

COMPANY NUMBER: 03611426

NEX INTERNATIONAL LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2020



NEX INTERNATIONAL LIMITED

General information

PROFILE

NEX International Limited (the 'Company') is a wholly-owned indirect subsidiary of CME Group Inc. (the 'Group') and is consolidated in the Group accounts. The Company is incorporated and domiciled in England and Wales and is a private company limited by shares.

DIRECTORS

The directors of the Company, who held office during the year and up to the date of signing the financial statements were:

K. Cronin

J.W Pietrowicz

B.T. Durkin (Resigned 13th January 2021)

REGISTERED OFFICE

London Fruit and Wool Exchange

1 Duval Square

London

E1 6PW

REGISTRATION NUMBER

03611426

NEX INTERNATIONAL LIMITED

Company Number: 03611426

Strategic report for the year ended 31 December 2020

The directors present their Strategic Report and the audited financial statements of the Company for the year ended 31 December 2020.

In the prior year, the Company changed its accounting reference period to 31 December in order to align with the accounting reference date of CME Group Inc. As a result, the comparative numbers disclosed in these audited financial statements are for the period 1 April 2019 to 31 December 2019.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The directors consider that the year-end financial position was satisfactory. The directors do not anticipate any changes to the principal activities.

The Company is a wholly-owned non trading company for certain subsidiaries of CME Group Inc (the ultimate parent company, together the Group) during the year and as such does not generate revenue. The Company's financial performance therefore is reliant on the performance of its trading subsidiaries.

On 1 September 2021, CME Group Inc. and IHS Markit launched their joint venture, OSTTRA. Further details can be found in the Business Review and Future Developments section of the Directors' Report.

RESULTS

The results of the Company are set out in the profit and loss account on page 9.

The profit for the year of \$515,052,000 (31 December 2019: loss of \$6,522,000) has been transferred to retained earnings.

The net assets of the Company are \$2,995,558,000 (31 December 2019: net assets of \$2,756,935,000).

PRINCIPAL RISKS, UNCERTAINTIES AND FINANCIAL INSTRUMENTS

The principal risks, uncertainties and financial instruments of the Company are integrated with the principal risks, uncertainties and financial instruments of the Group and are not managed separately. The principal risks, uncertainties and financial instruments of the Group, which include those of the Company, are discussed in the Group's annual report for the year ended 31 December 2020 which does not form part of this report and copies may be obtained from the Company Secretary, CME Group Inc., 20 South Wacker Drive, Chicago, Illinois, 60606, which is its registered office.

For the Company, Brexit did not have a direct impact on its current operations. COVID-19 risks and uncertainties have been discussed in the Going Concern section of the Directors Report for the Company.

KEY PERFORMANCE INDICATORS

The directors of the Group manage the Group's operations on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The key performance indicators of the Group, which includes the Company, are discussed in the Group's annual report for the year ended 31 December 2020, which does not form part of this report.

This report has been approved by the board of directors and signed on behalf of the board:

Director  90FC948DFF284FF...

Date 10/18/2021

J.W Pietrowicz

NEX INTERNATIONAL LIMITED

Directors' report for the year ended 31 December 2020

Company Number: 03611426

The directors present their Directors' Report and the audited financial statements of the Company for the year.

PRINCIPAL ACTIVITIES

The Company is a wholly-owned non trading company for certain subsidiaries of CME Group Inc (the ultimate parent company, together the Group) during the year and as such does not generate revenue. The Company's financial performance therefore is reliant on the performance of its trading subsidiaries. It is anticipated that the Company will continue its present business activities next year.

BUSINESS REVIEW, FUTURE DEVELOPMENTS, PRINCIPAL RISKS, UNCERTAINTIES AND FINANCIAL INSTRUMENTS

The business review, future developments, principal risks, uncertainties and financial instruments of the Company are detailed in the Strategic Report.

On 1 September 2021, CME Group Inc. and IHS Markit launched their joint venture, OSTTRA. This combines their post trade services into a new joint venture with 50:50 ownership and control. It incorporates CME Group's optimisation businesses –Traiana, TriOptima, and Reset – and IHS Markit's MarkitSERV. The combination of these businesses will provide clients with enhanced platforms and services for global OTC markets across interest rate, FX, equity and credit asset classes. Market participants will benefit from a more efficient front-to-back workflow with enhanced connectivity and improved trading certainty.

STATEMENT BY THE DIRECTORS IN PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH SECTION 172 (1) OF THE COMPANIES ACT 2006

Under section 414(a) of the Companies Act 2006, the Company is required to include a section 172 statement describing how it has had regard to matters set forth in s172(1) of the Act. The directors acknowledge and understand their duties and responsibilities, including that, under s172 of the Companies Act 2006, a director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a) likely consequences of any decision in the long-term;
- b) the interests of the Company's employees;
- c) the need to foster the Company's business relationships with suppliers, customers and others;
- d) the impact of the Company's operations on the community and the environment;
- e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- f) the need to act fairly as between members of the Company.

In addressing these matters the directors would like to expand on the following:

(a) Principal Decisions

The Board considers the need to maintain a reputation for high standards of business conduct, the need to act fairly between the members of the Company and the long-term consequences of its decisions. In making its decisions, the Board considers stakeholder interests, and how relevant decisions made on behalf of the Company affect those stakeholders while also promoting the success of the Company for the long-term value creation for the broader CME Group. On behalf of the Company, CME Group frequently engages with its creditors, vendors and stakeholders as part of CME Group's financial risk management processes.

We define Principal Decisions as decisions which are material or strategic to the Company, key stakeholders and the long-term value creation of the Company.

(b) Employees

To further the professional advancement of its workforce, the Company is committed to a best practice approach in the treatment of its employees which considers the professional development, career opportunities and emotional well-being of its employees. The Company has adopted a pension plan and assurance schemes with other discretionary incentives provided to employees annually. Diversity, inclusion, adherence to the principles of Equal Employment and a commitment to facilitating employment opportunities for people with disabilities are key facets of CME Group. CME Group offers an Employee Assistance Program (EAP), which provides counselling sessions giving employees an opportunity to confidentially discuss any family or personal issues, including legal counselling.

