COMPANY NUMBER: 9079903

NEX MARKETS LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

31 DECEMBER 2019

NEX MARKETS LIMITED
General information

PROFILE

NEX Markets 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.

The Company is an investment holding company. The directors consider that the year-end financial position was satisfactory and do not anticipate any changes to the principal activities.

DIRECTORS

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

K M Cronin	Appointed 6 December 2019
B T Durkin	Appointed 6 December 2019, Resigned 13 January 2021
J W Pietrowicz	Appointed 6 December 2019
J S Cohen	Resigned 6 December 2019
E Glazer	Resigned 30 September 2019
S Johnson	Resigned 4 December 2019

REGISTERED OFFICE

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

REGISTRATION NUMBER

9079903

NEX MARKETS LIMITED
Strategic Report for the period 1 April 2019 to 31 December 2019

The directors present their Strategic Report and the audited financial statements of the Company for the period 1 April 2019 to 31 December 2019.

The Company previously had a 31 March accounting reference date but this has been changed to 31 December in order to align with the accounting reference date of CME Group Inc. Accordingly, these financial statements have been prepared for the nine-month period 1 April 2019 to 31 December 2019 (the 'period').

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

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

RESULTS

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

The loss for the period of $1,165,000 (31 March 2019: loss of $292,459,000) has been transferred to reserves.

The net assets of the Company are $707,913,000 (31 March 2019: net assets of $705,731,000).

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties of the Company are integrated with the principal risks and uncertainties of the Group and are not managed separately. The principal risks and uncertainties of the Group, which include those of the Company, are discussed in the Group's annual report for the year ended 31 December 2019, which does not form part of this report.

The Company is subject to risk management process of CME Group Inc. Details of the principal risks and uncertainties relating to the Company's ultimate parent can be found in CME Group Inc's Annual Report.

COVID-19 risks and uncertainness 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.

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

DocuSigned by:
Kathleen Cronin
7E043A993A4349A...

K Cronin
Director

22 January 2021

NEX MARKETS LIMITED

Directors' Report for the period 1 April 2019 to 31 December 2019

Company Number: 9079903

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company. It is anticipated that the Company will continue its present business activities next year.

The Company was incorporated on 10 June 2014 and is domiciled in England and Wales. The registered office is London Fruit and Wool Exchange, 1 Duval Square, London, E1 6PW.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The business review and future developments of the Company are detailed in the Strategic Report.

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 for maintaining a reputation for high standards of business conduct; and
f) the need to act fairly 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 their professional development, career opportunities and emotional well-being. 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. This includes legal counselling.

(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

After reviewing the liquidity requirements, capital requirements, plans and financing arrangements, the directors are satisfied that the Company has adequate resources to continue to operate for the foreseeable future and confirm that the Company is a going concern. For this reason, the Company continues to adopt the going concern basis in preparing these financial statements.

The COVID-19 pandemic is causing widespread disruption on world markets and the global economy. As the outbreak continues to evolve, the unpredictable nature of the pandemic means that there is uncertainty on the full extent and duration of the business and economic impact. 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. This analysis indicated there was no material impact which would change the Directors' position of the Company being a going concern as CME Group Inc, the ultimate parent, has confirmed its undertaking to provide financial support to the Company and assist in meeting the Company's liabilities as and when they fall due for at least 12 months from the date of the approval of the financial statements.

DIVIDENDS

No dividends were paid during the period (31 March 2019: $1,784,616,000). The Directors do not recommend a final dividend for the period (31 March 2019: $nil).

INDEPENDENT AUDITORS

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

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 period and remain in force at the date of this report.

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:

DocuSigned by:
Kathleen Cronin
7E043A993A4349A...

K Cronin
Director

22 January 2021

NEX MARKETS LIMITED

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

Opinion

We have audited the financial statements of NEX Markets Limited for the period ended 31 December 2019 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 13, 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 2019 and of its loss for the period 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 below. 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.

Emphasis of matter – Effects of COVID-19

We draw attention to note 1(b) and 12 of the financial statements, which describes the impact of the COVID-19 pandemic on global financial markets and the company's operations since the period end. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

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.

In connection with our audit of the financial statements, 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 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 or a material misstatement of the other information. 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.

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 director's report for the financial period 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.

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.

