

**Registration number: 02645715**

# **BrokerTec Europe Limited**

**Annual Report and Financial Statements**

**for the Year Ended 31 December 2023**

## **BrokerTec Europe Limited**

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## **BrokerTec Europe Limited**

### **Company Information**

#### **Profile**

BrokerTec Europe 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.

<b>Directors</b>	J Edwards
	A Seaman
	S Marston
	M Everaert
	P Houston
<b>Registered office</b>	London Fruit and Wool Exchange 1 Duval Square London E1 6PW
<b>Registration number</b>	02645715
<b>Auditors</b>	Ernst & Young LLP

## **BrokerTec Europe Limited**

### **Strategic Report for the Year Ended 31 December 2023**

The directors present their report for the year ended 31 December 2023.

#### **Principal activity**

The Company provides electronic inter-dealer brokerage to fixed income and foreign exchange dealers that is low cost and highly liquid and provides price transparency to market participants. It is anticipated that the Company will continue its present business activities next year.

#### **Business review**

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

The Company, operator of the multi-lateral trading facility (“MTF”), has entered into an outsourcing arrangement with the Group which owns and operates the Globex electronic trading system pursuant to which the Company’s products have been made available and supported for trading on Globex-based infrastructure. This arrangement was entered into in 2021 and is supported by an outsourcing agreement between the Company and the Group under which the Group will provide certain technology and market operations services required to operate Globex for these purposes and to facilitate the Company’s operations as an MTF.

BrokerTec is the leading global electronic platform for the trading of US Treasuries, European government bonds and EU and US repo. BrokerTec facilitates both automated and manual trading for institutions, banks and non-bank professional trading firms.

The Company maintains a license agreement with CME Amsterdam B.V., a fellow subsidiary of the Group within the Eurozone. The Company receives a portion of the revenues generated on products previously traded on the Company’s trading application. In addition, attributable costs are transferred back to the Company.

The Company provides the RESET Service to Hong Kong customers: a bulk risk mitigation service designed to review a market participant’s portfolios on a confidential basis and apply optimisation methodologies to market-wide portfolio information, and to identify risk-reducing opportunities for market participants that they would be unable to identify on their own. This service reduces basis risk.

BrokerTec Europe Limited is regulated by the Financial Conduct Authority (‘FCA’) in the UK, the Monetary Authority of Singapore (‘MAS’) in Singapore and the Hong Kong Monetary Authority (‘HKMA’) in Hong Kong. The Company was previously regulated by the National Futures Association (‘NFA’) in the USA. However, this license was relinquished on 21 June 2023 since it was no longer required.

Gilt Repo trading activity in 2023 in the dealer to dealer market place decreased from the levels in 2022. There was a lower demand for High Quality Liquid Assets and collateral generally via Repo. The macro-economic landscape remained volatile with more of this activity continuing to migrate from voice to screen based trading.

The EBS Market Off-SEF NDF (Swap Execution Facility for non-deliverable forwards) migrated to the Company on 12 September 2022, leading to a significant increase on revenue in 2023, as the Company reported a full year of income for this product line compared to 3.5 months in the prior year. Associated administrative expenses grew in proportion, owing to the associated 98.5% Transfer Pricing policy that is in place with EBS Group Limited in respect of this product.

Excluding these charges, underlying expenses increased, predominately due to increased group allocation charges and staffing costs in addition to a foreign exchange loss (compared to a prior year exchange gain). As a result of the above, operating profit fell compared to the prior year. The company also reported one-off non-operating income of £1.8m following the sale of its RESET Service for all customers except those based in Hong Kong to TriOptima AB on 2 March 2023.

## **BrokerTec Europe Limited**

### **Strategic Report for the Year Ended 31 December 2023 (continued)**

#### **Future developments**

The company provides the RESET service to Hong Kong based customers. This service will be sold to TriOptima AB now that it has obtained the necessary regulatory approvals, and this is expected to complete in Q2 2024.

On 11 December 2023, the Group announced to the market its intention to combine its two EBS Market non-deliverable forwards (NDF) liquidity pools onto a single trading venue in October 2024. This combination will result in the NDF business operated by NEX SEF Limited, a fellow Group entity, being acquired by the Company. This intention is subject to regulatory approval, therefore a final decision on the transfer has not been made.