NEX INTERNATIONAL LIMITED

Company Number: 03611426

Directors' report for the year ended 31 December 2020**STATEMENT BY THE DIRECTORS IN PERFORMANCE OF THEIR STATUTORY DUTIES IN ACCORDANCE WITH SECTION 172(1) OF THE COMPANIES ACT 2006 (CONTINUED)****(c) Business Relationships with Suppliers, Customers and Others**

The Company's approach is to conduct business in a manner which balances costs and risks while taking into account its stakeholders and protecting the Company's performance and reputation. The directors acknowledge that they have responsibility for the Company's systems of internal control and monitoring its design and effectiveness. The purpose of the internal control systems is to manage, rather than eliminate, the risk of failure to achieve business objectives, to provide reasonable assurance as to the quality of management information and to maintain proper control over the income, expenditures, assets and liabilities of the Company whilst maintaining a strong relationship with all of its stakeholders.

(d) Impact on the Community and Environment

The directors are aware of their responsibilities towards the wider community and environment when making principal decisions, as such the Company has adopted energy saving lighting, renewable electricity and continues to monitor and review its energy efficiency. In addition to designing the operations of the Company to be environmentally friendly, the Company has adopted a number of Employee Network Groups (ENGs) where employee engagement is actively encouraged. One of these ENGs is SEED (Sustaining and Enhancing our Environmental Direction) which is focused on environmental sustainability and the wider impact on the community. SEED host various panel discussions throughout the year with some of the recent events looking at Recycling, Composting at Home and Climate Change; the purpose of these discussions being raising awareness and to promote collaboration across the organisation.

(e) High Standards of Business Conduct

The directors recognise that the Company's success is dependent on establishing business relationships built on integrity and high standards. Key business achievements and the Group Strategy are discussed in detail and reviewed accordingly. The Company has adopted the CME Group Code of Conduct (the Code), CME Group policies and CME Group's corporate governance arrangements, which ensure the implementation of appropriate business conduct in the day to day activities of the Company. Adherence to the Code ensures that dealings with third-party vendors, clients, suppliers, consultants and all other stakeholders involved in the business operations of the Company are conducted appropriately.

(f) Members of the Company

S 172 of the Companies Act 2006 requires directors to run the company for the benefit of its shareholders as a whole and as such the directors have taken and continue to take into consideration any long-term effects that may impact the Members of the Company.

GOING CONCERN

Unprecedented market conditions caused by the COVID-19 health crisis in 2020, dramatically affected nearly every aspect of the global economy with both economic uncertainty and market volatility. The unpredictable nature of the pandemic with the new variants in the virus are taking the pandemic to a new phase.

Due to the new phase of the pandemic, any further deterioration of the situation could have adverse implications for our business arising from potential impacts on financial markets and our operations. Therefore, the impact on the Company being a going concern was revisited and sensitivity analysis was produced incorporating both possible and remote impacts to the Company for a period to June 2022 from the balance sheet date. This analysis indicated there was no material impact which would change the Directors' position of the Company being a going concern.

In addition, CME Group Inc., the ultimate parent, has confirmed its undertaking to provide financial and operational support to the Company and assist in meeting the Company's liabilities as and when they fall due which is valid for 13 months from when the financial statements are authorised for issue. In all scenarios, the directors concluded that the Company is still a going concern. For this reason, the Company continues to adopt the going concern basis in preparing these financial statements.

NEX INTERNATIONAL LIMITED

Directors' report for the year ended 31 December 2020

Company Number: 03611426

DIVIDENDS

The dividend of \$282,726,000 was paid during the year (31 December 2019: \$nil). The Directors do not recommend a final dividend for the year (31 December 2019: \$nil).

DIRECTORS

The directors of the Company who held office during the year are disclosed in "General Information" section on page 1.

POST BALANCE SHEET EVENTS

Other than the unpredictable nature of the pandemic, there are no further post balance sheet events to disclose this year.

INDEPENDENT AUDITORS

Ernst & Young LLP have held office as auditor of the Company for the year.

PROVISION OF INFORMATION TO THE AUDITORS

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware.
- the directors have taken all the steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

DIRECTORS' INDEMNITIES

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

NEX INTERNATIONAL LIMITED

Directors' report for the year ended 31 December 2020

Company Number: 03611426

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report has been approved by the board of directors and signed on behalf of the board:

Director:  80FC948DFF284FF...

Date: 10/18/2021

J.W Pietrowicz

NEX INTERNATIONAL LIMITED

Independent Auditor's Report to the members of NEX International Limited

Opinion

We have audited the financial statements of NEX International Limited for the year ended 31 December 2020 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 13 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

NEX INTERNATIONAL LIMITED

Independent Auditor's Report to the members of NEX International Limited

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements:

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its domestic and overseas operations, including health and safety, employees, data protection and anti-bribery and corruption.

NEX INTERNATIONAL LIMITED

Independent Auditor's Report to the members of NEX International Limited

- We understood how the Company is complying with those frameworks by making enquiries of management and those charged with governance to understand how the Company maintains and communicates its policies and procedures in these areas, and corroborated this by reviewing supporting documentation. We also reviewed correspondence with relevant authorities.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override. To address the risk, we obtained an understanding of the entity level controls and the Company's policies in place to identify and respond to fraud including those areas which involved a higher degree of management judgement and subjectivity.
- We designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved testing of both manual and system journals identified by specific risk criteria.
- We incorporated data analytics into our testing of journals by considering specific risk criteria identified in our audit in order to select transactions which we traced back to source documentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Ernst & Young LLP

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Simon Michaelson (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

Date October 21, 2021 | 7:01:15 BST

NEX INTERNATIONAL LIMITED**Profit and Loss Account for the year ended 31 December 2020**

	<u>Note</u>	Year ended 31 Dec 2020 \$'000	Period ended 31 Dec 2019 \$'000
Dividend income	3	1,483,050	-
Administrative expenses	4	(304)	(25)
Other income/(expenses)	5	49,953	(3,939)
Impairment of investment in subsidiaries	9	(1,006,547)	-
Operating profit/(loss)		526,152	(3,964)
Interest receivable and similar income	6	-	91
Interest payable and similar expenses	7	(2,165)	(4,085)
Profit/(loss) before taxation		523,987	(7,958)
Tax (charge)/credit on profit/(loss)	8	(8,935)	1,436
Profit/(loss) for the financial year/period		515,052	(6,522)

The profit/loss of the Company for the financial year/period is derived from continuing operations.