Ernst & Young LLP

Simon Michaelson (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: 28th January 2021

NEX MARKETS LIMITED
Profit and Loss Account for the period 1 April 2019 to 31 December 2019

	Note	Period ended 31 Dec 2019 $'000	Year ended 31 Mar 2019 $'000 (restated)
Impairment of investment in subsidiary	7	-	(280,270)
Other operating income / (expense)		356	(12,298)
Operating profit / (loss)		**356**	**(292,568)**
Interest receivable and similar income	4	890	2,082
Interest payable and similar expenses	5	(2,695)	(4,797)
Loss before taxation		**(1,449)**	**(295,283)**
Tax credit on loss	6	284	2,824
Loss for the financial period/year		**(1,165)**	**(292,459)**

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

The profit and loss account for the year ended 31 March 2019 has been restated due to a change in accounting policy for presentational currency.

The notes on pages 13 to 23 are an integral part of these financial statements.

NEX MARKETS LIMITED

Statement of Comprehensive Income for the period 1 April 2019 to 31 December 2019

	Period ended 31 Dec 2019 $'000	Year ended 31 Mar 2019 $'000 (restated)
Loss for the financial period/year	(1,165)	(292,459)
Foreign exchange	-	-
Total comprehensive loss for the financial period/year	(1,165)	(292,459)

The notes on pages 13 to 23 are an integral part of these financial statements.

The statement of comprehensive income for the year ended 31 March 2019 has been restated due to a change in accounting policy for presentational currency.

NEX MARKETS LIMITED

Balance Sheet as at 31 December 2019

Company Number: 9079903

	Note	As at 31 Dec 2019 $'000	As at 31 Mar 2019 $'000 (restated)	As at 1 Apr 2018 $'000 (restated)
Non-current assets				
Investment in subsidiaries	7	614,060	608,814	2,399,289
		614,060	**608,814**	**2,399,289**
Current assets				
Debtors: amounts falling due within one year	8	179,514	191,304	206,129
Tax receivable	6	284	2,794	-
Cash and cash equivalents	9	2	4	6
		179,800	**194,102**	**206,135**
Total assets		**793,860**	**802,916**	**2,605,424**
Current liabilities				
Creditors: amounts falling due within one year	10	(85,947)	(97,185)	(178,003)
Tax payable		-	-	(3,264)
		(85,947)	**(97,185)**	**(181,267)**
Total assets less current liabilities		**707,913**	**705,731**	**2,424,157**
Net current assets		**93,568**	**94,123**	**24,868**
Total liabilities		**(85,947)**	**(97,185)**	**(181,267)**
Net assets		**707,913**	**705,731**	**2,242,157**
Equity				
Share capital		3,353	6	5
Share premium		498,168	498,168	-
Retained earnings		224,096	225,261	2,302,336
Translation reserve		(17,704)	(17,704)	121,816
Total equity		**707,913**	**705,731**	**2,242,157**

The notes on pages 13 to 23 are an integral part of these financial statements.

The balance sheets as at 31 March 2019 and as at 1 April 2018 have been restated due to a change in accounting policy for presentational currency.

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

DocuSigned by:
Kathleen Cronin
7E043A993A4349A...

K Cronin
Director

22 January 2021

NEX MARKETS LIMITED

Statement of Changes in Equity as at 31 December 2019

Company Number: 9079903

	Share capital $'000	Share premium $'000	Translation reserves $'000	Retained earnings/ (Accumulated losses) $'000	Total equity $'000
As at 1 April 2018 (restated)	5	-	121,816	2,302,336	2,424,157
Loss for the financial year	-	-	-	(292,459)	(292,459)
Foreign exchange	-	-	(139,520)	-	(139,520)
Total comprehensive loss for the year	-	-	**(139,520)**	**(292,459)**	**(431,979)**
Issue of share capital	1	498,168	-	-	498,169
Dividends paid in the year	-	-	-	(1,784,616)	(1,784,616)
As at 31 March 2019 (restated)	**6**	**498,168**	**(17,704)**	**225,261**	**705,731**
Loss for the financial period	-	-	-	(1,165)	(1,165)
Total comprehensive income for the period	-	-	-	**(1,165)**	**(1,165)**
Shares issued	3,347			-	3,347
As at 31 December 2019	**3,353**	**498,168**	**(17,704)**	**224,096**	**707,913**

Share capital

On 19 August 2019, NEX Markets Ltd issued 2,748,500 ordinary shares of £1 each to NEX Group Holdings Limited in connection with a CME Amsterdam BV capital injection.

