

1

*PDAC keynote*

*Remarks for Rik Parkhill, Interim Co-CEO, TSX Group Inc.*

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*Final – Check against delivery*

Thank you, and good morning, everyone.

I am delighted to be here, as the CEO of a long-time sponsor – well, one of two CEOs for now – and for personal reasons as well.

The annual PDAC convention is one of the world's great mining shows. Over the years, I've made a lot of friends at these conventions.

And this year it's bigger than ever.

Six years ago – about the time a brave few, like Don Coxe, declared that it was takeoff time for mining – some 7,000 attended the PDAC convention.

At the time, gold was around \$250. This year, with gold pushing toward \$1,000, I would bet there will be three times as many attending.

It's not just gold, of course. Platinum has broken through \$2,000. Palladium is at a seven year high. Copper has been rising on the back of buoyant demand, and, production interruptions.

All of mining's boats have been lifted. In these six years, the value of the mining industry's entire market has climbed from \$185 billion to more than \$2 trillion.

And we're just coming off a record year in expenditures on exploration and development – up some 33 per cent from the year before to better than \$10 billion. The list of important finds has begun to lengthen, especially in the last two years.

The key to this success has been the juniors so well represented here this week.

Indeed, a piece about gold mining in Mexico in the New York Times a couple of weeks back noted that the juniors have become the exploration arm of the mining industry.

As the Times also noted, most of the juniors raise their money on the TSX.

So, the industry on the one side and our exchange group on the other have been riding the wave together and, for our part, we'd be happy if it just keeps rolling forward.

The question, of course, is how much longer can this cycle last?

People like Don Coxe think that it's going to last a long time, because of the new, strong and rising demands for metals and materials from the burgeoning economies of Asia, especially China.

The sceptics think that this is a cycle like all the others and will soon end, because demand will falter just like it always has in the classic boom-and-bust scenarios of unlamented memory.

You hear a lot of that kind of bubble talk on Wall Street. Frankly, I think they're getting tired of talking about all those wonderfully engineered acronyms like SIVs, CDOs and ABCP and have turned to commodities to satisfy an overly developed case of bubble envy.

But take your pick. It takes both bulls and bubble-believers to make a market.

But from my perspective, with my responsibility for running the country's primary equity exchanges, it seems clear to me that the exploration and development industry has never been stronger, has never been better financed and, so far as I can tell, has never been so careful in deploying its capital.

The question I want to address today, as my topic suggests, is how we lever our current strengths into a stronger, more stable future – for your industry, the exploration and development industry, and for my industry, the exchange industry.

Let me preface my proposals with an update on my industry.

Just as the last six years have seen the transformation of exploration, so have they seen the transformation of exchanges. The changes matter to miners.

The most basic element of that transformation is the fact that both of our industries have gone global – or more precisely we have built a global presence by seeking out and occupying global niches.

You've been very, very successful.

So have we.

Amid all the consolidating and alliance building, we have held our position as the third largest exchange in North America and the seventh largest in the world by market cap -- \$2.2 trillion. Pretty soon we'll be talking about real money.

Last year, we were seventh in the world in raising public equity capital – nearly \$56 billion. Some \$19 billion of that was for mining projects -- \$11.8 billion raised on Toronto Stock Exchange, \$7.2 billion on Venture.

I might note that seventh was a bit down from previous years. We have, in the past, been fifth or better. But we took a hit a couple of Hallowe'ens ago when the federal government knee-capped the income trust industry.

We remain second in the world, however, in the number of issuers listed on our exchanges – some 3,900 plus companies. The only exchange with more is the Bombay Stock Exchange – the small company exchange in Mumbai, India's financial capital.

More than a third of our listed issuers – 1,373 – are mining companies. That's twice as many as the next strongest mining exchange, Australia's ASX, and six times as many as London Stock Exchange and AIM.

AIM, some time back, took a run at us but the combined total of mining listings for the LSE and AIM at the end of 2007 came to 229 companies.

