COMPANY NUMBER: 10013770

NEX GROUP LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2020

NEX GROUP LIMITED
General information

PROFILE

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

DIRECTORS

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

R. Bodnum
K. Cronin
A. Seaman
W. Knottenbelt

REGISTERED OFFICE

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

REGISTRATION NUMBER

10013770

NEX GROUP LIMITED
Strategic report for the year ended 31 December 2020

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

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

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

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

The Company is a wholly-owned non-trading company in the Group, and as such does not generate revenue. As at 31 December 2020, the Company did not have any subsidiaries and has continued to hold debt relating to ten-year senior loan notes repayable in 2023.

RESULTS

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

The loss for the year of $1,960,000 (31 December 2019: profit of $557,000) has been transferred to reserves. During the year, a prior year contingent liability for a warranty claim made by TP ICAP plc was settled - see Note 4.

The net assets of the Company are $90,709,000 (31 December 2019: net assets of $92,669,000).

PRINCIPAL RISKS, UNCERTAINTIES AND FINANCIAL INSTRUMENTS

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

For the Company, Brexit will not have a direct impact on its current operations, revenue or existing customers as most of its customer base is mainly residing in London and US. COVID-19 risks and uncertainties have been discussed in the Going Concern section of the Directors Report for the Company.

KEY PERFORMANCE INDICATORS

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

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

DocuSigned by:
Adrienne Seaman
DC8762BCAE1D407...

A. Seaman
Director

2 June 2021

NEX GROUP LIMITED
Directors' report for the year ended 31 December 2020

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

PRINCIPAL ACTIVITIES

The company operates as a non-trading company and its principal activity is to hold debt of €15 million relating to ten-year senior loan notes repayable in 2023. It is anticipated that the Company will continue its present business activities next year.

BUSINESS REVIEW, FUTURE DEVELOPMENTS AND FINANCIAL INSTRUMENTS

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

GOING CONCERN

Unprecedented market conditions caused by the COVID-19 health crisis in 2020, dramatically affected nearly every aspect of the global economy with both economic uncertainty and market volatility. Given the nature of the Company although there is no direct or material impact of COVID-19, 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 which is valid for 13 months from when the financial statements are authorised for issue. The directors are satisfied 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.

DIVIDENDS

No dividends were paid during the year (31 December 2019: $nil). The Directors do not recommend a final dividend for the year (31 December 2019: $nil).

DIRECTORS

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

POST BALANCE SHEET EVENTS

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

INDEPENDENT AUDITORS

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

PROVISION OF INFORMATION TO THE AUDITORS

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

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

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

DIRECTORS' INDEMNITIES

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

NEX GROUP LIMITED
Directors' report for the year ended 31 December 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible 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 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 disclosures when compliance with the 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;
- in respect of the financial statements, 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;

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. 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:
Adrienne Seaman
DC8762BCAE10407...

A. Seaman
Director

2 June 2021

NEX GROUP LIMITED
Independent Auditor's Report to the members of NEX Group Limited

Opinion

We have audited the financial statements of NEX Group Limited (the 'Company') for the year ended 31 December 2020 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 15 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 including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice)".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 and of its loss 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 as applied to listed public interest entities, 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. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- We confirmed our understanding of management's going concern assessment process and whether key factors were considered in their assessment. We also reviewed management's assessment of going concern, underlying assumptions and forecasts, and made inquiries of management;
- Based on our understanding of the Company's business, we assessed that the key assumptions used in the forecasts prepared by management were reasonable, including considering the impact of COVID-19;
- We evaluated adverse scenario assumptions used in the sensitivity analysis of the forecasts prepared by management;
- As the Company is dependent on its ultimate parent company, CME Group Inc., for financial and operational support, a parent support letter was obtained from the ultimate parent company, which is valid for 13 months from when the financial statements are authorised for issue. We evaluated the financial position and the forecast of the ultimate parent company. We also reviewed and evaluated the market capitalisation, level of trading volumes, liquidity, credit and customer risks of the ultimate parent company;
- We reviewed the Company's going concern disclosures included in the Director's Report in order to assess that the disclosures were appropriate and in compliance with the relevant reporting requirements.

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.

