

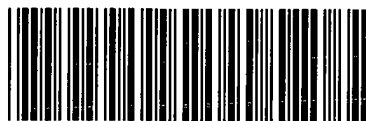
Registration number: 9079903

NEX Markets Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2021

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NEX Markets Limited

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NEX Markets Limited

Company 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.

Directors A H Seaman (appointed 20 September 2022)

B T Durkin (Resigned 13 January 2021)

J W Pietrowicz

K M Cronin (resigned 20 September 2022)

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

Auditors Ernst & Young LLP

Registration number 9079903

NEX Markets Limited

Strategic Report for the Year Ended 31 December 2021

The directors present their report for the year ended 31 December 2021.

Principal activity

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

Business review

The directors consider that the year-end financial position was satisfactory.

Future developments

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 11.

The profit for the year of \$30,766,526 (31 December 2020: \$158,720,738) has been transferred to reserves.

The net assets of the Company are \$615,882,147 (31 December 2020: \$632,969,810).

Dividends

A dividend payment of \$47,855,000 was declared in 2021 (2020: \$233,664,000). The directors do not recommend a final dividend for the year (2020: nil).

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 2021, 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.

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 2021.

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:

NEX Markets Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

- (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.

(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.

NEX Markets Limited

Strategic Report for the Year Ended 31 December 2021 (continued)


(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

S172 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.

This report has been approved by the Board on 26 September 2022 and signed on its behalf by:

DocuSigned by:

DC9762BCAE1D407.....
Director

Adrienne Seaman

NEX Markets Limited

Directors' Report for the Year Ended 31 December 2021

The directors present their report and the audited financial statements for the year ended 31 December 2021.

Directors of the company

The directors, who held office during the year, were as follows:

A H Seaman (appointed 20 September 2022)

B T Durkin (Resigned 13 January 2021)

J W Pietrowicz

K M Cronin (resigned 20 September 2022)

Principal activities, Business review and Future Developments

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

Going concern

The COVID-19 pandemic continued to affect the global economy in 2021 creating both economic uncertainty and market volatility. All COVID-19 restrictions have now been relaxed. The business activities of the Company have continued to be operational with minimal disruption to the principal activities of the Company.

The Company has no physical operations in Ukraine or Russia but as the situation in Ukraine continues to evolve, the unpredictable nature of the conflict means there is uncertainty on the full extent and duration of the business and economic impact. Although the business activities of the Company have not been impacted, an escalation of the situation could have adverse implications for our business arising from potential impacts on financial markets and our operations.

A sensitivity analysis was produced incorporating both possible and remote impacts to the Company for a period of 24 months from the balance sheet date to 31 December 2023. 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. For this reason, the Company continues to adopt the going concern basis in preparing these financial statements.

Disclosure 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.

NEX Markets Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

Directors' liabilities

During the period, the Company made qualifying third-party indemnity provisions for the benefit of its directors. These remained in force at the date of this report.

Reappointment of auditors

The auditors Ernst & Young LLP have held office as auditor of the Company for the year and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Events after the financial period

The Company has no physical operations in Ukraine or Russia but as the situation in Ukraine continues to evolve, the unpredictable nature of the conflict means there is uncertainty on the full extent and duration of the business and economic impact.

Although the business activities of the Company have not been impacted and notwithstanding strong capital and liquidity positions, an escalation of the situation could have adverse implications for our business arising from potential impacts on financial markets and our operations.

NEX Markets Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the company's financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

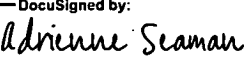
Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required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

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosure when compliance with specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- 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; and
- 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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Approved by the Board on 26 September 2022 and signed on its behalf by:

DocuSigned by:

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Director

Adrienne Seaman

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 year ended 31 December 2021 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 2021 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 this gives rise to 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 Markets Limited

Independent Auditor's Report to the Members of NEX Markets Limited (continued)

Opinion on other matter 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 7, 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:

NEX Markets Limited

Independent Auditor's Report to the Members of NEX Markets Limited (continued)