The Company plans to transfer the BrokerTec Quote platform to another subsidiary of the Group in the Eurozone in H2 2024. This will result in a decrease in external revenues which will be offset by an increase in intercompany income.

#### **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 2023, 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.

#### **Capital Management**

The Company seeks to ensure that it has sufficient regulatory capital to meet regulatory requirements. The regulatory capital level is set in accordance with the capital requirements of the FCA. The approach is to hold an appropriate surplus over the minimum.

The Company complied with its regulatory capital requirements throughout the year.

#### **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 2023.

Risks and uncertainties have also been discussed in the Going Concern section of the Directors' Report for the Company.

## **BrokerTec Europe Limited**

### **Strategic Report for the Year Ended 31 December 2023 (continued)**

#### **Results**

The results of the Company are set out in the profit and loss account on page 16.

The profit for the year of £16,202,454 (31 December 2022: £23,523,235) has been transferred to reserves.

The net assets of the Company are £38,621,806 (31 December 2022: £45,999,428).

Dividends paid during the year were £24,000,000 (31 December 2022: £14,000,000)

## **BrokerTec Europe Limited**

### **Strategic Report for the Year Ended 31 December 2023 (continued)**

#### **BrokerTec Europe Limited's Streamlined Energy and Carbon Reporting (SECR) Compliant Directors Statement**

##### **Governance**

BrokerTec Europe Limited (the 'Company') recognizes and acknowledges that our operations create carbon emissions and environmental impact for which we are committed to monitoring and accurately reporting. This report is produced in accordance with requirements for The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations under the U.K. Streamlined Energy and Carbon Reporting 2019 standards. The following sections of this report are intended to accurately and transparently disclose direct and indirect carbon emissions to our stakeholders.

##### **Principal Measures**

The London Fruit and Wool Exchange is engaged in a Green Power program with the utility provider, Total Gas & Power in which 100% of the power supplied is generated from renewables schemes. Additionally, Equinix purchases Energy Attribute Certificates (EAC's) for the entirety of both the London Park Royal (LD3) and Equinix center (LD4) data centers which supports a significant reduction in the Company's Scope 3 market-based emissions.

##### **Methodologies**

###### **Boundaries**

Total emissions were calculated based on the operational control of the Company. Operational control is based on an estimated split of emissions from two data centers, London Park Royal (LD3) and Equinix (LD4) as well as 2.2% of the London Fruit and Wool Exchange Office Building. Total emissions from the two data centers (LD3 and LD4), was based on the operational control of each of those data centers that fall under the Company, which amounted to 33% of each. For the London Fruit and Wool location, the emissions intensity was calculated using a factor of whole building emissions divided by full time employee ('FTE') across a twelve-month period.

###### **Exemptions & Assumptions**

There are no known exemptions within this year's reporting metrics. Due to limited data availability at the time of this report, December 2023 electricity use for the London Fruit and Wool Exchange Office Building has been estimated. It was assumed that December 2023 electricity usage was similar to November 2023 usage. All other monthly readings and calculations are based on true meter readings as supplied by landlords and utility providers. Consistent with past years, contract consumption is used for data centers.

###### **Changes from last year**

One material change from 2022 to 2023 is that the Company vacated one of the data center's suites (LD4, EFX4-1/ S/N: 4-69488974052 (BTECLAB1)) after 31 March 2023. The average FTE headcount also decreased from 12 to 11 during 2023.

###### **Methodologies used**

GHG emissions calculations were performed in accordance with the World Resource Institute (WRI) Greenhouse Gas (GHG) Protocol (revised version), and Defra's Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting requirements (March 2019). UK office emissions have been calculated using EPA and DEFRA 2023 emissions factors.

The operational Control Approach was used to define the organizational boundary and all calculated emissions from the business activities fall within the reporting period of 1 January 2023 to 31 December 2023.