The statement of changes in equity for the year ended 31 March 2019 has been restated due to a change in accounting policy for presentational currency, see note 1(o).

The notes on pages 13 to 23 are an integral part of these financial statements.

1. PRINCIPAL ACCOUNTING POLICIES

a) Basis of preparation

The financial statements of the Company have been prepared for the 9 months from 1 April 2019 to 31 December 2019. 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 12 months to 31 March 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) Going concern

The financial statements have been prepared on a going concern basis.

Given that COVID-19 pandemic is causing widespread disruption on world markets and the global economy, the impact on the Company being a going concern was revisited. Sensitivity analysis was produced incorporating both possible and unlikely impacts to the Company. This analysis indicated there was no material impact which would change the Directors position of the Company being a going concern as CME Group Inc. the ultimate parent has confirmed its undertaking to provide financial support to the Company and assist in meeting the Company's liabilities as and when they fall due for at least 12 months from the date of the approval of the financial statements

c) Dividend income

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

d) Interest receivable and similar income

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

e) Interest payable and similar expenses

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

f) 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.

g) 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.

h) 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.

i) 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.

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

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 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.

j) 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.

k) 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.

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.

(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.

(iii) Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

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.

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 revised the GDP estimate as at the beginning of March 2020. As per 6 March 2020 Moody's report, the UK GDP has been revised down (based on an extensive and prolonged slump scenario) against the GDP forecast considered previously in the ECL model. This revision has not caused any material change to the Company's recognised ECL.

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 are 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.

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.

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 "administrative 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 income statement.

l) 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.

m) 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.

n) 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.

o) Foreign currencies

(i) Functional currency

The acquisition of the Company by the Group in November 2018 led to a subsequent reorganisation of the Group structure, and these changes in organisational structure became a primary driver for a reassessment of the Company's functional currency. The conclusion of this reassessment was that the Company's functional currency had changed from Great British pounds to United States dollars. In line with IAS 21 'The effects of changes in foreign exchange rates', the change has been applied prospectively from 1 April 2019.

(ii) Presentational currency

The change in presentational currency is an accounting policy choice. Management has chosen to change the presentational currency from Great British pounds to United States dollars in line with the change in functional currency. In accordance with IAS 8 'Accounting policies, changes in accounting estimates and errors', the change has been applied retrospectively. The Company has presented three balance sheets as at 31 December 2019, 31 March 2019 and 1 April 2018. The comparatives have been restated and presented in United States dollars.

Income and expenses as well as Other comprehensive income (OCI) were translated to US dollars at the respective average exchange rates prevailing for the relevant periods. Assets and liabilities were translated at closing exchange rates prevailing on the respective balance sheet dates. Share capital issued and own shares held were translated at historic average rates. This has resulted in a translation difference that is reflected in the translation reserve.

(iii) 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 2019 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 carrying value of investment in subsidiaries was assessed for impairment at period end and the impairment charge was calculated as the difference between the carrying value and the net assets of the subsidiary which was assumed to equal to fair value.

3. DIRECTORS REMUNERATION

The directors are remunerated by other group companies and provide their services to the Company on a free basis, it being impractical to allocate their remuneration. Hence, no fees (2019: nil) were paid to the directors in respect of services to the Company during the year.

4. INTEREST RECEIVALBE AND SIMILAR INCOME

	Period ended 31 Dec 2019 $'000	**Year ended 31 Mar 2019 $'000 (restated)**
Interest income from Group companies	890	2,082
	890	**2,082**

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	Period ended 31 Dec 2019 $'000	Year ended 31 Mar 2019 $'000 (restated)
Interest expense to Group companies	2,695	4,797
	2,695	4,797

Other finance costs mainly relate to facility drawdown fees and facility commitment fees.

