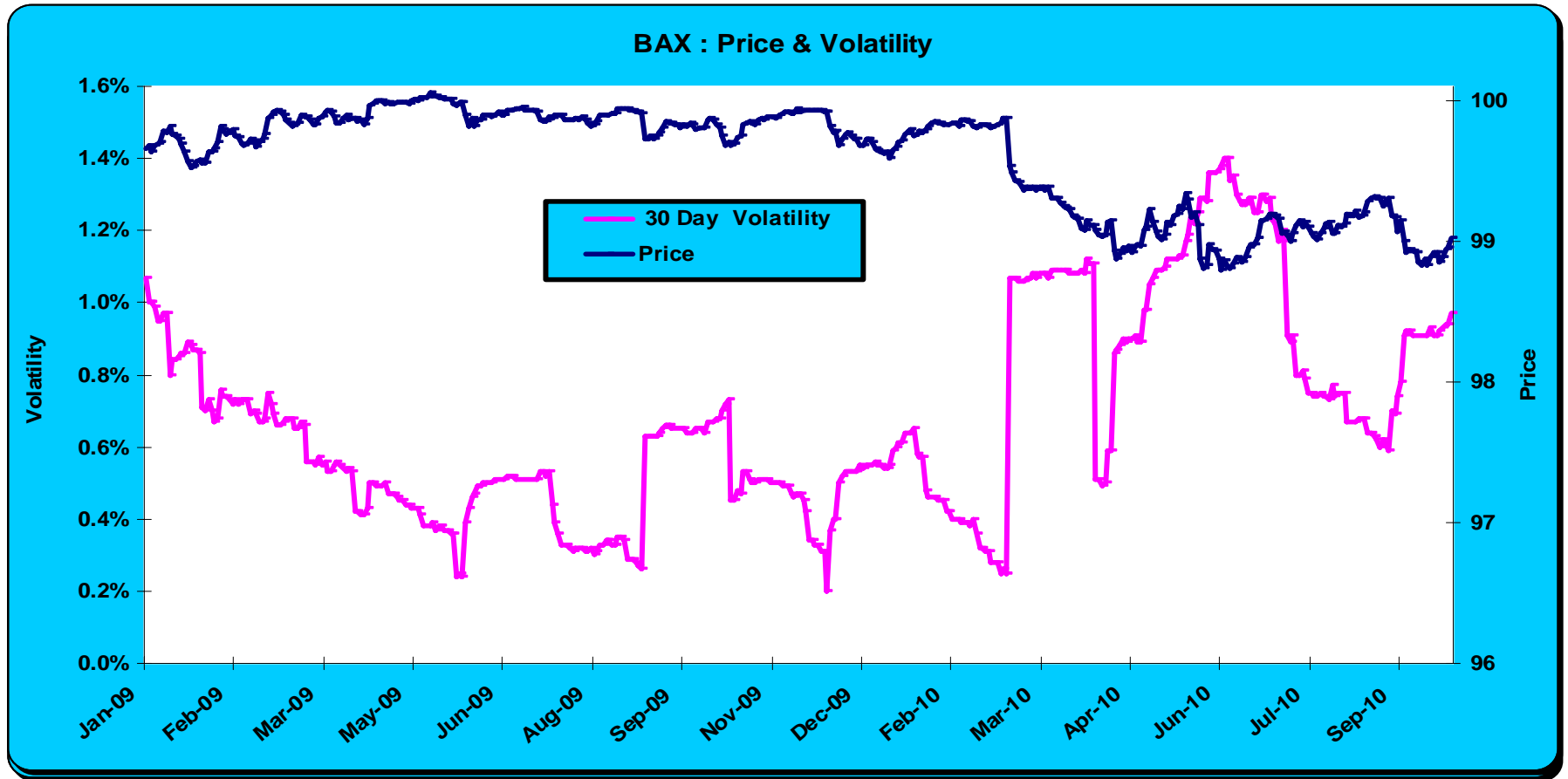
Global environment



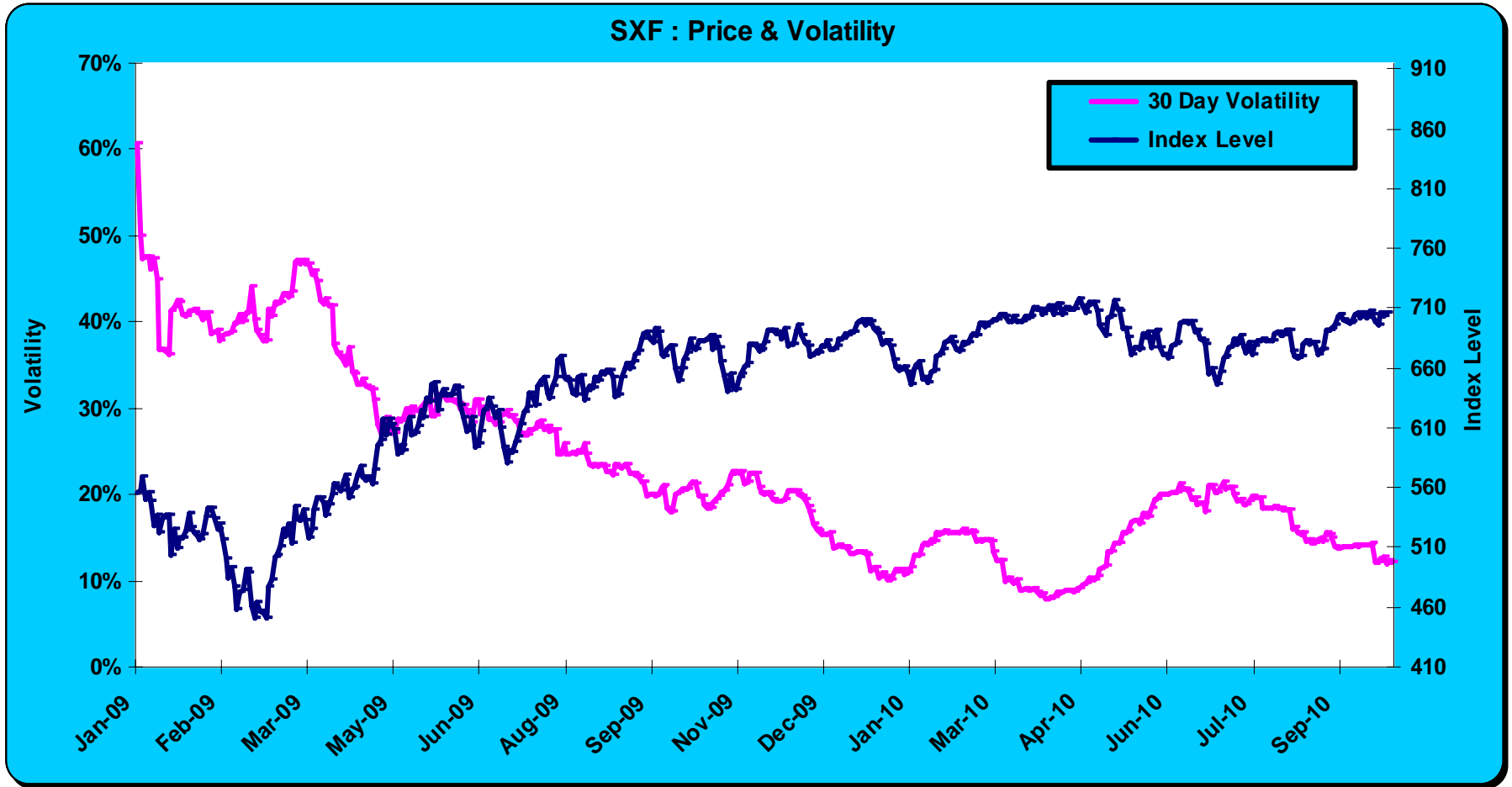
“The Recession was Great,
the Recovery is Not”

- Global recovery proceeding but remains uneven - In the U.S., private demand held back by unemployment
- Basel 111 - adopted
- Dodd-Frank Act and EU's financial regulatory reform - tabled