## BrokerTec Europe Limited

### Strategic Report for the Year Ended 31 December 2023 (continued)

#### Emissions and energy consumption

Scope	Category	2023 Total Usage (kWh)	2022 Total Usage (kWh)	Variance	2023 Emissions (MTCO <sub>2e</sub> ) Location	2022 Emissions (MTCO <sub>2e</sub> ) Location	Variance	2023 Emissions (MTCO <sub>2e</sub> ) Market	2022 Emissions (MTCO <sub>2e</sub> ) Market	Variance
1	Natural Gas	15,743	21,634	-27%	2.85	3.92	-27%	2.85	3.92	-27%
2	Electricity	26,944	27,225	-10%	5.58	5.25	6%	0.00	0.00	N/A
3	Upstream Leased Assets	824,980	887,680	-7%	170.83	171.32	-0.3%	0.00	0.00	N/A
<b>TOTAL</b>		<b>867,668</b>	<b>936,539</b>	<b>-7%</b>	<b>179.26</b>	180.50	<b>-1%</b>	<b>2.85</b>	3.92	<b>-27%</b>
Normalizer	MTCO <sub>2e</sub> per FTE	78,879	82,033	-4%	16.30	15.81	3%	0.26	0.34	-24%

## BrokerTec Europe Limited

### Strategic Report for the Year Ended 31 December 2023 (continued)

#### Section 172(1) of the Companies Act 2006

Under section 414CZA of the Companies Act 2006, the Company is required to include a section 172 statement describing how it has had regard to matters set forth in S172(1) of the Act. The directors acknowledge and understand their duties and responsibilities, including that, under S172 of the Companies Act 2006, a director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

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

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

#### (a) Principal Decisions

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

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

The Company's key stakeholders are regulators, CME Group Inc., direct subsidiaries and other CME Group companies.

Principal decisions taken by the Board for the year ended 31 December 2023, include:

- Sale of the Company's RESET Service for all customers except those based in Hong Kong to TriOptima AB on 2 March 2023
- The Company was previously regulated by the National Futures Association ('NFA') in the USA. However, this license was relinquished on 21 June 2023 since it was no longer required.
- Proposal and approval of a cash dividend of £24,000,000 to be paid by the Company to its immediate parent, NEX Markets Limited on 29 September 2023
- Approval of the resignation of Jeffrey Ward as a director of the Company with effect from 29 September 2023
- An announcement by the Company on 11 December 2023 to combine its two non-deliverable forwards (NDF) liquidity pools onto a single trading venue in October 2024. This combination will result in the NDF business operated by NEX SEF Limited, a fellow Group entity, being acquired by the Company.
- Approval of the appointment of Paul Houston as a director of the Company with effect from 30 January 2024

## BrokerTec Europe Limited

### Strategic Report for the Year Ended 31 December 2023 (continued)

#### (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 Resource Groups (ERGs) where employee engagement is actively encouraged. One of these ERGs is SEED (Sustain & Enhance our Environmental Direction) which advocates for greater environmental sustainability and focuses on the wider impact on the community. SEED host various panel discussions throughout the year and volunteering in the community events.

#### (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 19 March 2024 and signed on its behalf by:

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John Edwards

Director

## **BrokerTec Europe Limited**

### **Directors' Report for the Year Ended 31 December 2023**

The directors present their report and the audited financial statements for the year ended 31 December 2023.

#### **Principal activities, Business review and Future Developments**

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

#### **Branches outside the United Kingdom**

The Company has branches in Singapore and Australia.

#### **Engagement with suppliers, customers and other relationships**

The directors fully recognise the importance of balancing the interests with internal and external stakeholders, shareholders and vendors. The directors, and CME Group in general ensures that its supporting structures/delegation have been designed to ensure consideration is given to all relevant stakeholders. The Company is committed to operating in an ethically responsible manner and aims to be transparent and ethical in its dealings with third parties and complies with CME Group's policies on anti-corruption and bribery, anti-slavery and human trafficking, Code of Conduct and Speak up and Escalation Policy as well as CME Group's corporate governance arrangements.

#### **Going concern**

In 2023, geo-political and economic uncertainty increased. The cost-of-living crisis, tightening financial conditions globally, Russia's conflict with Ukraine, and the conflict in the Middle East all weigh heavily on the global economic outlook. The Company has no physical operations in Russia, Ukraine and the Middle East, but as situations continue to evolve, the unpredictable nature of any conflict means uncertainty on the full extent and duration of any business or economic impact will always exist. Nevertheless, the business activities of the Company have continued to be operational with minimal disruption to the principal activities of the Company.

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 2025. 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 ability to provide the 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.