NEX GROUP LIMITED
Independent Auditor's Report to the members of NEX Group Limited

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Changes from the prior year

There were no scoping changes from the prior year.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality
The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the company to be USD 1.8 million (2019: USD 1.3 million), which is 2% (2019: 1.5%) of net assets. We believe that net assets provide us with the most appropriate and relevant basis given the nature and size of the company and the users of the financial statements.

During the course of our audit, we reassessed initial materiality and concluded that the original assessment at planning remains relevant.

Performance materiality
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the company's overall control environment, our judgement was that performance materiality was 50% (2019: 50%) of our planning materiality, namely USD 0.9 million (2019: USD 0.6 million). We have set performance materiality at this percentage due to audit adjustments identified in the prior year audit which were corrected by management.

Reporting threshold
An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Board of Directors that we would report to them all uncorrected audit differences in excess of USD 94k (2019: USD 65k), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

NEX GROUP LIMITED
Independent Auditor's Report to the members of NEX Group Limited

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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.

NEX GROUP LIMITED
Independent Auditor's Report to the members of NEX Group Limited

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 company and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and the relevant tax compliance regulations in the UK.
- We understood how the Company is complying with those frameworks by making enquiries of management and those charged with governance to understand how the Company maintains and communicates its policies and procedures in these areas, and corroborated this by reviewing supporting documentation.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override. To address the risk, we obtained an understanding of the entity level controls and the Company's policies in place to identify and respond to fraud including those areas which involved a higher degree of management judgement and subjectivity.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved testing of journals identified by specific risk criteria, a review of board minutes to identity any noncompliance with laws and regulations and enquiries of legal counsel and internal audit.

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.

Other matters we are required to address

- We were appointed by the company on 9 June 2020 to audit the financial statements for the period ending 31 December 2019 and subsequent financial periods.
  The period of total uninterrupted engagement including previous renewals and reappointments is 2 years, covering the periods ending 31 December 2019 to 31 December 2020.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting the audit.
- The audit opinion is consistent with the additional report to the Board of Directors.

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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Signature:
Simon Michaelson (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
Date: June 2, 2021 | 5:55:55 BST

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

	Note	Year ended 31 Dec 2020 $'000	Period ended 31 Dec 2019 $'000
Other income	3	2,294	1,401
Administrative expenses	4	(3,135)	(99)
Operating (loss) / profit		**(841)**	**1,302**
Interest payable and similar expenses	5	(858)	(630)
(Loss) / profit before taxation		**(1,699)**	**672**
Tax charge on profit	6	(261)	(115)
(Loss) / profit for the financial year / period		**(1,960)**	**557**

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

The notes on pages 13 to 22 are an integral part of these financial statements.

NEX GROUP LIMITED

Statement of Comprehensive Income for the year ended 31 December 2020

	Year ended 31 Dec 2020 $'000	Period ended 31 Dec 2019 $'000
(Loss) / profit for the financial year / period	(1,960)	557
Total comprehensive (loss) / income for the financial year / period	**(1,960)**	**557**

The notes on pages 13 to 22 are an integral part of these financial statements.

NEX GROUP LIMITED

Balance Sheet as at 31 December 2020

Company Number: 10013770

	Note	As at 31 Dec 2020 $'000	As at 31 Dec 2019 $'000
Current assets			
Debtors: amounts falling due within one year	7	147,606	146,743
Cash and cash equivalents	8	261	4
Cash held in Employee Share Trust	9	1,521	1,467
		149,388	**148,214**
Total assets		**149,388**	**148,214**
Current liabilities			
Creditors: amounts falling due within one year	11	(40,303)	(39,102)
Tax payable		(261)	(115)
		(40,564)	**(39,217)**
Total assets less current liabilities		**108,824**	**108,997**
Net current assets		**108,824**	**108,997**
Non-current liabilities			
Borrowings	10	(18,115)	(16,328)
		(18,115)	**(16,328)**
Total liabilities		**(58,679)**	**(55,545)**
Net assets		**90,709**	**92,669**
Equity			
Share capital	12	83,554	83,554
Translation reserve		(6,335)	(6,335)
Retained earnings		13,490	15,450
Total equity		**90,709**	**92,669**

The notes on pages 13 to 22 are an integral part of these financial statements.