Profit/loss for the financial year/period is the same as total comprehensive income/(loss) for the year/period.

The notes on pages 13 to 27 are an integral part of these financial statements.

NEX INTERNATIONAL LIMITED
Balance Sheet as at 31 December 2020

Company Number: 03611426

	<u>Note</u>	As at 31 Dec 2020 \$'000	As at 31 Dec 2019 \$'000
Non-current assets			
Investment in subsidiaries	9	2,977,475	3,384,806
Investment in associates	10	1,737	1,737
		<u>2,979,212</u>	<u>3,386,543</u>
Current assets			
Debtors: amounts falling due within one year	11	46,583	42,270
Cash and cash equivalents	12	160	93
Tax receivable		-	1,437
		<u>46,743</u>	<u>43,800</u>
Total assets		<u>3,025,955</u>	<u>3,430,343</u>
Current liabilities			
Creditors: amounts falling due within one year	13	(21,360)	(489,755)
Tax payable		(9,037)	-
		<u>(30,397)</u>	<u>(489,755)</u>
Total assets less current liabilities		<u>2,995,558</u>	<u>2,940,588</u>
Non-current liabilities			
Creditors: amounts falling due after more than one year	13	-	(183,653)
Total liabilities		<u>(30,397)</u>	<u>(673,408)</u>
Net assets		<u>2,995,558</u>	<u>2,756,935</u>
Equity			
Called up share capital		102,444	102,350
Share premium		794,363	788,160
Other reserves		1,251	1,251
Retained earnings		2,246,339	2,014,013
Revaluation reserve		(148,839)	(148,839)
Total equity		<u>2,995,558</u>	<u>2,756,935</u>

The notes on pages 13 to 27 are an integral part of these financial statements.

The financial statements were authorised by the board of directors on 10/18/2021 and were signed on its behalf by:

Director  90FC948DFF284FF...

J.W Pietrowicz

NEX INTERNATIONAL LIMITED**Statement of Changes in Equity for the year ended 31 December 2020**

	Share capital \$'000	Share premium \$'000	Revaluation reserve \$'000	Retained earnings \$'000	Other reserves \$'000	Total equity \$'000
As at 31 March 2019	100,839	689,609	(148,839)	2,020,535	1,251	2,663,395
(Loss) for the financial period	-	-	-	(6,522)	-	(6,522)
Issue of shares	1,511	98,551	-	-	-	100,062
As at 31 December 2019	102,350	788,160	(148,839)	2,014,013	1,251	2,756,935
Profit for the financial year	-	-	-	515,052	-	515,052
Issue of shares	94	6,203	-	-	-	6,297
Dividends paid	-	-	-	(282,726)	-	(282,726)
As at 31 December 2020	102,444	794,363	(148,839)	2,246,339	1,251	2,995,558

The notes on pages 13 to 27 are an integral part of these financial statements.

Share capital

Share capital includes the nominal value of the proceeds on issue of the Company's share capital, comprising of 677,553,438 ordinary shares at 10.0p each (31 December 2019: 676,827,785 ordinary shares of 10.0p each).

Revaluation reserve

The revaluation reserve account relates to the foreign exchange impact following the change in functional and presentational currency from GBP to USD in the prior year.

NEX INTERNATIONAL LIMITED**Notes to the financial statements for the year ended 31 December 2020**

Company Number: 03611426

1. PRINCIPAL ACCOUNTING POLICIES**a) Basis of preparation**

The financial statements of the Company have been prepared for the year ended 31 December 2020. The company aligned its accounting reporting reference date with the CME Group Inc. for consistency purposes. Therefore, the amounts presented in the financial statements are not entirely comparable as prior period covered a period of 9 months to 31 December 2019.

The accounting policies in the financial statements for the period have been applied consistently, other than where new policies have been adopted.

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ('FRS 101'), the Companies Act 2006 (the 'Act') as applicable to companies using FRS 101 and under the historic cost convention as modified by the revaluation of certain financial instruments. FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted International Financial Reporting Standards ('IFRS'). The accounting standards have been applied consistently, other than where new standards have been adopted.

Per the FRS 101 Reduced Disclosure Framework, the Company is eligible to adopt the following qualifying exemptions:

- Paragraphs 45(b) and 46 to 52 of IFRS 2 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined)
- IFRS 7 'Financial instruments: Disclosures'
- The following paragraphs of IAS 1 'Presentation of financial statements'
 - i) Paragraph 10(d) of IAS 1 (statement of cash flows)
 - ii) Paragraph 16 (statement of compliance with all IFRS)
 - iii) Paragraph 38A (requirement for minimum of two primary statements, including cash flow statements)
 - iv) Paragraph 38B-D (additional comparative information)
 - v) Paragraph 11 (cash flow statement information)
 - vi) Paragraph 134-136 (capital management disclosures)
- IAS 7 'Statement of cash flows'
- Paragraphs 30 and 31 of IAS 8 'Accounting policies, accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24 'Related party disclosures' (key management compensation)
- The requirements in IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group
- Financial risk management, per 7Sch 6 CA 2006
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 'Revenue from contracts with customers'

b) Accounting developments

There were no new accounting developments during the year which impacted the company.

c) Going concern

Due to the new phase of the pandemic, any further deterioration of the situation could have adverse implications for our business arising from potential impacts on financial markets and our operations. Therefore, the impact on the Company being a going concern was revisited and sensitivity analysis was produced incorporating both possible and remote impacts to the Company for a period to June 2022 from the balance sheet date. This analysis indicated there was no material impact which would change the Directors' position of the Company being a going concern.

In addition, CME Group Inc., the ultimate parent, has confirmed its undertaking to provide financial and operational support to the Company and assist in meeting the Company's liabilities as and when they fall due which is valid for 13 months from when the financial statements are authorised for issue. In all scenarios, the directors concluded that the Company is still a going concern. For this reason, the Company continues to adopt the going concern basis in preparing these financial statements.