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

## **BrokerTec Europe Limited**

### **Directors' Report for the Year Ended 31 December 2023 (continued)**

#### **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.

#### **Directors**

The directors of the Company are as follows:

J Edwards

A Seaman

J Ward (resigned 29 September 2023)

S Marston

M Everaert

P Houston (appointed 30 January 2024)

#### **Directors' liabilities**

During the year, 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.

#### **Important non adjusting events after the financial period**

An application has been prepared and submitted to the Dutch Authority for the Financial Markets (AFM) to request a dispensation from the obligation for the Company to be licensed in order to support the extension of services into the Netherlands. The Dutch Ministry of Finance has approved the dispensation application and an official authorised signatory was obtained on 29 February 2024. The financial impact cannot be estimated at this time.

Other than the unpredictable risks and uncertainties as disclosed in the Going Concern disclosure in the Directors' Report, there are no further post balance sheet events to disclose this year.

## BrokerTec Europe Limited

### Directors' Report for the Year Ended 31 December 2023 (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").

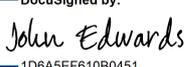
Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required 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 19 March 2024 and signed on its behalf by:

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Director

John Edwards

## **BrokerTec Europe Limited**

### **Independent Auditor's Report to the Members of BrokerTec Europe Limited**

#### **Opinion**

We have audited the financial statements of BrokerTec Europe Limited for the year ended 31 December 2023 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 21, including material accounting policy information. 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 2023 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.

## **BrokerTec Europe Limited**

### **Independent Auditor's Report to the Members of BrokerTec Europe Limited (continued)**

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.

#### **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 11, 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.

## **BrokerTec Europe Limited**

### **Independent Auditor's Report to the Members of BrokerTec Europe Limited (continued)**

#### **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.

- 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 BrokerTec Europe Limited is complying with those frameworks by making enquiries of management and those charged with governance to understand how the Company maintains and communicates its policies and procedures in these areas and corroborated this by reviewing supporting documentation. We also reviewed correspondence with relevant authorities.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and assuming revenue to be a fraud risk. 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.
- As the broker-dealer industry is regulated, we have obtained an understanding of the regulations and the potential impact on the Company and, in assessing the control environment, we have considered the compliance of the Company to these regulations as part of our audit procedures, which included a review of correspondence received from the regulators.
- Based on this understanding we designed our audit procedures to identify noncompliance 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.

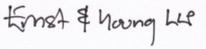
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**BrokerTec Europe Limited**

**Independent Auditor's Report to the Members of BrokerTec Europe Limited  
(continued)**

**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.

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

3/25/2024  
Date:.....

**BrokerTec Europe Limited****Profit and Loss Account for the Year Ended 31 December 2023**

	Note	2023 £ 000	2022 £ 000
Turnover		62,616	52,863
Dividend income	3	-	8
Other operating income	4	1,813	3,883
Administrative expenses	5	(43,860)	(27,664)
Other operating expense	8	<u>(937)</u>	<u>-</u>
Operating profit		19,632	29,090
Interest receivable and similar income	9	1,655	59
Interest payable and similar expense	10	<u>-</u>	<u>(112)</u>
Profit before tax		21,287	29,037
Tax charge on profit	11	<u>(5,084)</u>	<u>(5,514)</u>
Profit for the year		<u><u>16,203</u></u>	<u><u>23,523</u></u>

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

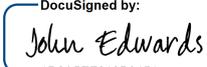
The above results were derived from continuing operations.

The notes on pages 20 to 38 form an integral part of these financial statements.

**BrokerTec Europe Limited****Balance Sheet as at 31 December 2023****Registration number: 02645715**

	Note	2023 £ 000	2022 £ 000
<b>Non-current assets</b>			
Intangible assets	12	780	993
Financial assets held at fair value through other comprehensive income	13	5	5
Deferred tax assets	11	166	141
		<u>951</u>	<u>1,139</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	14	5,169	10,805
Cash at bank and in hand	15	46,482	44,869
		<u>51,651</u>	<u>55,674</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	16	(8,933)	(5,351)
Income tax liability		<u>(5,047)</u>	<u>(5,463)</u>
		<u>(13,980)</u>	<u>(10,814)</u>
<b>Net current assets</b>		<u>37,671</u>	<u>44,860</u>
<b>Net assets</b>		<u>38,622</u>	<u>45,999</u>
<b>Equity</b>			
Called up share capital	17	17,700	17,700
Other reserves		2,126	1,706
Retained earnings		18,797	26,594
Revaluation reserve		<u>(1)</u>	<u>(1)</u>
<b>Total shareholders' funds</b>		<u>38,622</u>	<u>45,999</u>

Approved by the Board on 19 March 2024 and signed on its behalf by:

DocuSigned by:  
  
 TD6A9EF610B04511.....