- 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.
- We understood how NEX Markets Limited is complying with those frameworks by making enquiries of management and those charge 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 control 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.
- Based on this understanding 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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Tafadzwa Gate (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: September 27, 2022

NEX Markets Limited**Profit and Loss Account for the Year Ended 31 December 2021**

	Note	2021 \$ 000	2020 \$ 000
Dividend income	3	31,116	159,777
Other operating income	4	-	2,091
Loss on sale of investment	5	-	(220)
Administrative expenses	6	(28)	(39)
Other operating expense	8	(404)	-
Impairment charge of investment in subsidiary	12	<u>-</u>	<u>(1,120)</u>
Operating profit		30,684	160,489
Interest receivable and similar income	9	-	563
Interest payable and similar expense	10	<u>-</u>	<u>(2,187)</u>
Profit before tax		30,684	158,865
Tax credit/(charge) for the year	11	<u>83</u>	<u>(144)</u>
Profit for the year		<u><u>30,767</u></u>	<u><u>158,721</u></u>

There are no items of other comprehensive income and accordingly a statement of other comprehensive income has not been presented.

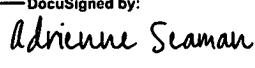
The above results were derived from continuing operations.

The notes on pages 14 to 24 form an integral part of these financial statements.

NEX Markets Limited**Balance Sheet as at 31 December 2021****Registration number: 9079903**

	Note	2021 \$ 000	2020 \$ 000
Non-current assets			
Investments	12	608,813	608,813
Current assets			
Debtors: amounts falling due within one year	13	6,811	23,900
Cash at bank and in hand	14	541	586
Income tax asset	11	83	-
		<u>7,435</u>	<u>24,486</u>
Current liabilities			
Creditors: amounts falling due within one year	15	(366)	(185)
Income tax liability	11	-	(144)
		<u>(366)</u>	<u>(329)</u>
Net current assets		<u>7,069</u>	<u>24,157</u>
Net assets		<u>615,882</u>	<u>632,970</u>
Equity			
Called up share capital	17	3,353	3,353
Share premium reserve		498,168	498,168
Retained earnings		132,065	149,153
Translation reserve		<u>(17,704)</u>	<u>(17,704)</u>
Total shareholders' funds		<u>615,882</u>	<u>632,970</u>

Approved by the Board on 26 September 2022 and signed on its behalf by:

DocuSigned by:

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 Director
 Adrienne Seaman

The notes on pages 14 to 24 form an integral part of these financial statements.

NEX Markets Limited**Statement of Changes in Equity for the Year Ended 31 December 2021**

	Note	Called up share capital \$ 000	Share premium \$ 000	Translation reserve \$ 000	Retained earnings \$ 000	Total \$ 000
At 1 January 2020		3,353	498,168	(17,704)	224,096	707,913
Profit for the year		-	-	-	158,721	158,721
Total comprehensive income		-	-	-	158,721	158,721
Dividends	16	-	-	-	(233,664)	(233,664)
At 31 December 2020		<u>3,353</u>	<u>498,168</u>	<u>(17,704)</u>	<u>149,153</u>	<u>632,970</u>
Profit for the year		-	-	-	30,767	30,767
Total comprehensive income		-	-	-	30,767	30,767
Dividends	16	-	-	-	(47,855)	(47,855)
At 31 December 2021		<u>3,353</u>	<u>498,168</u>	<u>(17,704)</u>	<u>132,065</u>	<u>615,882</u>

Share capital

Share capital includes the nominal value of the proceeds on issue of the Company's share capital, comprising of 2,752,501 ordinary shares at £1 each (31 December 2020: 2,752,501 ordinary shares of £1 each).

Share premium

The share premium includes the value of the proceeds above nominal value on issue of the Company's share capital, comprising at £1 ordinary shares each.

Translation reserve

The translation reserve account relates to the foreign exchange impact following the change in functional and presentation currency from GBP to USD in 2019.

Retained earnings

All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

The notes on pages 14 to 24 form an integral part of these financial statements.

NEX Markets Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

1 Accounting policies

Basis of preparation

The financial statements of the Company have been prepared as at and for the year ended 31 December 2021 and the comparative year ended 31 December 2020.