NEX INTERNATIONAL LIMITED**Notes to the financial statements for the year ended 31 December 2020**

Company Number: 03611426

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**d) Dividend income**

Dividend income is recognised when the right to receive payment is established.

e) Interest receivable and similar income

Interest receivable and similar income is recognised using the effective interest rate method.

f) Interest payable and similar expenses

Interest payable and similar expenses are recognised using the effective interest rate method.

g) Tax

Tax on the profit for the period comprises both current and deferred tax as well as adjustments in respect of prior years. Tax is charged or credited to the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the current and deferred tax is also accounted for in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantially enacted by the balance sheet date.

Deferred tax is recognised using the liability method, in respect of all temporary differences between the carrying value of assets and liabilities for reporting purposes and the tax bases of the assets and liabilities. Deferred tax is calculated at the rate of tax expected to apply when the liability is settled or the asset is realised. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Calculations of current and deferred tax liability have been based on ongoing discussions with the relevant tax authorities, management's assessment of legal and professional advice, case law and other relevant guidance. Where the expected tax outcome of these matters is different from the amounts that were recorded initially, such differences will impact the current and deferred tax amounts in the period in which a reassessment of the liability is made.

h) Investments in subsidiaries

Investments in subsidiaries are recorded at historical cost less provision for any impairment in their values and are assessed for impairment on an annual basis. Where there is any evidence of impairment, recoverable amounts of the subsidiaries are calculated with reference to the higher of its fair value less costs to sell and its value in use. The excess of carrying value over the recoverable amount is then taken to profit and loss as an impairment charge and the investment in subsidiary is then recorded at historic cost less impairment.

A subsidiary is an entity over which the Company has control. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

i) Investments in associates

The Company classifies investments in entities over which it has significant influence but not control, as associates. These investments are recorded at historical cost less provision for any impairment in their values have not been adjusted. If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

NEX INTERNATIONAL LIMITED**Notes to the financial statements for the year ended 31 December 2020**

Company Number: 03611426

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**j) Impairment of non-financial assets**

At each balance sheet date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows

k) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand and on-demand deposits which are subject to insignificant risk of change in value and are readily convertible into a known amount of cash with less than three months maturity.

l) Financial assets

The Company classifies its financial assets in the following categories: financial assets held at fair value through other comprehensive income; and financial assets held at amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Recognition

Fair value through other comprehensive income: Financial assets at fair value through other comprehensive income (FVOCI) comprise equity securities which are not held for trading, and which the Company has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Company considers this classification to be more relevant. Fair value is the amount for which that FVOCI could be exchanged between knowledgeable, willing parties in an arm's length transaction. Typically fair value is the market observable/transaction price. In the absence of a market price or other readily determinable value, the fair value is derived using a valuation method, the present value of the expected cash flows discounted method.

Amortised cost: The Company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets held at amortised cost consist of loans and receivables which are non-derivative financial instruments that have a fixed or easily determined value. They are subsequently carried at amortised cost using the effective interest method, less any impairment. These assets are included in debtors (note 11).

(ii) De-recognition

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

NEX INTERNATIONAL LIMITED**Notes to the financial statements for the year ended 31 December 2020**

Company Number: 03611426

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**1) Financial assets (continued)***(iii) Impairment of financial assets*

The Company is required to recognise expected credit losses (ECLs) based on unbiased range of possible outcomes and forward-looking information for all financial assets at amortised cost and financial assets at fair value through other comprehensive income. ECLS are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls, representing the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive. ECLs are discounted at the effective interest rate of the financial asset. Financial support from ultimate parent i.e. CME Group Inc. is also considered in the calculation of ECL.

Forward looking information includes macroeconomic variables, such as the UK GDP. The UK GDP growth demonstrates a strong linear relationship with historical observed default rates. Due to the disruption caused by COVID-19, we have performed ECL sensitivity analysis using various GDP scenarios. Based on this analysis the impact is immaterial.

At the reporting date, an allowance is required for the 12 month (Stage 1) ECLs. If the credit risk has significantly increased since initial recognition (Stage 2), or if the financial instrument is credit impaired (Stage 3), an allowance should be recognised for the lifetime ECLs.

The measurement of ECL is calculated using three main components: probability of default (PD), loss given default (LGD) and the exposure at default (EAD).

The 12 month and lifetime ECLs are calculated by multiplying the respective PD, LGD and the EAD. The 12 month and lifetime PDs represent the PD occurring over the next 12 months and the remaining maturity of the instrument respectively.

The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event.

The LGD represents expected losses on the EAD given the event of default, taking into account, among other characteristics, the time value of money.

The Company assumes that the credit risk of a financial asset has increased significantly when:

- there has been an increase in the lifetime probability of default; or
- the financial assets is more than 30 days past due (backstop indicator)

Significant increase in credit risk is conditional on either of the criteria above being met and not on all being met together. An external rating notched approach will serve as the primary indicator in determining if a significant increase in credit risk has occurred since initial recognition. The approach relies on implicitly evaluating variation in Point-in-time ("PiT") PD, across the remaining life of an asset. These estimates are determined both at origination and reporting date.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held) or
- the borrower has defaulted on another balance within the Group or
- the financial asset is more than 90 days past due, with an exemption applied for trade receivables and intercompany receivables for which default is determined on a case by case basis. The Company considers factors such as historical information as a base from which to measure expected credit losses and applies current observable data to reflect the effects of the current conditions

The Company will apply the **general approach** to all financial assets in scope for IFRS 9 impairment framework, with the exception of trade receivables, where the Company applied the **simplified approach**, with a lifetime expected credit loss.

NEX INTERNATIONAL LIMITED**Notes to the financial statements for the year ended 31 December 2020**

Company Number: 03611426

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**l) Financial assets (continued)**

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, ageing profile, as well as observable changes in national or local economic conditions that correlate with default on receivables. The **maximum period** considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

Forward looking - As a macroeconomic variable, real UK GDP growth was identified to demonstrate a strong linear relationship with historical observed default rates. As per NEX's modelling policy, three PD term structures are used in

the model: base case GDP growth rates, a plausible but optimistic case for GDP growth (upturn scenario) and a negative but plausible case of GDP growth (downturn scenario).