Director

John Edwards

The notes on pages 20 to 38 form an integral part of these financial statements.

**BrokerTec Europe Limited****Statement of Changes in Equity for the Year Ended 31 December 2023**

	<b>Called up share capital £ 000</b>	<b>Revaluation reserve £ 000</b>	<b>Other reserves £ 000</b>	<b>Retained earnings £ 000</b>	<b>Total £ 000</b>
At 1 January 2022	17,700	(1)	1,379	17,066	36,144
Profit for the year	-	-	-	23,523	23,523
Total comprehensive income	-	-	-	23,523	23,523
Dividends	-	-	-	(14,000)	(14,000)
Share based payment expenses	-	-	347	-	347
Tax adjustment	-	-	(20)	5	(15)
At 31 December 2022	<u>17,700</u>	<u>(1)</u>	<u>1,706</u>	<u>26,594</u>	<u>45,999</u>
Profit for the year	-	-	-	16,203	16,203
Total comprehensive income	-	-	-	16,203	16,203
Dividends	-	-	-	(24,000)	(24,000)
Share based payment expenses	-	-	395	-	395
Current tax on share based payment	-	-	25	-	25
At 31 December 2023	<u><u>17,700</u></u>	<u><u>(1)</u></u>	<u><u>2,126</u></u>	<u><u>18,797</u></u>	<u><u>38,622</u></u>

The notes on pages 20 to 38 form an integral part of these financial statements.

## **BrokerTec Europe Limited**

### **Statement of Changes in Equity for the Year Ended 31 December 2023 (continued)**

#### Revaluation reserve

The Revaluation reserve relates to the financial asset at fair value through other comprehensive income held in Swift shares.

#### Share capital

Share capital includes the nominal value of the proceeds on issue of the Company's share capital, comprising of 17,700,000 ordinary shares at £1 each (31 December 2022: 17,700,000 ordinary shares of £1 each).

#### Retained earnings

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

#### Other reserves

Other reserves relate to a foreign exchange reserve arising from a change in presentational currency as at 1 January 2014 and a share-based payment reserve which is recognised in accordance with IFRS 2 'Share-based payment'.

The notes on pages 20 to 38 form an integral part of these financial statements.

## **BrokerTec Europe Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2023**

#### **1 Material accounting policy information**

The material accounting policy information 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.

##### **Basis of preparation**

The financial statements of the Company have been prepared for the year ended 31 December 2023 (“2023”) and the comparative year ended 31 December 2022 (“2022”).

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.

##### **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 British Pound sterling (£), 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.

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:

- Paragraphs 45(b) and 46 to 52 of IFRS 2 - ‘Share-based payments’ (how the fair value of goods/services received or equity instruments granted was determined and details of the number and weighted average exercise prices of share options).
- 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).
- IAS 7 - ‘Statement of cash flows’.

## BrokerTec Europe Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 1 Material accounting policy information (continued)

##### Summary of disclosure exemptions (continued)

- 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).
- 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’ (disaggregation of revenue, significant changes in contract assets and liabilities, details on transaction price allocation, timing of the satisfaction of performance obligations and significant judgements made in the application of IFRS 15).
- Paragraph 38 of IAS 1 - ‘Presentation of financial statements’ (comparative information requirements in respect of):
  - 38A (minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - paragraph 79(a)(iv) of IAS 1 (reconciliation of number of shares at the beginning and end of the period)
  - paragraph 118(e) of IAS 38, ‘Intangible assets’ (reconciliations between the carrying amount at the beginning and end of the period)
  - paragraph 76 and 79(d) of IAS 40, ‘Investment property’ (reconciliations between the carrying amount at the beginning and end of the period).
- 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);
  - 111 (cash flow statement information);
  - 134-136 (capital management disclosures)

##### Consolidation

These financial statements are separate financial statements. The Company is a wholly owned subsidiary of NEX Markets 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 20 for further information.