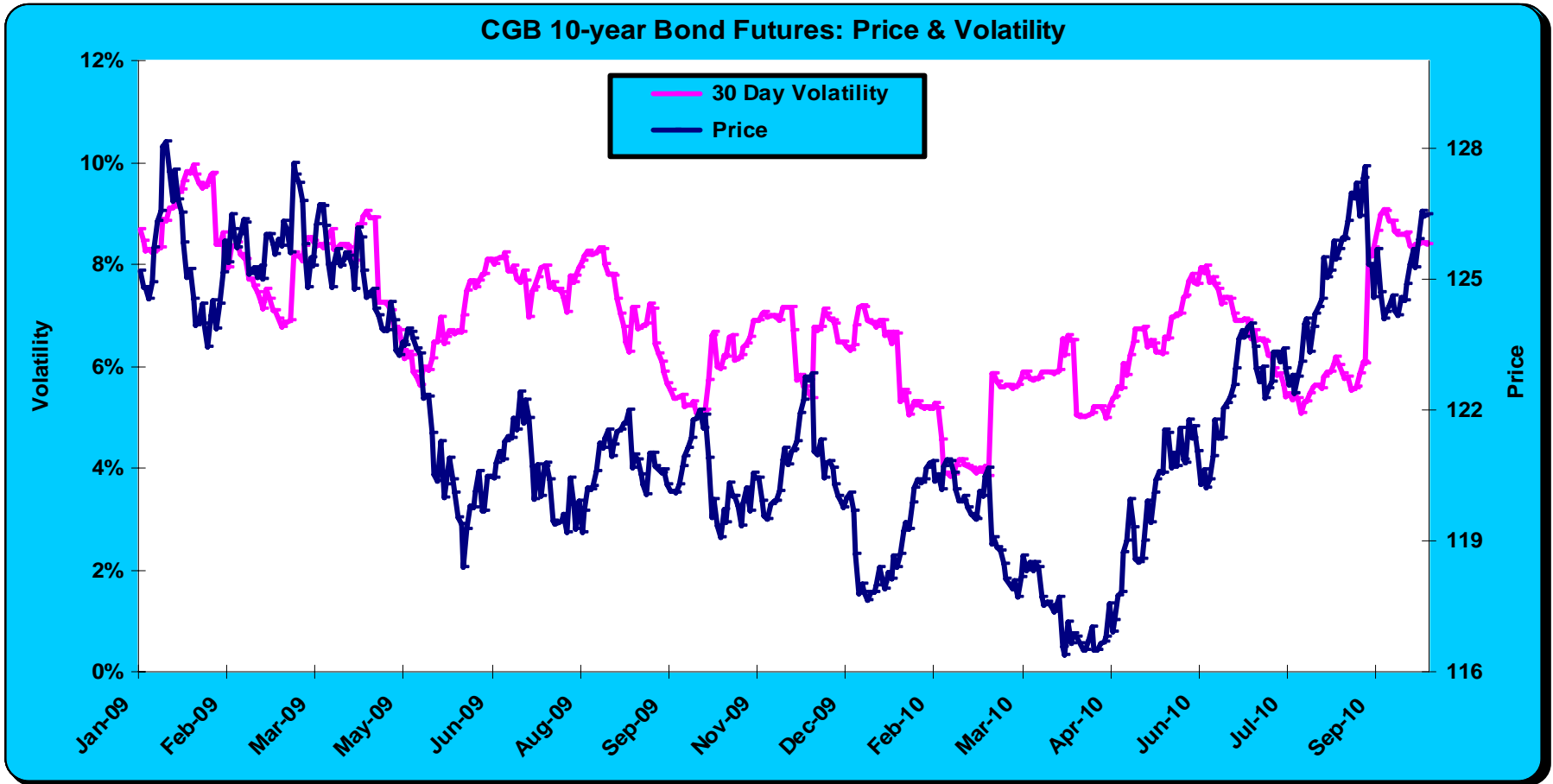
Canadian environment - BAX Trends



Canadian environment - SXF Trends



Canadian environment - CGB Trends



MX - Performance

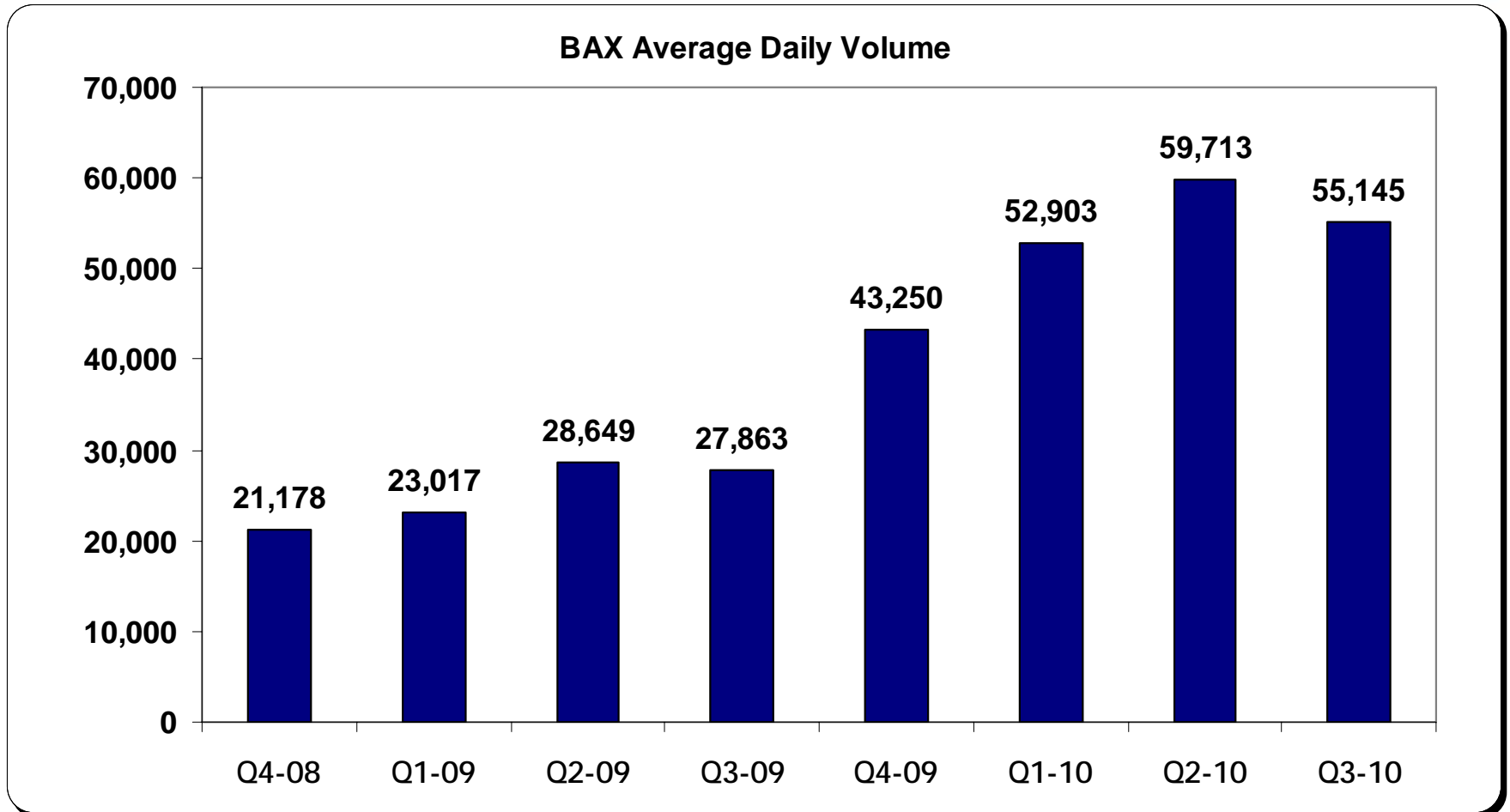


- Total volume UP 30,7% (1)
- Interest rate derivatives UP 72,1% (1)
- Equity Options and ETFs UP 7,6% (1)
- Open interest UP 22,7% (2)
- Record monthly volume in May
- Record volume on ETFs on June 15th