What is that West Texas phrase that the U.S. presidential candidates have been throwing around? All hat, no cattle, I think it goes.

What they keep under the hat at AIM is the performance of companies listed on AIM. As a paper done at Waterloo's school of accountancy points out,

*“Share prices for AIM companies tend to decline after listing and average returns have been quite low on the AIM, falling in the 4 to 5 per cent range at best.”*

That paper was produced in late 2006.

The overall London results from January 2006 to the end of this past, nasty January reflect a continuation of that performance – London’s FTSE 100 was down 4.7 per cent in U.S. dollars, and even more in pounds. Our composite was up 17.6 per cent, also in U.S. dollars.

Materials, and metals and mining, were our best performing sector indices – up 30.26 per cent and 20 per cent respectively for 2007.

On the other hand, we have good reason for being grateful for AIM’s penchant for going after companies that are already listed on TSX. As the Waterloo paper reports, TSX listed companies that have listed on AIM “have experienced an increase in trading volumes on the TSX.”

As a TSX markets man, that is music to my ears.

Let me zone in on the way our markets have performed for the mining industry and provide some music for yours.

It was, quite simply, a record year for the miners on TSX and TSX Venture.

A record year for mining listings – 186 new companies on the two exchanges. LSE and AIM totalled 33 new companies.

A record year for mining companies graduating from TSX Venture to TSX – 44 companies.

A record year for international mining listings – 27 new international listings in 2007, from Australia, Brazil, Chile, China, Papua New Guinea, the U.K. and U.S.A.

A record year for raising mining equity -- \$19 billion on our two exchanges, as I noted, for comparison, LSE and AIM raised half that, \$9.3 billion.

A record year for the number of equity financings.

A lot of this performance was driven by smaller companies.

But there are 48 mining companies on Toronto Stock Exchange with a market cap greater than \$1 billion.

And of these, 13 raised equity capital in 2007 totalling \$5.3 billion – more than all the mining companies on NYSE, NASDAQ and Amex combined.

A record year for mining shares in terms of volume and value traded.

A record year for the number of trades.

Great numbers.

But what matters is what lies behind the numbers.

What lies behind the numbers is a complex of elements that, together, support a market that in global terms punches far above its weight.

We have a trading platform that is as fast or faster than any exchange in the world – we are in the process of migrating listings from our existing platform to the new TSX Quantum trading engine.

As you may have seen, last week we announced that we will be adding a new parallel order book that we internally refer to as TSX Photon to handle high velocity trading. It will be based on our Quantum technology but its focus will be shares in the S&P/TSX 60 Index, U.S. inter-listed stocks and index eligible securities (including rights and warrants.)

TSX Photon, like all such innovations, is subject to regulatory approval but should the regulators give their okay, TSX will have the first such parallel, transparent markets within a similar rule framework in the world

Should regulators approve our combination with the Bourse de Montreal – M-X – we will also have the opportunity to share trading technology expertise and offer issuers the full range of cash and derivatives trading products.

The Canadian market and our global and domestic issuers have not benefitted, I would argue, from our exchanges lacking the ability to offer integrated trading in both the cash and derivatives markets. The combination with M-X will give us the ability to remedy that weakness.

In the interim, however, the mining industry has benefitted from our support for specialized trading instruments like the growing number of Exchange Traded Funds that grace our board.

We invented the ETF – the first one traded in March, 1990, three years before Amex SPDRS began their debut.

We've taken that expertise and, working with Standard and Poors, we have created investable, representative indices for publicly-traded international gold and mining companies.

The S&P/TSX Global Gold Index is the only live, pure global gold index and it supports three ETFs.

The S&P/TSX Global Mining Index plays the same role for global companies in aluminum, diversified metals and mining, coal and consumable fuels as well as gold and precious metals and minerals. It also supports three ETFs.