## **BrokerTec Europe Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

#### **1 Material accounting policy information (continued)**

##### **Going concern**

In 2023, geo-political and economic uncertainty increased. The cost-of-living crisis, tightening financial conditions globally, Russia's conflict with Ukraine, and the conflict in the Middle East all weigh heavily on the global economic outlook. The Company has no physical operations in Russia, Ukraine and the Middle East, but as situations continue to evolve, the unpredictable nature of any conflict means uncertainty on the full extent and duration of any business or economic impact will always exist. Nevertheless, the business activities of the Company have continued to be operational with minimal disruption to the principal activities of the Company.

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 2025. 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 ability to provide the 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.

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

##### **Accounting developments**

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

##### **Turnover**

Turnover comprises commission and brokerage income derived from fixed income securities broking and electronic broking and is recognised on a settlement-date basis.

Electronic broking includes the broking of securities on electronic platforms along with the transfer of the EBS Market Off SEF NDF product, which migrated in September last year. Turnover is stated net of rebates and discounts, value added tax and other sales taxes.

##### **Platform traded:**

Turnover comprises electronic broking and is transacted on an agency basis. The Company receives revenue based on a percentage of the management fee for total assets held at a money market fund, regardless of whether the balances have resulted from platform activity. For FX, term deposits and certificates of deposit, the Company is paid a brokerage fee on each transaction that takes place on the platform.

Revenue for subscription fees are recognised over time on a straight-line basis because each day in the subscription period is considered to be substantially the same. Revenue for certain professional services are recognised over time on a percentage completion basis. Methods used to estimate percentage completion include milestones reached and costs incurred. The Company chooses the method that is considered to best represent the proportion of work that the Company has performed to date. Revenue for transaction fees and certain professional services is recognised at a point in time. Control is deemed to transfer to the client when the Company has right to payment, the client has legal title and physical possession and the risks and rewards have transferred. This typically occurs at the point of the delivery but can occur at the point of client acceptance if formal acceptance is required.

## BrokerTec Europe Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 1 Material accounting policy information (continued)

##### Turnover (continued)

The transaction price is the price in the contract net of sales taxes and management's estimate of variable consideration. Variable consideration typically comprises volume-based incentives. Methods used to estimate variable consideration include the most likely amount method and the expected value method. Estimates are based on all information (historical, current and forecasted) that is reasonably available. The Company includes estimated amounts of variable consideration in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. Variable consideration is typically assessed to be constrained where the amount of consideration is highly susceptible to factors outside the Company's influence or where the contract has a large number and broad range of possible consideration amounts.

Contracts generally comprise only one performance obligation. For contracts that have more than one performance obligation and that are sold on a stand-alone basis, the observable stand-alone selling price is used. For contracts that have more than one performance obligation and that are not sold on a stand-alone basis, the Company estimates the stand-alone selling price, typically using the expected cost plus a margin approach.

Intercompany revenue comprises income from fellow CME Group subsidiaries. The Company receives transfer pricing income in respect of BrokerTec product traded in the European Union, revenue share income from sales of data products and transfer pricing income in respect of recovering a portion of BrokerTec Quote platform costs.

The timing of revenue recognition, invoicing and cash collection results in trade receivables in the balance sheet. Trade receivables relate to amounts invoiced to clients. Accrued revenue, which is equivalent to contract assets, relates to work performed but un invoiced. Deferred revenue, which is equivalent to contract liabilities, relates to payments received in advance of work performed. Invoices that are raised in line with a payment schedule give rise to either accrued revenue or deferred revenue. The Company's typical payment terms are 30 days.

The Company has elected to make use of the following practical expedients:

- IFRS 15.63: The Company does not adjust the amount of consideration for the effects of a significant financing component if the Company expects, at contract inception, that the period between when the entity transfers a promised service to a client and when the client pays for that service will be one year or less.
- IFRS 15.95: The Company recognises the incremental costs of obtaining a contract as an expense when the amortisation period of the asset that the Company would otherwise have recognised is one year or less.
- IFRS 15.121: The Company does not disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period if the performance obligation is part of a contract that has an original expected duration of one year or less.

## **BrokerTec Europe Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

#### **1 Material accounting policy information (continued)**

##### **Dividend income**

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

##### **Defined contribution pension obligation**

The Company's employees participate in a defined contribution pension scheme and the Company's contributions to the scheme are charged to the profit and loss account on an accruals basis.