[1] January to September 2010 vs. January to September 2009

[2] On September 30th , 2010 vs. September 30th 2009

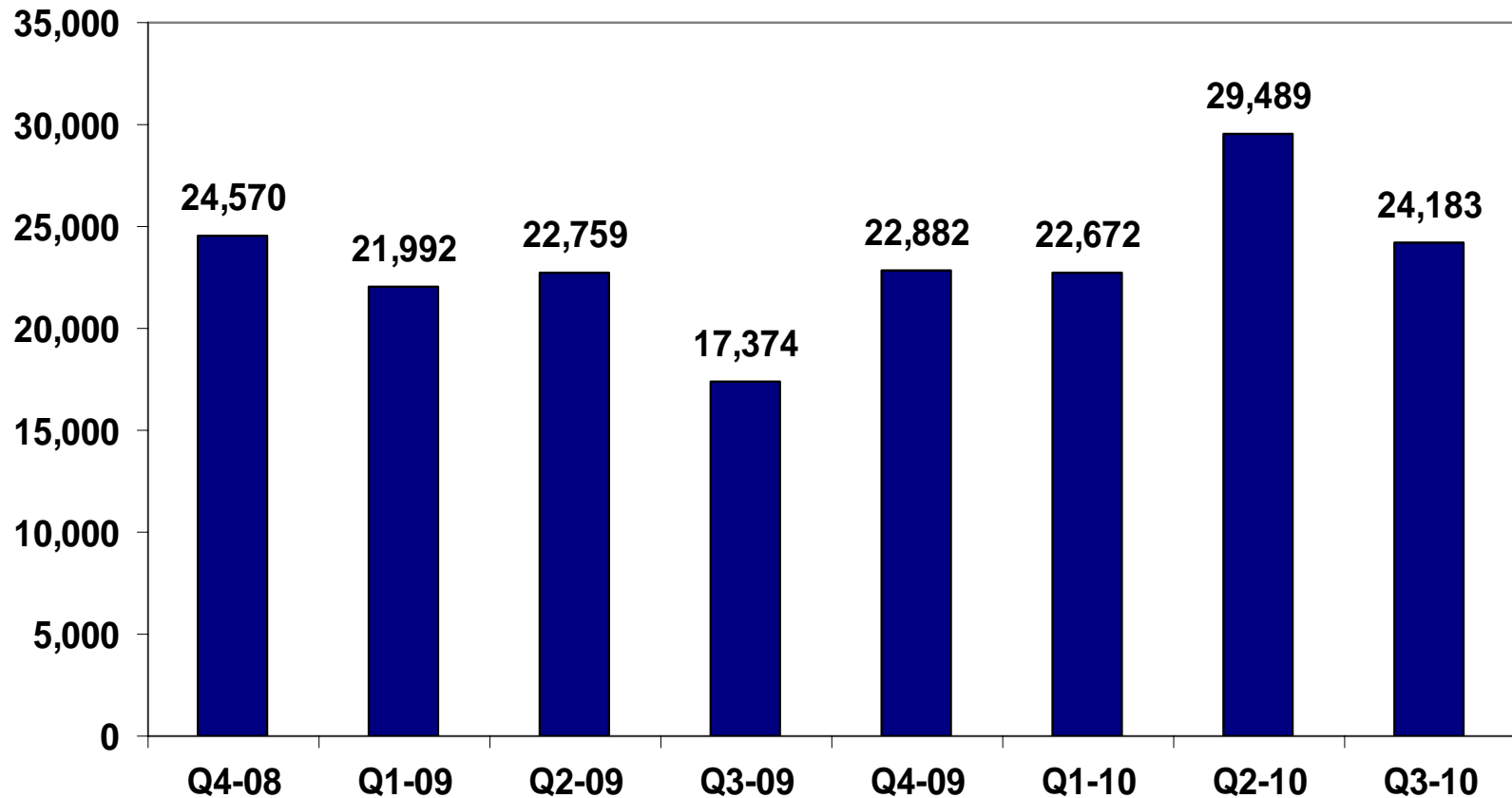
MX Performance - BAX - Quarterly ADV Trend