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 UK-adopted International Financial Reporting Standards ('Adopted IFRS'). The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Functional and presentational currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The Company's financial statements are presented in thousands ('000s') and are in United States dollars (\$), which is the Company's functional and presentational currency.

Foreign currency 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.

Summary of disclosure exemptions

In these financial statements, the company has taken advantage of the exemptions available under FRS 101 in respect of the following disclosures:

- IFRS 7 - 'Financial instruments: Disclosures'.
- IAS 7 - 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8 - 'Accounting policies, changes in 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).

NEX Markets Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

1 Accounting policies (continued)

- The following paragraphs of IAS 1 - 'Presentation of financial statements' (removing the requirement to present):
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information);
 - 11 (cash flow statement information);
 - 134-136 (capital management disclosures)
- Financial risk management, per 7Sch 6 CA 2008

Going concern

The COVID-19 pandemic continued to affect the global economy in 2021 creating both economic uncertainty and market volatility. All COVID-19 restrictions have now been relaxed. The business activities of the Company have continued to be operational with minimal disruption to the principal activities of the Company.

The Company has no physical operations in Ukraine or Russia but as the situation in Ukraine continues to evolve, the unpredictable nature of the conflict means there is uncertainty on the full extent and duration of the business and economic impact. Although the business activities of the Company have not been impacted, an escalation of the situation could have adverse implications for our business arising from potential impacts on financial markets and our operations.

A sensitivity analysis was produced incorporating both possible and remote impacts to the Company for a period of 24 months from the balance sheet date to 31 December 2023. 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. For this reason, the Company continues to adopt the going concern basis in preparing these financial statements.

Consolidation

These financial statements are separate financial statements. The Company is a wholly owned subsidiary of NEX Group Holdings Limited and of its ultimate parent, CME Group Inc. It is included in the consolidated financial statements of the Group, which are publicly available. Therefore, the Company is exempt by virtue of section 401 of the Companies Act 2006, from the requirement to prepare consolidated financial statements. See note 19 for further information.

Accounting developments

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

Dividend income

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

Interest receivable and similar income

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

Interest payable and similar expenses

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

NEX Markets Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

1 Accounting policies (continued)

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

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 year in which a reassessment of the liability is made.

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.

Similar to assessing for impairment, the Company also assesses on an annual basis, whether there is any indication that an impairment loss recognised in prior periods should be reversed or partially reversed. This is where the excess of the recoverable amount over carrying value up to the value of the impairment is then taken to profit and loss as an impairment reversal.

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.

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 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 Markets Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

1 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial instruments

Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the balance sheet, although excluding tangible assets, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The Company recognises financial assets and financial liabilities in the statement of financial position when, and only when, the Company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date, i.e. the date on which the Company commits to purchase or sell the financial assets or financial liabilities. All regular way purchases and sales of other financial assets and financial liabilities are recognised on the settlement date, i.e. the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the market place.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Classification and measurement

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial liabilities at amortised cost

All financial liabilities, other than those classified at FVTPL, are measured at amortised cost using the effective interest rate method.

Derecognition

Financial assets

The company derecognises a financial asset when;

- the contractual rights to the cash flows from the financial asset expire;

NEX Markets Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

1 Accounting policies (continued)

- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss. Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as fair value through other comprehensive income ("FVTOCI") is not recognised in profit or loss on derecognition of such securities.

The company enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the company is recognised as a separate asset or liability.

When the company derecognises transferred financial assets in their entirety, but has continuing involvement in them then the entity should disclose for each type of continuing involvement at the reporting date:

- The carrying amount of the assets and liabilities that are recognised in the entity's statement of financial position and represent the entity's continuing involvement in the derecognised financial assets, and the line items in which those assets and liabilities are recognised;
- The fair value of the assets and liabilities that represent the entity's continuing involvement in the derecognised financial assets;
- The amount that best represents the entity's maximum exposure to loss from its continuing involvement in the derecognised financial assets, and how the maximum exposure to loss is determined;
- The undiscounted cash outflows that would or may be required to repurchase the derecognised financial assets or other amounts payable to the transferee for the transferred assets.

