



TMX Group Ltd. Just Legitimatized Cryptocurrencies in Canada

Description

Canadian investors looking for a means to invest in [cryptocurrencies](#) have limited options. As it stands today, investors must rely on crypto exchange platforms such as Coinbase and QuadrigaX, which are housed all over the [world and have little transparency](#). Canadians have also been hampered, as some of the larger banks are preventing customers from using credit cards to buy cryptocurrencies. That move by the banks follows their U.S counterparts and is seen as way to protect their clients from over-leveraging themselves against the significant value fluctuations of cryptocurrencies.

However, there is good news on the horizon, as **TMX Group Ltd.** ([TSX:X](#)) has just announced its intention to launch a cryptocurrency platform. Welcome to the legitimization of cryptos in Canada.

TMX Group, home to the TSX and TSXV stock exchanges, is one of the most of the world's most trusted and efficient capital markets. Shorcan, one of TMX's wholly owned subsidiaries, announced its intention to launch a cryptocurrency brokerage. In partnership with Paycase Financial and BMO Financial Group, the new brokerage service will launch with an initial focus on Bitcoin and Ethereum.

It will be the first exchange-owned crypto brokerage in the world and instantly provides a degree of legitimacy to cryptocurrencies. The Shorcan Digital Currency Network (Shorcan DCN) is expected to launch in the second quarter of this year. Although the DCN will be launched with a limited focus at first, more cryptocurrencies will be added based on customer demand. According to Shorcan president Peter Conroy, up to \$9 billion of cryptocurrency changes hands each day, and the company intends to capture 2-5% of this global market. The TMX Group has been expanding its asset profile beyond equity exchanges, and this initiative is yet another example of the company's exciting growth prospects.

Capital markets account for approximately 55% of the TMX Group's revenues, which have grown at a compound annual growth rate (CAGR) of approximately 13% over the past 25 years. Its derivatives markets account for approximately 17% of revenues and have a 10-year CAGR of 9%. The remaining revenues originate from its global solutions, insights, and analytics segment, which is expected to receive a significant boost after its Trayport acquisition closed this past December.

TMX Group is trading at a respectable 1.31 times book value. On a go-forward basis, the company's

price-to-earnings-to-growth (PEG) ratio is below one, which signifies that the company is undervalued. The company has been paying a dividend since 2003, and after years of stagnation, its dividend has returned to growth.

Any tech-savvy individual can build and offer a crypto-exchange. There is no regulation, and there are even how-to guides on how to build one's own Bitcoin exchange. The high risk for potential fraudulent activity and lack of exchange oversight is one of the main reasons there exists a lack of legitimacy in the sector. Where would you rather trade cryptocurrencies? On an exchange with no transparency and no accountability for your investments or on an exchange brought to you by one of the world's most trusted capital markets providers? TMX Group is a buy.

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