



INVESTMENT INDUSTRY ASSOCIATION OF CANADA
ASSOCIATION CANADIENNE DU COMMERCE DES VALEURS MOBILIÈRES

Press Release
For Immediate Release

IIAC Addresses Proposed TMX-LSE Merger and Raises Questions About Potential Benefits and Costs

Toronto, March 9, 2011 – The Investment Industry Association of Canada (IIAC) said today that the proposed TMX Group-LSE Group merger offers the potential for benefits to market participants, but called for more detail and clarity about its overall impact.

“There are potential benefits to the TMX-LSE merger and similar stock exchange consolidations,” said Philip Smith, Chair of the IIAC Board of Directors and Deputy Head, Global Investment Banking, Scotia Capital Inc. “The question is: Do the benefits clearly outweigh the potential costs?”

Mr. Smith pointed out the potential advantages of such mergers. “We support global consolidation of stock exchanges in principle,” he said. “However, we must ensure the proposed TMX-LSE transaction improves both access to capital and cost of capital, reduces transaction costs for investors and issuers, and retains core trading and listing functions in Canada to safeguard capital formation and market liquidity in Canadian markets.”

Based on a comprehensive review and discussion among IIAC member firms and committees, the Association has identified some key issues and concerns:

- Will the merger contribute to the strength, liquidity and efficiency of Canadian equity markets and to a lower cost of capital for issuers?
- Will the transaction increase listing, trading, technology or other costs for market participants?
- Are there safeguards in place for core Canadian trading and listing operations in the cash and derivatives market?

In a presentation to the Ontario Legislature’s Select Committee on the proposed merger, the Association concluded that more detail and greater clarity about the transaction are required to assess the full merits of the merger. The Association hopes these comments contribute to understanding the potential impact of the proposed merger on the Ontario financial community and the province as a whole, and on the longer-term outlook for the Ontario financial services sector and economy.

The Investment Industry Association of Canada (IIAC)

The Investment Industry Association of Canada (IIAC) is a member-based professional association that advances the growth and development of the Canadian investment industry. The IIAC acts as a strong, proactive voice to represent the interests of our member firms, which range in size from small firms to large organizations that employ thousands of individuals across the country. Our members work with Canadians to help build prosperity and investment security for investors and their families. For more information, please visit www.iiac.ca.

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