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Modification of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to the cash flows from the original financial asset are deemed to expire. In this case the original financial asset is derecognised and a new financial asset is recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

NEX Markets Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

1 Accounting policies (continued)

Financial liabilities

If the terms of a financial liabilities are modified, the company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual obligations from the cash flows from the original financial liabilities are deemed to expire. In this case the original financial liabilities are derecognised and new financial liabilities are recognised at either amortised cost or fair value.

If the cash flows are not substantially different, then the modification does not result in derecognition of the financial liabilities. In this case, the company recalculates the gross carrying amount of the financial liabilities and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the income statement.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

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.

2 Critical accounting judgements and key 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 2021 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.

- Impairment of investments in subsidiaries: the recoverable amount is defined as the higher of the net assets of the subsidiary and its value in use ('VIU'), so judgement is applied to calculate the recoverable amount.

3 Dividend income

	31 December 2021	31 December 2020
	\$ 000	\$ 000
Dividend income	<u>31,116</u>	<u>159,777</u>

NEX Markets Limited**Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)****4 Other operating income**

The analysis of the company's other operating income for the year is as follows:

	2021	2020
	\$ 000	\$ 000
Currency fluctuation	<u>-</u>	<u>2,091</u>

5 Loss on sale of investment

The analysis of the company's other gains and losses for the year is as follows:

	2021	2020
	\$ 000	\$ 000
Loss from disposals of investments in subsidiaries	<u>-</u>	<u>220</u>

6 Administrative expenses

	2021	2020
	\$ 000	\$ 000
Professional and legal fees	28	27
Expected credit loss on trade and other debtors*	-	(118)
Other	<u>-</u>	<u>130</u>
	<u>28</u>	<u>39</u>

*includes bad debt of \$nil (2020: \$nil)

The fee paid to Ernst & Young LLP (the Company's external auditors) for the statutory audit of the Company for the year ended 31 December 2021 was \$27,190 (31 December 2020: \$24,759).

7 Directors' remuneration

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.

8 Other operating expense

The analysis of the company's other operating expense for the year is as follows:

	2021	2020
	\$ 000	\$ 000
Currency fluctuation	<u>404</u>	<u>-</u>

9 Interest receivable and similar income

	2021	2020
	\$ 000	\$ 000
Interest income on intercompany loans	<u>-</u>	<u>563</u>

In 2020 interest was earned on an intercompany loan with NEX Group Holdings Limited which was repaid in December 2020, thereby incurring no further interest in 2021.

NEX Markets Limited**Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)****10 Interest payable and similar expenses**

	2021	2020
	\$ 000	\$ 000
Interest expense on intercompany loans	<u>-</u>	<u>2,187</u>

In 2020 interest was paid on a loan balance with EBS Group Limited which was repaid in the year, thereby incurring no further interest in 2021.

11 Income tax

	2021	2020
	\$ 000	\$ 000
a) Analysis of the (credit)/charge for the year		
UK corporate tax:		
- Current year	(83)	144
UK deferred tax:		
- Current year	<u>-</u>	<u>-</u>
	<u>(83)</u>	<u>144</u>
b) Factors affecting the tax (credit)/charge for the year		
Profit before tax	<u>30,684</u>	<u>158,865</u>
Profit before tax multiplied by the standard rate of corporation tax in the UK of 19% (31 December 2020: 19%)	5,830	30,184
Effects of:		
Non-taxable income	(5,913)	(30,358)
Expenses not deductible for tax purposes	<u>-</u>	<u>318</u>
	<u>(5,913)</u>	<u>(30,040)</u>
Tax (credit)/charge for the year	<u>(83)</u>	<u>144</u>
Effective tax rate	-0.27%	0.09%

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 Act 2021 enacted in June 2021 includes a provision to change the standard rate of corporation tax from 19% to 25% with effect from 1 April 2023.