6. TAX ON LOSS

	Period ended 31 Dec 2019 $'000	Year ended 31 Mar 2019 $'000 (restated)
a) Analysis of the [charge/credit] for the period/year		
UK corporate tax		
- Current period/year	(284)	(2,824)
	(284)	(2,824)
b) Factors affecting the tax [charge/credit] for the period/year		
Loss before tax	(1,449)	(295,283)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 19% (31 March 2019: 19%)	(275)	(56,104)
Effects of:		
Expenses not deductible for tax purposes	(9)	53,280
	(284)	(2,824)
Tax credit for the period/year	**(284)**	**(2,824)**
Effective tax rate	20%	1%

On 11 March 2020 it was announced (and enacted on 22 July 2020) that the UK corporation tax rate would remain at 19% and not reduce to 17% (the previously enacted rate) from 1 April 2020.

7. INVESTMENTS IN SUBSIDIARIES

	Period ended 31 Dec 2019 $'000	Year ended 31 Mar 2019 $'000 (restated)
As at 1 April 2019/1 April 2018	608,814	2,399,289
Capital contributions	-	1,315
Additions	5,246	421,414
Transfers through dividend in specie	-	(1,784,616)
Impairment	-	(280,270)
Translation reserve	-	(148,318)
As at 31 December 2019/31 March 2019	**614,060**	**608,814**

On 2 May 2018, NEX Exchange Limited allotted 5,000,000 10p ordinary shares to NEX Markets Limited for consideration of $680,000.

On 25 June 2018, NEX Markets Limited incorporated a wholly owned subsidiary, CME Amsterdam B.V. NEX Markets Limited subscribed for 100 shares of $0.01 each in CME Amsterdam B.V. at par on its incorporation.

On 17 August 2018, NEX Markets Limited incorporated a wholly owned subsidiary, CME Investment Firm B.V. NEX Markets Limited subscribed for 100 shares of $0.01 each in CME Investment Firm B.V. at par on its incorporation.

On 18 October 2018, NEX Markets Limited paid a $657,000 capital contribution to NEX Exchange Limited.

On 2 November 2018, the following transactions occurred:
- BrokerTec Holdings Inc. issued 1,000 units of $0.01 common stock to NEX Markets Limited for consideration of US$363,726,780.
- EBS Holdco Inc. issued 1,000 units of $0.01 common stock to NEX Markets Limited for total consideration US$52,322,110.

On 28 January 2019, NEX Markets Limited paid a $659,000 capital contribution to NEX Exchange Limited.

On 16 May 2019, NEX Exchange Limited allotted 8,000,000 10p ordinary shares to NEX Markets Limited for total consideration of $1,016,000.

On 21 August 2019, CME Amsterdam B.V. issued 300,000,000 ordinary shares of €0.01 each to NEX Markets Limited for total consideration of $3,308,000.

On 29 August 2019, NEX Exchange Ltd issued 7,500,000 ordinary shares of 10p to NEX Markets Ltd for a total cash consideration of $922,000.

During the year the Company undertook an impairment review and the impairment for 31 December 2019 was Nil (31 March 2019 - $280,270).

As at 31 December 2019, 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	
BrokerTec Europe Limited	
NEX Exchange Limited	
NEX SEF Limited	
EBS Group Limited	
Netherlands	
Nieuwezijds Voorburgwal 104, Units 1.04, 1.05 en 1.06, Amsterdam	
CME Amsterdam B.V	
CME Investment Firm B.V	
Indirect Wholly-Owned Subsidiaries	
United Kingdom	
London Fruit and Wool Exchange, 1 Duval Square, London, E1 6PW	
EBS No. 2 Limited	
EBS Dealing Resources International Limited	
China	
Unit 368, Division 302, No. 211 North Fute Road, Shanghai, Pilot Free Trade Zone 200120	
EBS (Shanghai) Information Technology Co. Ltd.	
Hong Kong	
6th Floor, Alexandra House, 18 Chater Road, Central	
CFETS-NEX Markets Limited	
Israel	
Floors 11 and 12, 132 Menachem Begin Road, Round Tower, Azieli Center, Tel Aviv 6701101	
EBS Financial Technologies Limited	
Japan	
Toho Twin Tower Building, 3rd Floor, 1-5-2 Yuraku-cho, Chiyoda-ku, Tokyo 100-0006	
EBS Dealing Resources Japan Limited	
Switzerland	
Lavaterstrasse 40, CH-8002 Zurich	
EBS Service Company Limited	
Indirect subsidiaries where the effective interest is less than 100%	**Percentage**
Italy	
Via Giuseppe Marcora 11, 20121 Milan	
e-MID SIM S.p.A. *(in liquidation at 31 December 2019)*	93.13%

The percentage held represents the percentage of issued ordinary share capital held (all classes) and represents the 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 and Reset Private Limited also operate from branches outside their countries of incorporation.

