After The Toronto Stock Exchange demutualized and completed it's ipo, the belief I observed that it has been more efficiently managed as a for-profit public company compared with its previous not-for-profit private 'club' model is ironic.

The not-for-profit TSE was 100% owned by its member firms. If TSE management did not create surpluses in 'good' years from which to draw during 'not good' years the owners were required to fund any operating shortfall at a time they themselves were most likely also not having a 'good' year. During these times, not only did they want to pay less to maintain the TSE, but also it would not have appeared fair if meaningful cuts were not made from TSE staff when members were laying off appreciable numbers of their own employees. Commensurate TSE staff layoffs were promptly made at these times.

More than once there was virtual wholesale turnover of senior TSE management in connection with, and subsequent to, it's ipo. Lost from the TSE were senior employees and board members with experiences generated during the time there was real competition for original listings and market share of equities trading with the 'old' Montreal Exchange, and, to a much lesser extent, with the Vancouver Stock Exchange and the Alberta Stock Exchange.

For the reasons described above any tendency for 'fat' to grow within the TSE was effectively 'nipped in the bud'.

TSX's competition with the ME ended when the ME's percentage of market share of trading securities in interlisted companies declined to the low to mid teens. The amalgamation of the Canadian 'junior' exchanges and its subsequent purchase by TSX was the end of any meaningful domestic competition. Competition for trading of interlisted issues with American (or other) ATS' or exchanges has been, and continues to be, an important separate topic.

On more than one occasion after the Alpha trading system captured appreciable market share from those issuers on its platform common with TSX, TSX lowered its trading fees. Over approximately a similar period of time TSX significantly raised its listing fees. I question if the later would have happened had there been meaningful competition for listings. No inference of connection between the lowering of trading fees and the increase in listing fees is made, nor should be made.

There is no better motivation for any business enterprise to be efficient than for it to have meaningful competition. Notwithstanding a regulatory framework allowing competition has been in place for years, other than the Alpha trading system, nothing significant has developed to challenge TMX Group's exchanges; I believe because TMX Group has effectively monopolized the utility of listings and trading in Canada, and Canada is too small a marketplace within which to grow a significant alternative.

Absent the commissions, or perhaps others, creating a regulatory system that would result in TMX Group post Maple acquisition efficiently facilitating capital formation through its TSX and TSX Venture exchanges, reliance will have to be left on its Board of Directors to ensure management acts as if there was meaningful competition. In my opinion it would be unusual for any monopolistic for-profit business enterprise to be able to do so over time.

Bob Perry