Loss allowances for financial assets measured at amortised cost are calculated as the difference between carrying value and the present value of any expected future cash flows, with any impairment being recognised in the profit and loss account. Subsequent recovery of amounts previously impaired are credited to the profit and loss account.

For debt securities at FVOCI, where applicable, the loss allowance is recognised in other comprehensive income, instead of reducing the carrying amount of the asset.

Impairment losses are presented under 'operating expenses' and not presented separately in the statement of profit or loss and other comprehensive income due to materiality considerations. When a trade receivable is determined to be uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'Operating expenses' in the consolidated income statement.

Financial assets not held at fair value are impaired where there is objective evidence that the value may be impaired. The amount of the impairment is calculated as the difference between carrying value and the present value of any expected future cash flows, with any impairment being recognised in the profit and loss account. Subsequent recovery of amounts previously impaired are credited to the profit and loss account.

In the light of the current uncertainty resulting from the pandemic, the IASB issues guidance and requested that entities consider both the effects of covid-19 and the significant government support measures being undertaken. The Board recognised that it is likely to be difficult at this time to incorporate the specific effects on a reasonable and supportable basis due to the rapid changes and updated facts and circumstances. As such the management considered changes to the macroeconomic factors relevant to the business and applied these changes to the ECL model. The management continues to monitor as new information becomes available.

m) Financial liabilities**(i) Recognition**

Financial liabilities consist of creditors initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

(ii) De-recognition

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expired.

n) Share capital

Ordinary shares are classified as equity. Dividends are recognised as deductions from the profit and loss account in the period in which they are declared.

NEX INTERNATIONAL LIMITED**Notes to the financial statements for the year ended 31 December 2020**

Company Number: 03611426

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**o) Dividend payments**

The Company recognises the final dividend payable when it has been approved by the shareholders of the Company in a general meeting. The interim dividend is recognised when it has been approved by the directors of the Company.

Dividends in specie are based on the fair value of the assets distributed as this represents the best estimate to settle the obligation.

p) Foreign currencies*(i) Functional currency*

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in United States dollars (\$), which is the Company's functional and presentational currency.

(ii) Transactions and balances

Transactions denominated in foreign currencies are translated into the functional currency at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Exchange differences are taken to the profit and loss account, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are taken directly to profit and loss account. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

2. KEY ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The Company makes various judgements in applying its accounting policies and various assumptions and estimates, including about the future, when determining the carrying value of certain assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Company's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at 31 December 2020 that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Company's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved:

- Impairment of investment in subsidiary: The recoverable amount is defined as the higher of the net assets of the subsidiary and its VIU, so judgement is applied to calculate the recoverable amount.

3. DIVIDEND INCOME

	Year ended 31 Dec 2020 \$'000	Period ended 31 Dec 2019 \$'000
Dividend income	<u>1,483,050</u>	<u>-</u>
	<u>1,483,050</u>	<u>-</u>

\$1,483,050 dividend income was received in the year (31 December 2019: No dividend income received).

NEX INTERNATIONAL LIMITED**Notes to the financial statements for the year ended 31 December 2020**

Company Number: 03611426

4. ADMINISTRATIVE EXPENSES

	Year ended 31 Dec 2020 \$'000	Period ended 31 Dec 2019 \$'000
Legal expense	(277)	-
Audit fees	(27)	(25)
	<u>(304)</u>	<u>(25)</u>

During the current year and prior period, no remuneration was earned by the Directors as no qualifying services were provided by the Directors to the Company.

The fee paid to Ernst & Young LLP (the Company's external auditors) for the statutory audit of the Company for the period ended 31 December 2020 was \$27,000 (31 December 2019: \$25,000) and was borne by a fellow subsidiary in the Group.

5. OTHER INCOME/(EXPENSES)

	Year ended 31 Dec 2020 \$'000	Period ended 31 Dec 2019 \$'000
ECL expense of amounts owed from subsidiaries	(43)	-
ECL reversal of over provision	-	101
Foreign exchange gain/(loss)	50,001	(4,040)
Other expenses	(5)	-
	<u>49,953</u>	<u>(3,939)</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 Dec 2020 \$'000	Period ended 31 Dec 2019 \$'000
Interest income from external parties	-	91
	<u>-</u>	<u>91</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year ended 31 Dec 2020 \$'000	Period ended 31 Dec 2019 \$'000
Interest expense to Group companies	2,165	4,085
	<u>2,165</u>	<u>4,085</u>

NEX INTERNATIONAL LIMITED**Notes to the financial statements for the year ended 31 December 2020**

Company Number: 03611426

8. TAX ON PROFIT

	Year ended 31 Dec 2020 \$'000	Period ended 31 Dec 2019 \$'000
Current tax charges		
UK corporate tax		
- Current year	9,031	(1,436)
- Prior year	(96)	-
	<u>8,935</u>	<u>(1,436)</u>
 Profit / (loss) before tax	 523,987	 (7,958)
Profit / (loss) before tax multiplied by the standard rate of corporation tax in the UK of 19% (31 December 2019: 19%)	99,558	(1,410)
Effects of:		
Non-taxable income	(281,780)	-
Expenses not deductible for tax purposes	191,253	(26)
Prior year adjustment – current tax	(96)	-
Tax charge/(credit) for the year/period	<u>8,935</u>	<u>(1,436)</u>
 Effective tax rate	 1.71%	 19%

The headline rate of UK corporation tax remained at 19% for the period, following the enactment of Finance Act 2020 on 22 July 2020.

Finance Bill 2021, published on 11 March 2021 and substantively enacted on 24 May 2021, includes a provision to change the standard rate of corporation tax from 19% to 25% with effect from 1 April 2023.

NEX INTERNATIONAL LIMITED**Notes to the financial statements for the year ended 31 December 2020**

Company Number: 03611426

9. INVESTMENTS IN SUBSIDIARIES

	31 Dec 2020 \$'000	31 Dec 2019 \$'000
As at beginning of year/period	3,384,806	3,284,744
Additions	605,513	200,124
Transfers through share issue	(6,297)	(100,062)
Impairment during the year	(1,006,547)	-
As at end of year/period	<u>2,977,475</u>	<u>3,384,806</u>

On 16 July 2020, Intercapital No.1 Ltd allotted and issued 11,796,000 fully paid ordinary shares of £1.00 each to the Company for a subscription price of US\$ 1.25 per share (US\$ 14,745,009).