8. DEBTORS

	As at 31 Dec 2019 $'000	As at 31 Mar 2019 $'000 (restated)
Debtors: amounts falling due within one year		
Loans due from:		
- intermediate parent company	159,250	156,494
ECL on loans due from intermediate parent company	(115)	(151)
Amounts due from:		
- related companies	4,806	639
- subsidiaries	15,573	34,322
	179,514	191,304

Loans due from intermediate company are unsecured, interest bear ng and receivable on demand. A ounts due from subsidiaries and related companies are unsecured, non-interest bearing and receivable on dem a d.

9. CASH AND CASH EQUIVALENTS

	As at 31 Dec 2019 $'000	As at 31 Mar 2019 $'000 (restated)
Cash at bank and in hand	2	4
	2	4

10. CREDITORS

	As at 31 Dec 2019 $'000	As at 31 Mar 2019 $'000 (restated)
Creditors: amounts falling due within one year		
Other creditors	26	-
Amounts owed to:		
- related companies	324	9,358
- subsidiaries	4,378	4,292
Loans owed to subsidiaries	81,219	83,535
	85,947	97,185

Loans owed to subsidiaries are unsecured, interest bearing and payable on demand. Amounts owed to subsidiaries and related companies are unsecured, non-interest bearing and payable on demand.

NEX MARKETS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the period 1 April 2019 to 31 December 2019

Company Number: 9079903

11. DIVIDEND

	Period ended 31 Dec 2019 $'000	Year ended 31 Mar 2019 $'000 (restated)
Dividends in specie paid	-	1,784,616
	-	**1,784,616**

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

12. POST BALANCE SHEET EVENTS

The coronavirus (COVID-19) that emerged in the city of Wuhan, China, last year and has since spread across the rest of the world is now an international pandemic and is causing widespread disruption on world markets and the global economy. As the COVID-19 outbreak continues to evolve, the unpredictable nature of the pandemic means that there is uncertainty on the full extent and duration of the business and economic impact. Although the Company has no operations, 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. This analysis indicated there was no material impact which would change the Directors' position of the Company being a going concern as CME Group Inc. the ultimate parent has confirmed its undertaking to provide financial support to the Company and assist in meeting the Company's liabilities as and when they fall due for at least 12 months from the date of the approval of the financial statements. The directors consider this to be a non-adjusting post-balance sheet event.

On 11 March 2020, the entire issued share capital of NEX Exchange Limited was sold to Acquis Exchange plc for a consideration of £1.

e-MID SIM S.p.A (an indirect subsidiary of the Company) was dissolved on 30 June 2020.

On 30 November 2020, BrokerTec Europe Limited declared a cash dividend of $32,017,824 to its sole shareholder, NEX Markets Limited. On 30 November 2020, NEX SEF Limited declared a cash dividend of $16,500,000 to its sole shareholder, NEX Markets Limited.

On 1 December 2020, NEX Markets Limited declared a cash dividend to NEX Group Holdings Limited in the sum of $159,664,453, to be left outstanding on intercompany account.

On 2 December 2020, EBS Group Limited declared a cash dividend of $24,000,000 to its sole shareholder, NEX Markets Limited.

On 3 December 2020, EBS Group Limited declared a cash dividend to NEX Markets Limited in the sum of $87,259,520, to be left outstanding on intercompany account.

On 9 December 2020, NEX Markets Limited declared a cash dividend of $74,000,000 to its sole shareholder, NEX Group Holdings Limited.

13. IMMEDIATE, INTERMEDIATE AND ULTIMATE PARENT COMPANY

The Company's immediate parent is NEX Group Holdings Limited which is incorporated in England and Wales and does not prepare consolidated financial statements. The Company's intermediate parents are NEX International Limited and CME London Limited, both of which are incorporated in England and Wales and do not prepare consolidated financial statements.

The Company's ultimate parent is CME Group Inc., which is incorporated in Delaware, 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, which are publicly available, and copies may be obtained from the Company Secretary, CME Group Inc., 20 South Wacker Drive, Chicago, Illinois, 60606.