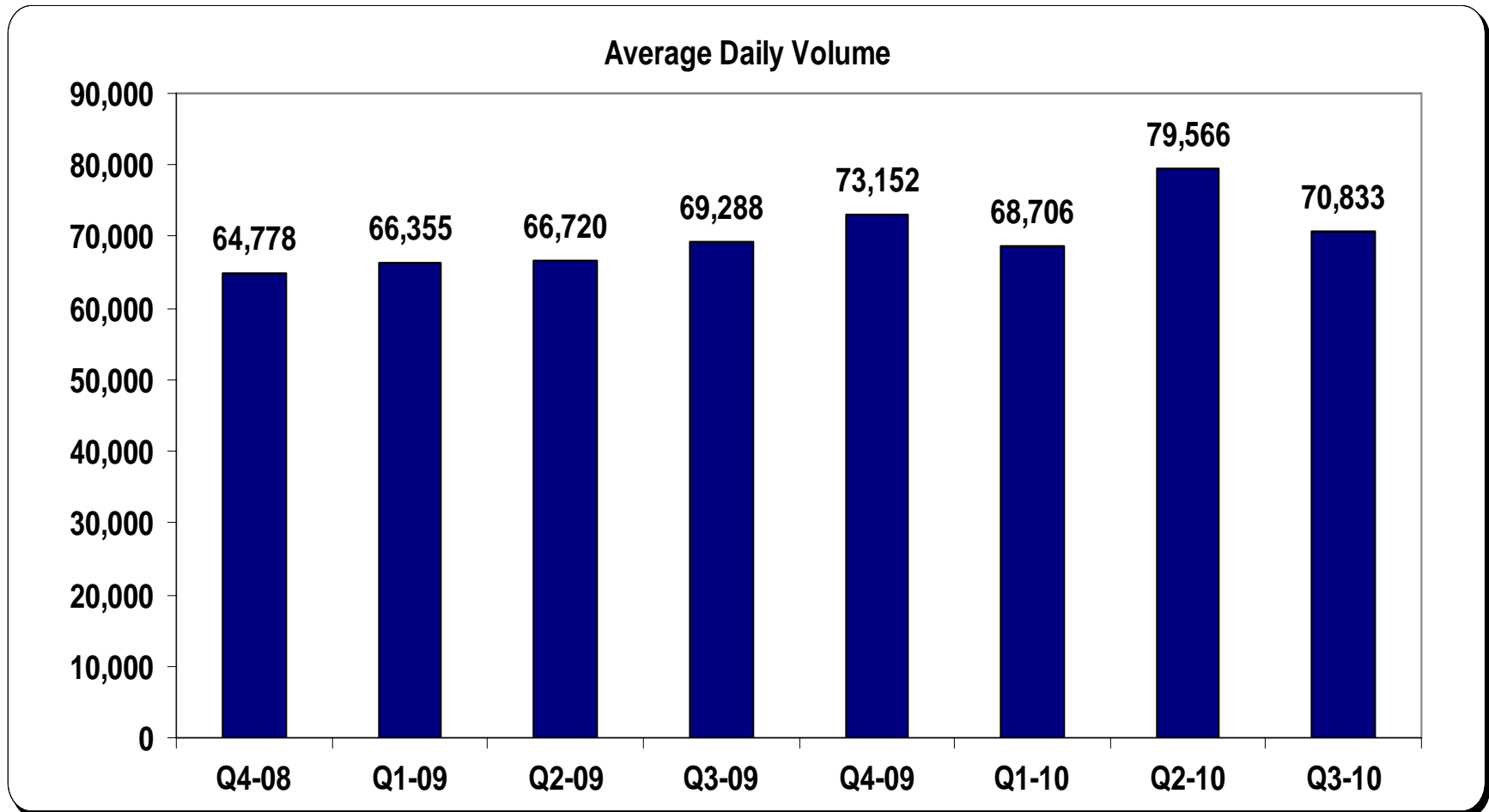
MX Performance - CGB - Quarterly ADV Trend



CGB Average Daily Volume



MX Performance - Equity & ETF Options - Quarterly ADV Trend



MX Performance - Key market initiatives



New products

- BAX mid-curve options – launched in May 2010
- WCH crude oil contract – launched in June 2010
- Converge-FX options – awaiting AMF approval
- Re-launch of 2 year (CGZ) and 5 year (CCF) interest rate futures contracts planned for Q1 2011

New participants

- Allston Trading, U.S.
- Blue Fire Capital, U.S.
- NCP Northland Capital Partners, CAN
- Getco, U.S.
- The Kyte Group, UK
- EWT, U.S

MX Performance - Key market initiatives (cont'd)



Partnerships

- IIAC / Industry Group: implementing a Repo and fixed income CCP solution by year-end 2010
- Options Industry Council (OIC): extension of partnership to include web content
- London Stock Exchange Group (LSE): implementation of SOLA Trading at IDEM

Reform of the financial system - G20



- The G-20 Reform Agenda

“ ... The cornerstone is clearing and settlement processes with risk-reducing elements, particularly central clearing counterparties or "CCPs" for Repos and OTC derivatives...” *Mark Carney*

Source : Remarks by Mark Carney, Governor of the Bank of Canada, Deutsche Bundesbank , Berlin, Germany, 14 September, 2010

Reform of the financial system - Canada



- Regulators determining how G20 recommendations will be implemented
- BoC, AMF, OSC, ASC, Department of Finance and OSFI developing recommendations
- Creation of Canadian Market Infrastructure Committee by industry
- MX-TMX Group released Position Paper on September 8, 2010

A “Made in Canada” solution for OTC derivatives clearing



Our analysis demonstrates that the core competencies of an exchange-group, such as TMX Group, can be clearly mapped to the achievement of the G20 objectives, and to the business needs of market participants.

- Transparency
- Liquidity
- Systemic Risk Mitigation
- Market Integrity

A “Made in Canada” solution for OTC derivatives clearing



CDCC

- **Sound Governance:**
Regulated, Neutral, Proactive risk management and S&P AA-rated
- **Strong Track Record:**
Know the market players, serves a broad market and no default
- **Scalable solutions:**
World class SOLA® Clearing platform and capabilities in back and middle-offices

MX- Investing in the future



Investing in the future