On 16 July 2020, NEX Group Holdings Ltd allotted and issued 457,016,000 fully paid ordinary shares of £1.00 each to the Company for a subscription price of US\$ 1.25 per share (US\$ 575,640,901).

On 16 July 2020, Intercapital Ltd distributed receivable from NEX Group Holdings Ltd and part of receivable from NEX International Ltd. As a result of this distribution, an impairment of US\$991,820,286 was recorded as the net asset value of the entity could no longer support the carrying value.

On 2 November 2020, CME London Limited transferred the entire issued share capital of Elysian Systems Limited to the Company for total consideration of US\$ 6,296,997 which was settled by the allotment and issue of 725,653 ordinary shares of £0.10 each in the capital of the Company.

On 2 November 2020, NEX International Limited transferred the Elysian Share Capital to NEX Group Holdings Limited for total consideration of US\$ 6,296,997, satisfied by the allotment and issue of 254,950 ordinary shares of £1.00 each in the capital of NEX Group Holdings Limited at a premium of £18.07 per share (US\$ 6,296,997).

On 11 November 2020, Intercapital Limited allotted and issued 7,661,288 fully paid ordinary shares of £0.25 each to the Company for a subscription price of US\$ 0.326 per share (US\$2,533,038).

Intercapital No. 1 Limited was impaired by US\$ 14,727,000 during the year, as the net asset value of the entity could no longer support the carrying value.

As at 31 December 2020, the Company's subsidiary companies were as follows:

Direct Wholly-Owned Subsidiaries**United Kingdom**

London Fruit and Wool Exchange, 1 Duval Square, London, E1 6PW

NEX Group Holdings Limited

Intercapital Limited

Intercapital No. 1 Limited

Indirect Wholly-Owned Subsidiaries**United Kingdom**

London Fruit and Wool Exchange, 1 Duval Square, London, E1 6PW

Abide Financial DRSP Limited ***

Abide Financial Limited ***

Abide Financial Repository Limited ***

Astley & Pearce Limited

BrokerTec Europe Limited

BrokerTec Investments

Capital Shipbrokers LLP **

Capital Shipbroking Limited

CME Finance Holdings Limited

EBS Dealing Resources International Limited

EBS Group Limited

NEX INTERNATIONAL LIMITED**Notes to the financial statements for the year ended 31 December 2020**

Company Number: 03611426

EBS Investments
 EBS No. 2 Limited
 Garban Broking Services Limited
 Garban Harlow Resources Limited
 Godsell Astley & Pearce (Holdings) Limited
 Godsell Astley & Pearce (Foreign Exchange) Limited
 Harlow Ueda Savage Limited
 Intercapital No. 2 Limited
 Intercapital No. 3 Limited **
 Midhurst Chartering Limited **
 Municipal Brokers Limited
 CME Group Benchmark Administration Limited
 NEX Finance Limited ***
 NEX International Investments Limited
 NEX Markets Limited
 NEX Optimisation Limited
 NEX Services Limited
 NEX SEF Limited
 TriOptima Holdings Limited
 TriOptima UK Limited
 CME Marketing Europe Limited *
 CME Operations Limited
 CME Digital Limited *
 CME Digital Vault Limited *
 CME Trade Repository Limited, ***

25 Great Victoria Street, Belfast, Northern Ireland, BT2 7AQ

CME Technology and Support Service Limited

Argentina

Avda. Leandro N. Alem 855, Piso 16, Buenos Aires

Intercapital Argentina S.A.

Intercapital Lat Am Services S.A.

Australia

BDO, Level 11, 1 Margaret Street, Sydney NSW 2000

CME Group Australia

Bermuda

Carey Olsen Services Bermuda Limited, 2nd Floor Atlantic House, 11 Par-la-Ville Road, Hamilton, HM 11

Parthenon Limited (established since 1 January 2021)

China

Unit 368, Division 302, No. 211 North Fute Road, Shanghai, Pilot Free Trade Zone 200120

EBS (Shanghai) Information Technology Co., Ltd.

No.6 Wudinghou Street, Unit 1105, Excel Centre, Xicheng District, Beijing 100033, China

CME Consulting (Beijing) Limited

Germany

Barckhausstraße 1, 60325 Frankfurt am Main

Intercapital (Germany) GmbH

Hong Kong

6th Floor, Alexandra House, 18 Chater Road, Central

CFETS-NEX Markets Limited

Intercapital (Hong Kong) Limited

Nexstep HK 2 Limited

Nexstep HK 3 Limited

Unit 1705-1708, 17/F Man Yee Building, 68 Des Voeux Road Central, Hong Kong

CME Group Hong Kong Limited

TriOptima Asia Pacific Pte. Limited – Hong Kong branch

Israel

Floors 11 and 12, 132 Menachem Begin Road, Round Tower, Azrieli Center, Tel Aviv 6701101

EBS Financial Technologies Ltd.

NEX INTERNATIONAL LIMITED**Notes to the financial statements for the year ended 31 December 2020**

Company Number: 03611426

Japan**Toho Twin Tower Building, 3rd Floor, 1-5-2 Yuraku-cho, Chiyoda-ku, Tokyo 100-0006**

EBS Dealing Resources Japan Limited

4-10 Nihonbashi-Muromachi, 4-chome, Chuo-ku, Tokyo 103-0022

TriOptima Japan K.K.

Kasumigaseki Building, 6F Room No.622, 3-2-5 Kasumigaseki, Chiyoda ku, Tokyo

CME Group Japan KK

Luxembourg**7 rue Robert Stumper, L-2557, Luxembourg**

Euclid Opportunities S.A.

Netherlands**Nieuwezijds Voorburgwal 104, Units 1.04, 1.05 en 1.06, Amsterdam**

CME Investment Firm B.V.

CME Amsterdam B.V.

Singapore**10 Marina Boulevard, #21-01, Marina Bay Financial Centre, Singapore 018983**

Intercapital No. 1 Pte. Ltd.