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

DocuSigned by:
Adrienne Seaman
DC8782BCAE1D407...

A. Seaman
Director

2 June 2021

NEX GROUP LIMITED

Statement of Changes in Equity for the year ended 31 December 2020

	Share capital $ '000	Translation reserve $ '000	Retained earnings $ '000	Total equity $ '000
As at 1 April 2019	83,399	(6,335)	10,114	87,178
Profit for the financial period	-	-	557	557
Total comprehensive income for the period	-	-	557	557
Share based payment movement	-	-	(87)	(87)
Shares issued	155	-	-	155
Share options exercised	-	-	4,570	4,570
Employee Share Trust	-	-	296	296
As at 31 December 2019	**83,554**	**(6,335)**	**15,450**	**92,669**
Loss for the financial year	-	-	(1,960)	(1,960)
Total comprehensive loss for the year	-	-	**(1,960)**	**(1,960)**
As at 31 December 2020	**83,554**	**(6,335)**	**13,490**	**90,709**

The notes on pages 13 to 22 are an integral part of these financial statements.

Share capital

Share capital includes the nominal value of the proceeds on issue of the Company's share capital, comprising of 382,089,198 ordinary shares at 17.5p each (31 December 2019: 382,089,198 ordinary shares of 17.5p each).

Translation reserve

Translation reserve relates to the change in functional and presentational currency from GBP to USD in April 2019 - see Note 1(o).

1. PRINCIPAL ACCOUNTING POLICIES

a) Basis of preparation

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

The 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'
- Paragraphs 91 to 99 of IFRS 13 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- 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 111 (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, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 'Revenue from contracts with customers'

b) Accounting developments

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

c) Going concern

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

Unprecedented market conditions caused by the COVID-19 health crisis in 2020, dramatically affected nearly every aspect of the global economy with both economic uncertainty and market volatility. Given the nature of the Company although no direct or material impact of COVID-19 is expected, 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 fall due which is valid for 13 months from when the financial statements are authorised for issue.

NEX GROUP LIMITED
Notes to the Financial Statements for the year ended 31 December 2020

1. **PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

d) **Dividend income**

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

e) **Interest payable and similar expenses**

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

f) **Tax**

Tax on the profit for the year 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 year in which a reassessment of the liability is made.

g) **Cash and cash equivalents**

Cash and cash equivalents are comprised of cash on hand 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.

h) **Cash held in Employee Share Trust**

Restricted funds represent Cash held in Trust for which the Company does not have immediate and direct access and for which trust deeds restrict the use of cash.

i) **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 recognize in this category. However currently there are no financial assets designated at FVOCI.

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

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

Financial assets held at amortised cost consist of loans and receivables which are non-derivative financial instruments that have a fixed or easily determined value. They are subsequently carried at amortised cost using the effective interest method, less any impairment. These assets are included in debtors (note 7).

NEX GROUP LIMITED

Notes to the Financial Statements for the year ended 31 December 2020

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

i) Financial assets (continued)

(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

The Company is required to recognise expected credit losses (ECLs) based on unbiased forward-looking information for all financial assets at amortised cost and financial assets at fair value through other comprehensive income.

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.

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.

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 if the financial asset; or
- the financial assets are more than 30 days past due (backstop indicator)

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.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

i) Financial assets (continued)

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, ageing profile, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The **maximum period** considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

Forward looking - As a macroeconomic variable, real UK GDP growth was identified to demonstrate a strong linear relationship with historical observed default rates. As per CME Group modelling policy, three PD term structures are used in the model: base case GDP growth rates, a plausible but optimistic case for GDP growth (upturn scenario) and a negative but plausible case of GDP growth (downturn scenario).

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

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

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

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

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

Impairment of intercompany debtors: The Company considers historical information as a base from which to measure expected credit losses and current observable data to reflect the effects of the current conditions. The impact of forecast economic conditions in the determination of ECL is not significant as all the receivables are due from other CME group companies.

j) 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.

NEX GROUP LIMITED

Notes to the Financial Statements for the year ended 31 December 2020

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

j) **Financial liabilities (continued)**

(iii) Borrowings

Borrowing are initially recognised at fair value, being their issue proceeds net of transaction costs incurred. At subsequent reporting dates long-term borrowings are held at amortised cost.

