

**Montreal Canadian Club
Remarks for Richard Nesbitt
Nov. 26, 2007**

CHECK AGAINST DELIVERY

Thank you, Francois, for your welcome and your generous words of introduction.

Et merci a tous

It is always a pleasure to be in Montreal and to be welcomed by the Canadian Club.

Today I want to briefly recap what we've done in the 18 months since I last set out TSX Group's strategic view to a Montreal audience.

I also want to update you on the progress of four key initiatives that we have underway in the areas of technology, derivatives, energy and international listings.

When I spoke here 18 months ago, we were already a major presence in Montreal in public venture capital through TSX Venture Exchange.

TSX Venture Exchange's market model is unique and it has been a striking success. This is certainly true in Quebec.

TSX Venture's market model and Quebec's entrepreneurial business culture have turned out to be a perfect fit with emerging Quebec companies embracing TSX Venture's services and products.

Venture's Capital Pool Company, or CPC Program, for example, has been popular here.

Our TSX team here in Montreal is led by Richard Nadeau. Richard is responsible for Toronto Stock Exchange's global listings business, which he runs from here in Montreal. He has staff across Canada that serve our existing listed issuers and who are busy attracting new listings in Canada and the U.S., as well as from outside of North America, including China.

Louis Doyle and Martine Valcin who are responsible for the listings business on TSX Venture and Toronto Stock Exchange respectively, are both based in Montreal, and are also here with us today. They've been doing a great job in meeting the needs of our Quebec-based listed issuers.

Quebec is extremely important to TSX Group. In fact, we had over 350 Quebec-based issuers on our two equity exchanges at the end of last month. This year's roster of new listings on Toronto Stock Exchange has included the Bourse de Montreal and Mecachrome, also based here in Montreal. TSX Venture Exchange has added over 30 new issuers across various sectors including mining companies like Midland Exploration and Cartier Resources and technology companies like Datacom Wireless. This also includes 9 new CPCs this year so far.

From Montreal we manage all issuer relationships east of Ottawa listed on our 2 exchanges, as well as our National Call Center.

Regulators in Quebec have played an important role here too, and I would be remiss if I did not mention the positive role that Jean St-Gelais and the AMF have played in our business. We have great admiration for the work that Jean and his colleagues are doing to modernize the regulatory system for derivative products.

In addition, there is considerable derivatives expertise in Montreal on the academic front as well, including the financial engineering program developed by HEC.

All of this has also helped enhance the presence of Montreal in the financial services industry.

So, where does TSX go from here? I can tell you that virtually every one of our employees is focussed on our future plans – particularly the next 24 months. Looking to the future, one of TSX Group's key initiatives is to remain a world-leader in trading technology.

Our new TSX Quantum trading engine is beginning a phased roll out next month.

This new trading system will provide our customers with greater speed and more capacity and we believe it will enable us to attract higher volumes and even more liquidity. Substantially greater capacity in the TSX Quantum trading engine will be able to handle these higher volumes with ease. Capacity lab tested to over 320 million messages an hour or roughly 2 billion messages per trading day and that is scalable on a linear basis. Throughput lab tested to 100,000 messages per second, also scalable. Response times in the single digit millisecond range. The actual metrics when in production will, of course, depend on market demand.

It's numbers like these which competitors may find hard to beat. This will all be combined with a consolidated data feed, smart order routing and co-location for our customers. It's all part of the TSX Quantum Revolution that will change the way trading takes place in Canadian Capital Markets.

So with global market friendly trading protocols, trading fees among the lowest in the world and leading technology we are confident we will continue to meet the competitive demands of the global marketplace.

You will have heard about TSX's new competitors called ATS's. We have no doubt, that we will continue to be confronted with a competitive market but we are confident we're doing what needs to be done to get ahead of the competition. TSX will remain the primary source for price discovery of Canadian equities.

Another of our major initiatives is in the area of equity and fixed income derivatives. As you know, by agreement, we will not be active in these products until March, 2009. In March 2007, we announced the formation of an alliance with International Securities Exchange – ISE – to create a new Canadian Derivative Exchange to be known as DEX. This exchange, which is subject to regulatory approval, is scheduled to launch in March 2009.

We are working with ISE to make sure that DEX is structured to offer customers the integrated cash and derivatives market they've been seeking and to provide that market with superior liquidity.

Meanwhile, we are strengthening our position in our other asset classes.

What we've been doing in energy is particularly important.

Earlier this year we announced an arrangement to combine our subsidiary Natural Gas Exchange, or NGX's, strengths in physical clearing with the advanced technology capabilities of Intercontinental Exchange - ICE. We are excited about the opportunity that this represents for NGX to gain access to thousands of trading screens, technology expertise and a global footprint for natural gas and electricity contracts.

Our arrangement to combine NGX's strengths in the clearing of natural gas contracts with the advanced technology of ICE – is planned to launch in January. Simultaneously, we will launch new trading hubs in the United States.

Recently, we moved to strengthen our position in energy even further. We announced an increase in the NGX clearing backstop fund to \$100 US from \$30 million Canadian.

We purchased an option exercisable after March 15, 2009 from Enbridge Inc. and Circuit Technology Ltd. to acquire all the shares of NetThruPut Inc., a leading Canadian electronic platform for trading and clearing crude oil.

NTP currently trades in the range of 400,000 - 500,000 barrels a day in crude oil contracts.