Intercapital No. 2 Pte. Ltd.

NEX Services Pte. Ltd.

Reset Holdings Private Limited

Reset Private Limited

TriOptima Asia Pacific Pte. Limited

600 North Bridge Road #23-01, Parkview Square, Singapore 188778

CME Group Asia Holdings Limited

CME Group Singapore Operations Limited

Sweden**Mäster Samuelsgatan 17, 111 44 Stockholm**

TriOptima AB

NEX Abide Trade Repository AB ***

Switzerland**Lavaterstrasse 40, CH-8002 Zurich**

EBS Service Company Limited

United States**The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware DE 19801**

Intercapital Capital Markets LLC

NEX Group Investments Inc.

TriOptima North America LLC

Harborside Financial Center, 1100 Plaza Five, Jersey City, NJ, 07311

Intercapital Securities Inc

* In Liquidation since 31 December 2020

** In Liquidation since 1 January 2021

*** Expected to enter liquidation in July 2021

The wholly owned subsidiaries also represent the 100% voting rights of the Company. All principal subsidiaries have a 31 December year end. All companies operate in their country of incorporation. BrokerTec Europe Limited, EBS Group Limited, EBS Dealing Resources International Limited and Reset Private Limited also operate from branches outside their countries of incorporation.

NEX INTERNATIONAL LIMITED**Notes to the financial statements for the year ended 31 December 2020**

Company Number: 03611426

10. INVESTMENTS IN ASSOCIATES

	31 Dec 2020 \$'000	31 Dec 2019 \$'000
As at beginning of year/period	<u>1,737</u>	<u>1,737</u>
As at end of year/period	<u><u>1,737</u></u>	<u><u>1,737</u></u>

As at 31 December 2020, the Company had a 33% (31 March 2019: 33%) investment in Shanghai CFETS-ICAP International Money Broking Co. Ltd, a broking company incorporated in China. The investment is held at historical cost.

11. DEBTORS

	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Debtors: amount falling due within one year		
Amounts due from fellow group companies	<u>46,583</u>	<u>42,270</u>
	<u><u>46,583</u></u>	<u><u>42,270</u></u>

Amounts due from Group companies are unsecured, non-interest bearing and receivable on demand.

12. CASH AND CASH EQUIVALENTS

	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Cash at bank and in hand	<u>160</u>	<u>93</u>

13. CREDITORS

	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Creditors: amounts falling due after more than one year		
Loan due to subsidiary	<u>-</u>	<u>183,653</u>
	<u><u>-</u></u>	<u><u>183,653</u></u>
Creditors: amounts falling due within one year		
Amounts due to subsidiaries	<u>21,360</u>	<u>489,755</u>
	<u><u>21,360</u></u>	<u><u>489,755</u></u>

Loan due to subsidiary was repaid during the year, as part of an intercompany rationalization project which was completed in late 2020.

Amounts due to subsidiaries falling due within one year are non-interest bearing and payable on demand.

NEX INTERNATIONAL LIMITED**Notes to the financial statements for the year ended 31 December 2020**

Company Number: 03611426

14. DIVIDEND PAID

	Year ended 31 Dec 2020 \$'000	Period ended 31 Dec 2019 \$'000
Dividend in cash paid	186,000	-
Dividend in specie paid	96,726	-
	<u>282,726</u>	<u>-</u>

The directors have not proposed a final dividend for the period (31 December 2019: nil).

15. CALLED UP SHARE CAPITAL

	31 December 2020		31 December 2019	
	Number of shares thousands	Nominal value \$'000	Number of shares thousands	Nominal value \$'000
Ordinary shares of 10p each	677,553	102,444	676,828	102,350
	<u>677,553</u>	<u>102,444</u>	<u>676,828</u>	<u>102,350</u>

On 2 November 2020, CME London Limited was allotted and issued 725,653 ordinary shares of £0.10 each in the capital of the Company (US\$ 93,984). The number of ordinary shares in issue as at 31 December 2020 is 677,553,438 (31 December 2019: 676,827,785). All shares have a nominal value of 10p.

16. COMMITMENTS

The Company had an embedded guarantee with Lloyds TSB Capital Markets as at 31 December 2019. The embedded guarantee was shared with Intercapital Limited and has a limit of £50m. The embedded guarantee arose in relation to a revolving credit facility agreement entered into in 2002 between Intercapital Limited and Lloyds TSB Capital Markets and as at 13 January 2020 this has been discharged.

17. CONTINGENT LIABILITIES

The Company, ICAP Europe Limited ('IEL') (which was sold to TP ICAP plc) and other defendants including a Tullett Prebon entity, were named as a defendant from a purported US class action litigation filed against various Yen Libor and Euroyen Tibor setting banks. The first lawsuit was dismissed in its entirety by 27 August 2020. The plaintiff filed a notice of appeal on 19 October 2020. The appeal was fully briefed as of August 2021, and oral argument on the appeal will take place but is not yet scheduled.

On 24 July 2015, a second litigation was filed on behalf of additional plaintiffs in the same court based on similar allegations. The litigation includes claims against the Company and IEL, as well as a Tullett Prebon entity. Since then, there were developments in the case as it progressed through the courts. On 30 September 2021, the court granted the motion dismissing the complaint as to the Company, IEL, and a number of the other defendants on the grounds that the plaintiffs lacked antitrust standing to sue any defendants with whom they had not directly transacted. The case will continue against two remaining bank defendants, subject to an appeal when the case is resolved against the remaining defendants.

Plaintiffs in the Euribor civil litigation named the Company and IEL on 13 August 2015 as parties to that pre-existing litigation. On 21 February 2017, the court granted the Company's and IEL's motions to dismiss for lack of personal jurisdiction. Plaintiffs have filed a notice of appeal, but that appeal is currently stayed pending a decision in another case.