What brings investors to these products and our markets is a global reputation for integrity as well as liquidity. That is a credit to your industry, to regulators and to our own role as an exchange operator.

Together, we have been able to turn our basic mining standard, National Instrument 43-101, into a global standard for disclosure.

Even AIM has been forced to embrace the keystone of 43-101 – the requirement that a Qualified Person attest the technical accuracy and balance of a company's timely disclosure.

The global acceptance of 43-101 is testament to an heroic effort on everyone's part after the chaos of the immediate post-Bre-X period.

It is also testament to the strength, reputation and global reach of this Canada-based global industry.

Given that roughly half of nearly 10,000 mineral projects held by TSX and TSX Venture companies are outside Canada, given that 57 per cent of the world's listed mining companies are listed here, given that we are the leading mining exchange on every continent, it is not a surprise that the mining world is focused on Canada.

But global reputations are not won by a global presence. Reputations are won by integrity and world-class performance. They are hard earned and easily lost. We all have an interest in ensuring that this essential basis for our future global performance is protected and nurtured.

And, finally, what lies behind the powerful numbers is a clearly focussed strategy based on a very simple principle – we cannot be all things to all people on all continents.

In a world where consolidation is driving the exchange industry toward five or six global players, our size and focus dictates that we exploit our strengths as a regional, North American exchange while building our strengths in specific global niches like mining.

In other words, if we want to play a global role, and the minor matter of survival dictates that we must be a global player, then we must pick our spots carefully and deploy our capital with a very clear sense of where the balance of risks and rewards lies. I think we do that.

Our trading and listing strategies are both based on a sharply focused approach.

Our principal target, not surprising given its proximity, is the U.S. market.

In trading, we have made a concerted effort to connect U.S. institutional traders to our trading engine, through technological innovation, through trading protocols, and through our hard-slogging selling of one institution at a time. A significant proportion of our trading now originates in the U.S. Our growing data business supports that part of our business.

In listings, we ran a nine city U.S. road show over the past year that played to our strengths in mining, energy, technology and serving small and medium sized enterprises that tend to fall below the radar of the U.S. exchanges.

Last year was a good year for us in terms of U.S. listings – 23 new companies on our boards. That allowed us to continue to be far and away, the leading destination for U.S. companies going public outside their home market – 132 companies for TSX Group exchanges versus 80 U.S. companies on LSE and AIM.

TSX Venture has been a particularly important part of our pitch. The Americans don't have anything like it to help smaller companies find their feet and gain the experience they need for a listing on a senior exchange, whether ours or anyone else's.

But a Venture listing is particularly attractive to smaller U.S. companies for another reason. Wary of the heavy costs of compliance associated with Sarbanes Oxley internal control reporting requirements they often forego public listings.

Canadian regulators, praise be, have decided to exempt Venture issuers from certification requirements on internal financial controls.

That decision speaks not only to the reality of being a small cap issuer in Canada but to the effectiveness of Venture's hands-on approach to mentoring and governance. Venture's approach is not the so-called light touch of AIM. Nor is it the no-touch regulation of the pink sheets.

Rather, it is proportionate to the needs of Venture issuers who, by definition, operate in a higher-risk environment than more senior

markets and need strong, effective but affordable regulation by the exchange.

Beyond the U.S., we are equally focussed. We have made repeated forays into the Chinese market. We have become familiar visitors to Australia, South Africa, key South American centres and Israel.

Our success is reflected in the list of countries represented in our new international listings for the last year.

So technology – providing us with world-class speed, capacity, dependability and the ability to serve specific market needs, as Photon will do – technology added to high standards, a focused global strategy, supportive data services, and a sensible regulatory approach to governance have all served to provide a basis on which our two industries can build a still-stronger future.

Finally, there is the matter of trading costs. It costs money to execute a trade and those costs reflect a number of factors – the fees we charge, the commissions that broker-dealers charge and the liquidity that affects the impact a given trade on the market.