Canadians should not underestimate the impact that the energy industry, and in particular oil, will have on our future. Today Canada produces over 2.6 million barrels of crude oil a day. In turn, we consume about 1.7 million barrels a day. By 2015 it is forecast that, at current prices, production will be about 4.6 million barrels a day rising to over 5.3 million barrels a day by 2020 - largely fueled by unconventional oil sands activity. To put these numbers in context, today Saudi Arabia produces about 9.2 million barrels per day and is increasing its oil production capacity to 12 million barrels per day by 2009.

The impact on the Canadian economy, Canadian capital markets and TSX will be substantial. The industry forecasts that capital expenditures in the oil sands will likely range between \$8 billion and \$12 billion annually for the foreseeable future. Capital inflows will be staggering. The export earnings will be enormous. I believe that it is impossible to truly understand all of the implications this will have for Canada. TSX is well positioned to participate in this growth with 2 exchanges in Calgary – TSX Venture and NGX.

NTP will secure a strong position for us on the oil side of the energy business to complement our gas and electricity trading strengths. We believe that in the next few years, TSX Group through our NGX subsidiary will be a leader in Canadian gas, electricity and crude oil. Not bad, given we acquired this business in 2004.

Finally, I want to update you on our international business development efforts, which are currently focused on listing opportunities from China, Australia, Israel and the United States. I just returned from my first trip to China with Richard Nadeau, who heads up our international listing campaign, and I'm excited about TSX's opportunities there. This was TSX's 5th visit in 18 months and we are seeing the benefits of promoting Canada as a destination marketplace. We now have more than fifty Chinese and Chinese related companies listed on our exchanges and six new listings so far this year.

Given our strength in the technology sector, where we are number 2 in the world based on number of listed issuers, we have been spending an increasing amount of time in Israel. In fact, we are very optimistic about announcing our first listed issuer from Israel in the near future.

Our nine-city 2007 U.S. Campaign concludes with roadshow stops in Palo Alto and San Diego this week. Feedback has been very positive and we have added sixteen new U.S. listings already in the first ten months of this year. More importantly, we have opened pipelines to new business opportunities across the largest capital market in the world.

It has been a busy 18 months since I last spoke with you. As you have heard, we have been active on all fronts. Our plans for the future are firmly in place.

Let me refer to the remarks I made to the Cercle de la Finance Internationale de Montreal in May of last year.

Eighteen months ago we saw global securities markets facing a torrent of change.

This was unprecedented for an industry that had historically confined itself to national and even provincial and local markets.

It presented us with entirely new competitive and strategic imperatives.

And it markedly narrowed the real choices we had and the time frame in which we needed to make those choices.

Simply put, less than 10 years ago, the competition for listings and trading volumes was between and among Toronto and Calgary, Vancouver and Montreal. Now the competition is global.

We paid little attention back then – too little – to the competitive dynamics of markets beyond our borders.

We had scarcely dealt with the fragmentation of our Canadian market when the tech boom hit full force and it became clear that the real competition was not from each other but from U.S. players-NYSE, Nasdaq, CME, NYMEX and to a lesser extent London.

But it was still pretty revolutionary.

The two major U. S. Exchanges were buying up the electronic rivals. The U.S. consolidation was increasingly directed at moving beyond narrowly based exchanges specializing in equities, or derivatives or commodities. The same thing was happening in Europe.

More and more consolidation involved bringing these different kinds of securities under one roof, creating multi-asset exchanges.

What was also different, of course, was that consolidation had moved beyond national borders and for the first time was aimed at linking markets on different continents.

And the increasing tendency to consolidate cash and derivative markets made clear that the emerging global market model was not a specialized market in one asset class or another but a multi-asset model with an integrated cash-derivative model at the core.

This would put TSX Group at a clear competitive disadvantage in fighting for listings, trading volumes and market share with the U.S. and European exchanges.

As I said in my remarks to Le Cercle Finance in May 2006, we compete with Nasdaq. We compete with NYSE. We compete with London.

With any combination that strengthens these exchanges, we will face more formidable competition for listings and trading volumes.

And this combining of cash, derivatives markets and clearing is not confined to the U.S. exchanges.

It is already happening in Australia, France, Germany, Sweden, Singapore, Mexico and elsewhere. And they will be potential competitors, too, as cross border barriers break down.

So what else has happened since May 2006?

As I said earlier, the competitive forces at play in the exchange industry were a tap on the shoulder compared to what is going on now.

Nasdaq bought the Boston Stock Exchange – with whom the Bourse de Montreal is a partner, of course, in the Boston Options Exchange. Nasdaq, more recently announced that it is buying the Philadelphia Exchange, now one of the faster growing small options exchanges. That strengthens the derivatives side of its business and its competitive position in the North American market.

ISE, our partner in derivatives, has since then been bought by the German exchange, Eurex/Deutsche Bourse, although that doesn't affect our arrangement.

London bought the Italian exchange. This provides them with a platform for derivatives trading and clearing.

Recently, we witnessed the twists and turns of the negotiations between the London Stock exchange, NASDAQ, OMX and two competing entities from the United Arab Emirates – one in Dubai and the other in Qatar.

NYSE, having concluded its deal with Euronext – itself a product of European market consolidation – is now made up of not one equity exchange but six, and not one options exchange but six. It is also in the hunt for another North American derivatives exchange to strengthen its place in this market.

Hopefully, I have made the point. The exchange world is evolving at a very rapid pace, and we at TSX Group plan to be very much a part of that evolution. So what is our ultimate objective at TSX Group? Simply put, to ensure we can compete on the global stage by offering a solid and fully integrated Canadian Capital market. A market that will allow us to continue to build on our strengths and the capabilities that we have developed over the years. TSX Group is on the move, the future is bright and Montreal will continue to be a major part of that.

Thank you et merci.