NEX INTERNATIONAL LIMITED**Notes to the financial statements for the year ended 31 December 2020**

Company Number: 03611426

17. CONTINGENT LIABILITIES (continued)

On 6 November 2017, plaintiffs in a pending US class action litigation concerning Swiss franc Libor filed a Second Amended Complaint which added 12 new defendants, including NEX Group Limited, Intercapital Capital Markets LLC ('ICM'), IEL, ICAP Securities USA LLC (which was sold to TP ICAP plc), TP ICAP plc, additional Tullett Prebon entities and two Swiss broker firms. Since then, there were developments in the case as it progressed through the courts. On 21 September 2021, the appeals court granted the joint motion, and the litigation is being remanded to the district court for further proceedings.

On 14 December 2017, an entity called the Stichting Elco Foundation (the 'Foundation'), filed a writ initiating litigation in Amsterdam against the Company, IEL, and three banks for alleged manipulation of various interbank offering rates. On 14 August 2019, the Court granted the motion to dismiss the Company, and limited the claims against IEL to Yen Libor related claims. On 5 February 2020, the defendants filed a challenge as to the admissibility (standing) of the Foundation to pursue the claims and the Court granted the motion on 9 December 2020. The Foundation filed a notice of appeal on 9 March 2021, and filed its appeal brief on 29 June 2021. The Foundation has waived any appeal of the earlier dismissal of the Company and earlier limitation of the claims against IEL. IEL's opposition to the appeal and any cross-appeal was filed on 28 September 2021. The Foundation's opposition to any cross-appeal will be due on 28 December 2021. A hearing on the appeal is likely to be scheduled in or around April 2022.

On 25 November 2015, ICM was named as a defendant, along with a number of banks and Tradeweb Markets LLC, in ten civil lawsuits alleging antitrust violations and unjust enrichment relating to the interest rates swaps market. All defendants filed motions to dismiss the complaints for failure to state a claim. Plaintiffs then filed an amended complaint which also added ICAP SEF (US) LLC and ICAP Global Derivatives Limited (both of which were sold to TP ICAP plc) as defendants. The defendants filed new motions to dismiss on 29 January 2017. On 28 July 2017, the court dismissed all claims as to ICM, as well as the two TP ICAP plc entities. There is no present indication that plaintiffs will seek to appeal the dismissal, or otherwise seek to re-join them in the litigation.

On 16 August 2016, the Company and ICAP Australia Pty Limited (which was sold to TP ICAP plc), along with a number of banks and two Tullett Prebon entities, were named as defendants in a purported class action filed in the United States District Court for the Southern District of New York alleging antitrust, Commodity Exchange Act, Racketeer Influenced and Corrupt Organizations Act and common law claims arising out of the alleged manipulation of the Australian Bank Bill Swap Reference Rate ("BBSW"). On 16 November 2018, the court dismissed the case as to the Company and ICAP Australia Pty Limited for lack of personal jurisdiction. While the plaintiffs sought to amend the complaint to make additional allegations and seek jurisdictional discovery against certain other defendants, they are not pursuing either entity at this time beyond reserving the right to appeal when there is a final judgment.

For sake of clarity, some of the matters described herein may not be the direct responsibility of the Company but may be its responsibility under indemnification and/or breach of warranty provisions agreed to by the Company with TP ICAP plc. Warranty claims are subject to customary limitations. All warranty claims have been settled or dropped except for claims related to a CFTC investigation and a German tax investigation. TP ICAP has issued proceedings related to those matters. NEX filed a motion to strike those claims, which was granted in part and denied in part. The Company believes the claims are without merit and intends to defend itself vigorously. In addition to such warranties, the Company also provided Tullett Prebon with indemnities for, among other things, certain known regulatory, litigation and employment claims.

It is not practicable to predict the ultimate outcome or possible to provide a reliable estimate of any potential financial impact on the Company for the above litigations, warranty, or indemnity claims.

In the normal course of business, the Company discusses matters with its regulators raised during regulatory examinations or otherwise subject to their inquiry and oversight. These matters could result in censures, fines, penalties or other sanctions. The directors believe the outcome of any resulting actions will not have a material impact on the Company's financial position or results of operations.

In addition, the Company is a defendant in, and has potential for, various other legal proceedings arising from its regular business activities. While the ultimate results of such proceedings against the Company cannot be predicted with certainty, the Company believes that the resolution of any of these matters on an individual or aggregate basis will not have a material impact on its financial position or results of operations.

NEX INTERNATIONAL LIMITED**Notes to the financial statements for the year ended 31 December 2020**

Company Number: 03611426

18. POST BALANCE SHEET EVENTS

On 27 August 2021, CME London Limited contributed, assigned and transferred 100 common stock shares in Traiana, Inc. to the Company by way of a one-off non-refundable capital contribution of \$286,468,348 ('first contribution'). Immediately after the first contribution, the Company contributed, assigned, and transferred the shares to NEX Group Holdings Limited by way of a one-off non-refundable capital contribution of \$286,468,348.

On 1 September 2021, CME Group, the world's leading and most diverse derivatives marketplace, and IHS Markit, a world leader in critical information, analytics and solutions, announced they have launched their joint venture, OSTTRA, a new post-trade services company. OSTTRA, 50/50 owned by CME Group and IHS Markit, is a leading provider of progressive post-trade solutions for the global OTC markets across interest rate, FX, equity and credit asset classes. It incorporates CME Group's optimisation businesses – Traiana, TriOptima, and Reset – and IHS Markit's MarkitSERV. Headquartered in London, OSTTRA will be led by Co-CEOs Guy Rowcliffe and John Stewart.

On 24 September 2021, the Company paid an interim cash dividend of \$107.5 million to its immediate parent (CME London Limited).

Other than the post balance sheet event mentioned above, and the unpredictable nature of the pandemic as disclosed in the Going Concern disclosure in the Directors' Report, there are no further post balance sheet events to disclose this year.

19. IMMEDIATE AND ULTIMATE PARENT COMPANY

The Company's immediate parent is CME London Limited, which is incorporated in the United Kingdom, which does not prepare consolidated financial statements:

The Company's ultimate parent is CME Group Inc., which is incorporated in the United States, and heads the largest group of companies of which the Company is a member. CME Group Inc. prepares consolidated financial statements in accordance with US GAAP and heads the smallest and largest group for which group accounts are prepared. Copies may be obtained from the Company Secretary, CME Group Inc., 20 South Wacker Drive, Chicago, Illinois, 60606, which is the registered office.