The company has debt instruments listed on the London Stock Exchange and is under a private placement.

k) **Share capital**

Ordinary shares are classified as equity. Dividends are recognised as deductions from retained earnings in the period in which they are declared.

l) **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.

m) **Shares held by the Employee Share Trust**

The NEX Group Employee Share Trust ("EBT") previously provided for the issue of Company shares to Group employees under NEX Group share incentive schemes. The Company retains control of the EBT and accounts for the EBT as an extension to the Company in the financial statements.

n) **Share based payments**

The Company engages in equity awards to employees of the Company through the ultimate parent undertaking, CME Group Inc.

The fair value of the services received in respect of these share-based payments is determined by reference to the fair value of the share awards on the date of grant to the employee. The cost of the share-based payment is recognised in the profit and loss account on an accelerated basis over the vesting period of the grant, based on an estimate of the amount of instruments that will eventually vest. The charge in the profit and loss account is offset by an equal credit to other reserves.

The fair value measurement of non-qualified stock options is based on the Black-Scholes Pricing Model, taking into account the risk-free interest rate, volatility of the underlying equity instrument, expected dividends and share price. The fair value measurement of restricted shares and performance stock awards is based on the closing stock price on the date of grant.

Furthermore, in accordance with FRS 101 the following disclosure exemption has been adopted because the equivalent disclosures are included in the consolidated financial statements of CME Group Inc.

These financial statements do not contain certain disclosures in respect of:

- Share based payments

These accounts are available to the public and may be obtained from the offices of CME Group Inc. or http://investor.cmegroup.com.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

o) Foreign currencies

(i) Functional 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 financial statements are presented in United States dollars ($), which is the Company's functional and presentational currency.

(ii) Presentational currency

The change in presentational currency is an accounting policy choice. As at 1 April 2019 management chose to change the presentational currency from GBP to USD 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.

(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, as at 31 December 2020 there were no such judgements or assumptions that had a significant effect on the amounts recognized in the financial statements.

3. OTHER INCOME

	Year ended 31 Dec 2020 $'000	Period ended 31 Dec 2019 $'000
Legal fee reimbursement	-	844
Foreign exchange	2,294	469
Other income	-	88
	2,294	1,401

NEX GROUP LIMITED

Notes to the Financial Statements for the year ended 31 December 2020

4. ADMINISTRATIVE EXPENSES

	Year ended 31 Dec 2020 $'000	Period ended 31 Dec 2019 $'000
Bank charges	6	12
Legal settlement including costs	3,034	8
Audit fees	60	59
ECL expense of amounts owed from group companies	35	20
	3,135	99

During the year, a prior year contingent liability for a warranty claim made by TP ICAP plc was settled. The settlement included legal costs. This was paid by NEX Services Limited and CME London Limited and then recharged back to the Company.

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 2020 was $60,000 (31 December 2019: $59,000).

The Company had no employees during the current and prior year.

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year ended 31 Dec 2020 $'000	Period ended 31 Dec 2019 $'000
Interest expense to external providers	737	541
Other finance costs	121	89
	858	630

6. TAX ON PROFIT

	Year ended 31 Dec 2020 $'000	Period ended 31 Dec 2019 $'000
a) Analysis of the charge for the year / period		
UK corporate tax:		
- Current year / period	261	115
	261	115
b) Factors affecting the tax charge for the year / period		
(Loss)/profit before tax	(1,699)	672
(Loss)/profit before tax multiplied by the standard rate of corporation tax in the UK of 19% (31 December 2019: 19%)	(323)	128
Effects of:		
Expenses not deductible for tax purposes	584	(13)
Tax charge for the year / period	**261**	**115**
Effective tax rate	15%	17%

NEX GROUP LIMITED
Notes to the Financial Statements for the year ended 31 December 2020

6. TAX ON PROFIT (CONTINUED)

The headline rate of UK corporation tax remained at 19% for the period, following the enactment of Finance Act 2020 on 22 July 2020. Finance Bill 2021 published on 11 March 2021 includes a provision to change the standard rate of corporation tax from 19% to 25% with effect from 1 April 2023.

