

Legislative
Assembly
of Ontario



Assemblée
législative
de l'Ontario

Statement by the Chair:

The Honourable Gerry Phillips

Release of the Report

Select Committee on the proposed transaction of the
TMX Group and the London Stock Exchange Group

April 19, 2011

STATEMENT BY THE CHAIR: THE HONOURABLE GERRY PHILLIPS
RELEASE OF THE REPORT

On behalf of the Ontario Legislature's Select Committee on the proposed transaction of the TMX Group and the London Stock Exchange Group, I am pleased to table its report today.

The report includes a dissenting opinion from the New Democratic Party Member of the Committee, M. Gilles Bisson (Timmins--James Bay).

The Committee's report is the result of consultations held in March 2011 with members of the public and interested organizations. During the public hearings, the Committee heard a series of presentations by witnesses including experts such as the TMX Group, the London Stock Exchange Group, and the Ontario Securities Commission.

The report makes nine recommendations that reflect the Committee's views after considering the testimony heard from all the witnesses and the written submissions.

As noted in the report, the Committee wishes to emphasize that it has no power to impose its view on this matter. It is the Committee's hope that the recommendations will be taken into consideration by the proponents of this transaction before seeking the necessary approvals and by regulatory bodies and governments as they proceed with their review/approval processes.

The Committee also wishes to emphasize that it took no position on whether or not the transaction should be approved by the regulatory bodies and Industry Canada.

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Rather the Committee sees its recommendations as an important step in obtaining a better understanding of the issues associated with a transaction that could have significant and long-term effects for the economy of this province.

The Committee is of the opinion that any transaction between the TMX Group and a foreign stock exchange group must take into account specified principles. These include the impact on and net benefit to Canada, including Ontario, its economy, and people; Toronto's financial services sector; and Northern Ontario's mining industries.

The Committee's recommendations cover five main issues raised during the hearings:

- the Structure of the Board of Directors of the merged entity;
- the Role of Regulatory Bodies;
- Strategic Decision Making;
- the Impact on Jobs in Ontario and Canada; and
- the Impact on the Mining Sector.

The consultation process revealed an underlying concern that under the terms of the proposed merger the "centre of gravity", in regards to the decision-making ability of Ontario and Canada, would move to London. This shift could result in decisions being made that do not reflect the interests of Ontarians or Canadians as a whole.

To possibly address this concern the Committee is putting forth recommendations. Three such recommendations are:

- that the board of directors of the merged entity have an equal number of directors from Canada and from the United Kingdom/Italy;
- that safeguards be built into the proposal that ensure the development and introduction of new technologies, products and services be carried out in Canada and the United Kingdom, and benefit both countries; and
- an irrevocable commitment be made that the operations, assets and key staff of the TMX Group and its businesses will continue to reside in Canada.

The Committee is proud of the way that members from all three political parties worked together and were committed to ensuring the interests of all Ontarians and Canadians were at the forefront of deliberations and are reflected in the report.

COMMITTEE MEMBERSHIP

Gerry Phillips (Chair), Frank Klees (Vice-Chair), Laura Albanese, Wayne Arthurs, Gilles Bisson, Michael Brown, Peter Shurman, Maria Van Bommel and David Zimmer