NEX Markets Limited**Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)****12 Investments**

	2021	2020
	\$ 000	\$ 000
Subsidiaries		
Carrying value		
At 1 January	608,813	614,060
Disposals	-	(4,127)
Impairment charge	-	(1,120)
At 31 December	<u>608,813</u>	<u>608,813</u>

On 23 December 2021, the Company's indirect subsidiary CFETS-NEX Markets Limited started the process of de-registration.

As at 31 December 2021, the Company's direct subsidiary companies were as follows:

Name	Country of incorporation and operation	Direct percentage held (%)
BrokerTec Europe Limited	United Kingdom	100
EBS Group Limited	United Kingdom	100
NEX SEF Limited	United Kingdom	100
CME Amsterdam B.V.	Netherlands	100
CME Investment Firm B.V.	Netherlands	100

As at 31 December 2021, the Company's indirect subsidiary companies were as follows:

Name	Country of incorporation and operation	Indirect percentage held (%)
EBS Dealing Resources International Limited	United Kingdom	100
EBS No. 2 Limited	United Kingdom	100
EBS (Shanghai) Information Technology Co., Ltd.	China	100
EBS Financial Technologies Ltd.	Israel	100
EBS Dealing Resources Japan Limited	Japan	100
EBS Service Company Limited	Switzerland	100
CFETS-NEX Markets Limited*	Hong Kong	100

*De-registration commenced December 2021

All subsidiaries incorporated in the United Kingdom have the same registered office as the Company.

The subsidiaries incorporated in the Netherlands have a registered office at Nieuwezijds Voorburgwal 104-108, 1012 SG Amsterdam.

The subsidiary incorporated in China has a registered office at Unit 368, Division 302, No. 211 North Fute Road, 200000 Shanghai.

NEX Markets Limited**Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)****12 Investments (continued)**

The subsidiary incorporated in Hong Kong has a registered office at 6th Floor, Alexandra House, 18 Chater Road, Central.

The subsidiary incorporated in Israel has a registered office at Floors 11 and 12, 132 Menachem Begin Road, Round Tower, Azrieli Center, Tel Aviv, 6701101.

The subsidiary incorporated in Japan has a registered office at Kasumigaseki Building 6F, 2-5 Kasumigaseki 3-Chome, Chiyoda-ku, Tokyo.

The subsidiary incorporated in Switzerland has a registered office at Lavaterstrasse 40, CH-8002, Zurich.

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 and EBS Dealing Resources International Limited also operate from branches outside their countries of incorporation.

13 Debtors

	2021 \$ 000	2020 \$ 000
Debtors: amounts falling due within one year		
Amounts due from Group companies	<u>6,811</u>	<u>23,900</u>

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

14 Cash at bank and in hand

	2021 \$ 000	2020 \$ 000
Cash at bank	<u>541</u>	<u>586</u>

15 Creditors

	2021 \$ 000	2020 \$ 000
Creditors: amounts falling due within one year		
Amounts due to Group companies	<u>366</u>	<u>185</u>

Amounts owed to Group companies are non-interest bearing and payable on demand.

16 Dividend payments

	2021 \$ 000	2020 \$ 000
Interim dividend of \$17.39 per each share on 7 December 2021	47,855	-
Interim dividend of \$26.88 per each share on 9 December 2020	-	74,000
Interim dividend of \$58.01 per each share on 1 December 2020	-	159,664
	<u>47,855</u>	<u>233,664</u>

NEX Markets Limited**Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)****16 Dividend payments (continued)****17 Share capital****Allotted, called up and fully paid shares**

	2021		2020	
	No. 000	\$ 000	No. 000	\$ 000
Ordinary shares of £1 each	<u>2,753</u>	<u>3,353</u>	<u>2,753</u>	<u>3,353</u>

18 Events after the financial period

The Company has no physical operations in Ukraine or Russia but as the situation in Ukraine continues to evolve, the unpredictable nature of the conflict means there is uncertainty on the full extent and duration of the business and economic impact.

Although the business activities of the Company have not been impacted and notwithstanding strong capital and liquidity positions, an escalation of the situation could have adverse implications for our business arising from potential impacts on financial markets and our operations.

19 Parent and ultimate parent undertaking

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 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.