Our trading fees are among the lowest in the world and, most important, they are competitive when set against our biggest competitors – NYSE and NASDAQ.

There are, as well, a number of alternative trading systems that have been extracting market share from the major U.S. exchanges and are nosing around our market as well but with considerably less success.

The market impact costs depend on liquidity and mitigating those costs depends on a whole range of factors. Fast, high-capacity trading capacity attracts liquidity. That cuts costs.

Accommodating program traders is important, too – algorithmic traders slice and dice large orders into smaller ones and trade on multiple venues to reduce market impact. Our trading system is engineered to help them do that.

What else do we need?

Let me focus on two areas.

One is the historic change now underway in the evolution of global regulation.

We need to be deeply involved in this process to ensure that it results in a truly open trading environment, not one that favours the handful of potential global players.

The second is the need to get our own house in order.

PDAC has always been a leader in the effort to simplify our system of 13 provincial and territorial regulators. I would urge you to keep up the pressure, but there are other things we also need to do.

First, then, the global issues.

Over the past two years, there has been a huge change in attitudes and approaches to cross-border trading and regulation.

For the first time in years, potential solutions are on the table.

We at TSX Group have had a role in that, arguing that we needed to move away from insistence on cross-border harmonization of rules – something I believe cannot be achieved in a system as dynamic as global capital markets.

More important, if harmony could be achieved, disharmony would quickly return as national or provincial regulators moved to respond peculiar to their own markets – say sub-prime mortgages in the U.S., ABCP paper in Canada, rogue traders in Paris, mortgage lenders in the U.K.

Rather than harmonization, we argued that we would all be better served by another approach – mutual recognition of regulatory systems with comparable goals but differing details.

The primary problem in moving to this approach was the U.S. which believed that they had the best regulation in the world.

In the wake of the Enron-WorldCom-Sarbanes-Oxley experience, that approach came under immense pressure.

The trans-Atlantic ambitions of NYSE and NASDAQ added to the pressure – these exchanges had global ambitions, evident to everyone through their invasion of Europe through mergers and attempted mergers.

They are not shy about making their positions known to the SEC and, no surprise, their positions follow their interests.

European regulators – and elsewhere, too – signalled very strongly, with legislation in a couple of cases, that they would not agree to these alliances if it meant bringing U.S.-style regulation with them into the European arena.

A year ago now, the U.S. Securities and Exchange Commission signalled its willingness to consider our approach – mutual recognition – as an alternative to insisting on U.S. rules for global players wanting to trade in the U.S. market. The SEC chair, Christopher Cox, has since had productive talks with European regulators and our regulators well.

We are now firmly on the track to a single global accounting standard – IFRS or International Financial Reporting Standards.

The U.S. proposes to allow foreign companies in the U.S. to use IFRS without requiring reconciliation with the accounting jungle that is

U.S. GAAP. This is one form that the new U.S. approach to mutual recognition is taking, and it is most welcome.

In Canada, we are on the same track – having spent years trying to negotiate harmony with the U.S. Some 100 other countries are also preparing to move to IFRS.

We are also on track for simpler regulation of trading.

Some time in this quarter, as has been reported in various media like the Financial Times and Dow-Jones, the SEC is expected to put out a paper on mutual recognition of exchange regulation and broker-dealer self-regulation.

Moving to a mutual recognition system can be very much in our interest. It is very much in your interest, too.

For us, depending on the final form it takes and the critical details that determine whether the rink is level or tilted toward U.S. goals, mutual recognition will make it easier for us to attract U.S. listings. That is because it will be easier for U.S. investors to trade U.S. companies on TSX and TSX Venture and, of course, Canadian companies whether they are looking for gold, digging for potash or building a solar panel business. As it stands right now, there are significant barriers for retail investors who want to access our markets in Canada.

Mutual Recognition also means, for starters, greater liquidity and better valuations. It also means lower costs for investors.