7. DEBTORS

	As at 31 Dec 2020 $'000	As at 31 Dec 2019 $'000
Debtors: amounts falling due within one year		
Amounts due from group companies	147,667	146,768
Expected credit loss	(61)	(25)
	147,606	**146,743**

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

8. CASH AND CASH EQUIVALENTS

	As at 31 Dec 2020 $'000	As at 31 Dec 2019 $'000
Short term bank deposits	261	4
	261	**4**

9. CASH HELD IN EMPLOYEE SHARE TRUST

	As at 31 Dec 2020 $'000	As at 31 Dec 2019 $'000
Cash held in Employee Share Trust	1,521	1,467
	1,521	1,467

NEX GROUP LIMITED
Notes to the Financial Statements for the year ended 31 December 2020

10. BORROWINGS

	As at 31 Dec 2020 $'000	As at 31 Dec 2019 $'000
Long-term borrowings		
a) Ten-year senior notes repayable 2023	18,115	16,328
	18,115	**16,328**

The senior notes are held at amortised cost.

(b) Committed facilities		
Between two to five years	18,115	16,328
	18,115	**16,328**

The Company's long-term borrowings are ten-year senior notes ('senior notes') with a nominal value of €15 million issued on 30 May 2013 with annual coupon interest rate of 4.3%. The senior notes were issued by ICAP plc and transferred to the Company in July 2017. The senior notes are repayable in May 2023. The senior notes were recognised initially at fair value, being their issue proceeds net of transaction costs incurred. At subsequent reporting dates the senior notes are held at amortised cost.

11. CREDITORS

	As at 31 Dec 2020 $'000	As at 31 Dec 2019 $'000
Creditors: amounts falling due within one year		
Amounts due to fellow group companies	39,836	38,616
Other creditors	467	486
	40,303	**39,102**

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

12. CALLED UP SHARE CAPITAL

	As at 31 Dec 2020		As at 31 Dec 2019	
	Number of shares thousands	Nominal value $'000	Number of shares thousands	Nominal value $'000
Ordinary shares of 17.5p each	382,089	83,554	382,089	83,554
	382,089	**83,554**	**382,089**	**83,554**

NEX GROUP LIMITED

Notes to the Financial Statements for the year ended 31 December 2020

13. CONTINGENT LIABILITIES

On 6 November 2017, plaintiffs in a pending US class action litigation concerning Swiss franc Libor filed a Second Amended Complaint which added 12 new defendants, including NEX Group Limited, Intercapital Capital Markets LLC ('ICM'), IEL, ICAP Securities USA LLC (which was sold to TP ICAP plc), TP ICAP plc, additional Tullett Prebon entities and two Swiss broker firms. In September 2019, the Court dismissed the entire action for lack of Article III standing. Plaintiffs have filed a notice of appeal, but that appeal is currently stayed. It is not practicable to predict the ultimate outcome of the litigation and it is not possible to provide a reliable estimate of any potential financial impact on the Company.

For the sake of clarity, some of the matters described herein may not be the direct responsibility of the Company but may be its responsibility under indemnification and/or breach of warranty provisions agreed to by the Company with TP ICAP plc. The sale by the Company of its global broking business to Tullett Prebon entailed customary warranties given by the Company in the sale and purchase agreement and repeated at completion of the transaction. Warranty claims are subject to customary limitations, including a de minimis and aggregate claims threshold, a cap, and time limits for bringing a claim. In October 2020, TP ICAP plc filed suit against the Company alleging breaches under the sale and purchase agreement related to investigations by the CFTC and German tax authorities. The Company believes the claim is without merit and intends to defend itself vigorously. It is not possible to predict whether any of the matters described herein will give rise to liabilities under the warranties and/or indemnities given in connection with the transaction, nor is it possible at this time to provide an estimate of any potential liability or financial impact on the Company.

14. POST BALANCE SHEET EVENTS

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

15. IMMEDIATE AND ULTIMATE PARENT COMPANY

The Company's immediate parent is CME London Limited, which is incorporated in England and Wales and does not prepare consolidated financial statements. The registered office address is London Fruit and Wool Exchange, 1 Duval Square, London, United Kingdom, E1 6PW.

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, which is its registered office.