##### **Interest receivable and similar income**

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

##### **Tax**

The tax expense for the period comprises current and deferred 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 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.

##### **Impairment of non-financial assets**

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

An intangible asset is tested for impairment annually when there are impairment indicators that an asset may need an impairment.

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.

## BrokerTec Europe Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 1 Material accounting policy information (continued)

##### Intangible assets

Intangible assets are stated at historical cost less provision for any impairment in its value and accumulated amortisation. Amortisation is charged to administrative expenses in the profit and loss account on a straight-line basis over the expected useful economic life of the asset as follows:

Customer List	5 years
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##### 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

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 while 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.

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 assets at fair value through other comprehensive income (FVTOCI)

Financial assets at FVTOCI comprise of equity securities which are not held for trading, and which the Company has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Company considers this classification to be more relevant.

If an equity investment is designated as FVTOCI, all gains and losses, except for dividend income, are recognised in other comprehensive income and are not subsequently included in the statement of income.

###### 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.

## BrokerTec Europe Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 1 Material accounting policy information (continued)

##### Financial liabilities at fair value through the profit or loss

Financial liabilities not measured at amortised cost are classified and measured at FVTPL. This classification includes derivative liabilities.

##### Derecognition

###### *Financial assets*

The company derecognises a financial asset when;

- the contractual rights to the cash flows from the financial asset expire;
- 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 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 balance sheet, 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.

###### *Financial liabilities*

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

##### Modification of financial assets and financial liabilities

If the terms of a financial asset or financial liability are modified and the company evaluates that the cash flows are substantially different, then the contractual rights to the cash flows from the original financial asset or financial liability are deemed to expire. This results in the original financial asset or financial liability being derecognised and a new financial asset or financial liability 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 or financial liability. The company would recalculate the gross carrying amount of the financial asset or financial liability and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of income.

## BrokerTec Europe Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 1 Material accounting policy information (continued)

##### Impairment of financial assets

###### *Measurement of Expected Credit Losses*

The company recognises loss allowances for expected credit losses (ECL) on financial instruments that are not measured at FVTPL, namely:

- financial assets that are debt instruments;
- trade receivables and contract assets;
- financial guarantee contracts issued; and
- loan commitments issued.

The company classifies its financial instruments into stage 1, stage 2 and stage 3, based on the applied impairment methodology, as described below:

Stage 1: for financial instruments where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired on origination, the company recognises an allowance based on the 12-month ECL.

Stage 2: for financial instruments where there has been a significant increase in credit risk since initial recognition but they are not credit-impaired, the company recognises an allowance for the lifetime ECL.

Stage 3: for credit-impaired financial instruments, the company recognises the lifetime ECL.

The company measures loss allowances at an amount equal to the lifetime ECL, except for the following, for which they are measured as a 12-month ECL:

- debt securities that are determined to have a low credit risk (equivalent to investment grade rating) at the reporting date; and
- other financial instruments on which the credit risk has not increased significantly since their initial recognition.

Provisions for credit-impairment are recognised in the Profit and Loss account and are reflected in accumulated provision balances against each relevant financial instruments balance.

The company considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'

A 12-month ECL is the portion of the ECL that results from default events on a financial instrument that are probable within 12 months from the reporting date.

##### 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.

## **BrokerTec Europe Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

#### **1 Material accounting policy information (continued)**

##### **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.

In accordance with FRS 101, the Share based payments disclosure exemption has been adopted in these financial statements. The equivalent disclosures are included in the consolidated financial statements of CME Group Inc.

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

#### **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 2023 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 trade debtors: where the financial asset is more than 90 days past due this is considered impaired, with some exemptions applied on a case by case basis. The Company considers factors such as historical information as a base from which to measure expected credit losses based on the current observable data to reflect the effects of the current conditions.

**BrokerTec Europe Limited****Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)****3 Dividend income**

	<b>31 December 2023 £ 000</b>	<b>31 December 2022 £ 000</b>
Dividend income	-	8

The dividend for the year ended 31 December 2022 was received during the liquidation process of e-Mid.