We believe that would see higher volumes as Canadians, Americans and others take advantage of better, simpler cross-border regulation. It would put us on a level playing field with our counterparts in the U.S. and I'm convinced investors would appreciate, and be attracted, to our market model.

So I urge you to support cheaper trading costs for cross-border investors and, through greater liquidity in your shares, lower capital costs for your Chief Financial Officers.

Finally, getting our own house in order.

The federal government has supported the idea of mutual recognition, and a year ago Finance Minister Flaherty won approval from the G-8 finance ministers and central bank governors for the idea of free trade in securities based on that idea.

We have found Ottawa highly supportive of our own efforts, and we have also found, for that matter, that U.S. embassy and consular officials based in Canada have been supportive as well.

But the broader policy environment needs work, too. As a destination for foreign capital, we are not as attractive as we could be and should be to global markets. Some of this involves shooting ourselves in the foot.

Whatever the pluses and minuses of the income trust decision, for example, it hurt our reputation abroad.

It is not clear that the decision served the government's revenue objectives either because it made income trusts very attractive takeover targets for foreign funds who could load them with tax-deductible debt.

Equally, the fuzziness that surrounded the question of interest-deduction taxation as it related to takeovers by Canadian companies of foreign firms certainly spooked some key players in our market at a critical time.

The bigger problem, however, is a policy approach that views the Canadian market and especially Canadian capital markets as an island unto itself.

This is supported by the usual media suspects who argue that globalization costs us jobs and we should protect ourselves against that. You hear the same arguments in the U.S. related to Nafta.

Well, when last I looked the Canadian unemployment rate was its lowest in 33 years – since the era of, dare I say it, Pierre Trudeau.

And if Nafta is a *bête noire* for the Democratic voters of Ohio, it is a source of great opportunity for the gold miners of the U.S. who raise capital here and spend it looking for the mother lode in Mexico – and for Canadian explorers and developers, too.

Why? Because until Nafta required Mexico to liberalize its foreign investment rules, that kind of foreign investment in prospecting and developing deposits in the Sierra Madre wasn't allowed.

But we are not an island because we can't be an island.

Our own industries – the exploration and development industry in mining and the exchange industry – support a whole range of professions and services.

Geologists and investment bankers, lawyers and broker dealers, traders and investor relations experts, engineers and accountants, fund managers and stock analysts.

All these people have come to depend on our shared success in faraway lands.

Our success in winning exchange listings in the competition with other exchanges.

Our success in raising capital, whether by IPO, secondary financing or private placement.

Our success in finding the deposits of gold and other precious metals, of copper, zinc, uranium and iron – all the materials that are the new oil for the lamps of China, as the old saying goes.

The broader point is this:

And let me proceed by analogy.

We all admire and envy the transformation of the Indian economy by its focus on service export industries.

Our mining and exchange industries are also service export industries, though we don't usually think of them that way.

But when we go abroad to find gold – whether it's in the form of an ore body or an exchange listing – we are bringing back orders for highly paid services, and service jobs.

We all have an interest, in other words, in growing this service export business – and that includes the governments that rely on us for the tax revenue we generate for them.

We need public policies that reflect our success abroad, that reflect the potential to build on the global basis our industries already provide.

It is not a matter of protecting Canadian champions that is involved here. It is a matter of supporting global champions – like our mining industry, and, in our chosen niches, our exchange industry.

That means we need public policies that welcome foreign investors in our economy and welcome Canadians going abroad to build this country's wealth.

That means we need to see our mining and exchanges industries as one of our critical links to the world, not as islands in a threatening sea.

We need to see them as sources of competitive strength and great economic potential, a reason for optimism, not fear, and a good reason to build a policy framework aimed at realizing that potential.

I think that is how you see the world. That is how *we* see the world. Let us encourage our governments to see the world that way, too.

Thank you for your time, your attention, and for allowing me to be a part of this tremendous gathering.