**4 Other operating income**

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

	<b>2023 £ 000</b>	<b>2022 £ 000</b>
Sale of Reset product business	1,813	-
Currency fluctuation	-	3,883
	<u>1,813</u>	<u>3,883</u>

**5 Administrative expenses**

	<b>2023 £ 000</b>	<b>2022 £ 000</b>
Salary and payroll costs (note 6)	3,448	3,083
Other short-term employee benefits	795	732
<b>Staff costs (note 6)</b>	<u>4,243</u>	<u>3,815</u>
Professional and legal fees	3,362	3,928
Telecom costs	312	313
Expected/(reversal of) credit loss on trade and other debtors	121	(103)
Travel and entertainment	184	164
IT costs	2,385	777
Bank fees	15	26
Intercompany management fee	32,106	17,759
Marketing costs	1	13
Other	918	901
Amortisation expense	213	71
<b>Other administrative expenses</b>	<u>39,617</u>	<u>23,849</u>
	<u>43,860</u>	<u>27,664</u>

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 2023 was £39,000 (31 December 2022: £39,000).

## BrokerTec Europe Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Wages and salaries	3,051	2,709
Social security costs	397	374
Other short-term employee benefits	795	732
	<u>4,243</u>	<u>3,815</u>

Included in other short-term employee benefits is a total expense of share-based payments of £400,976 (2022: £362,344)

The average number of persons employed by the company (including directors) during the year, analysed by location was as follows:

	<b>2023</b>	<b>2022</b>
	<b>Number</b>	<b>Number</b>
Singapore	2	1
London	11	12
	<u>13</u>	<u>13</u>

#### 7 Directors' remuneration

Remuneration payable to the directors in respect of their services to the Company was as follows:

	<b>2023</b>		<b>2022</b>	
	<b>Total</b>	<b>Highest paid director</b>	<b>Total</b>	<b>Highest paid director</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
Aggregated emoluments	487	487	555	555
Contributions to defined contribution pension schemes	6	6	3	3
Other benefits	3	3	3	3
	<u>496</u>	<u>496</u>	<u>561</u>	<u>561</u>

As at 31 December 2023, there was 1 Director accruing retirement benefits (31 December 2022: 1) under defined contribution schemes sponsored by the Group.

During the current year and prior period, no remuneration was earned by the 4 Directors as no qualifying services were provided by the Directors to the Company.

**BrokerTec Europe Limited****Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)****8 Other operating expense**

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

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Currency fluctuation	937	-

**9 Interest receivable and similar income**

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Interest income on cash at bank and short term deposits	1,655	59

**10 Interest payable and similar expenses**

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Interest expense on bank accounts	-	112

**11 Tax charge on profit**

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>

**a) Analysis of the charge for the year****UK corporate tax:**

- Current year	5,045	5,463
- Adjustments in respect of prior periods	(12)	8

**UK deferred tax:**

- Current year	(6)	34
- Adjustments in respect of prior periods	-	(12)

**Overseas tax:**

- Current year	9	2
- Adjustments in respect of prior periods	48	3

**Overseas deferred tax**

- Adjustment in respect of prior periods	-	16
	<u>5,084</u>	<u>5,514</u>

**b) Factors affecting the tax charge for the year**

Profit before tax	<u>21,287</u>	<u>29,037</u>
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Profit before tax multiplied by the standard rate of corporation tax in the UK of 23.5% (31 December 2022: 19%)

	5,002	5,517
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## BrokerTec Europe Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 11 Tax charge on profit (continued)

##### Effects of:

Expenses not deductible for tax purposes	47	22
Non-taxable credits	-	(3)
Impact of tax rate change	-	-
Adjustments in respect of prior years - current tax	(12)	8
Adjustments in respect of prior years - deferred tax	-	(12)
Adjustments in respect of prior years - overseas current tax	48	3
Adjustments in respect of prior years - overseas deferred tax	-	16
Overseas current tax at a higher rate	9	(49)
Impact of change in rate for deferred tax	(10)	12
	<u>82</u>	<u>(3)</u>
Tax charge for the year	<u>5,084</u>	<u>5,514</u>
Effective tax rate	24	19

The headline rate of UK corporation tax remained at 19% until 1 April 2023, when the rate changed to 25% as enacted by the Finance Act 2021. The current tax rate is therefore calculated by using a blended rate of 23.5% and for the avoidance of doubt, the deferred tax balances have been calculated by reference to the 25% rate in force.

#### OECD Pillar Two model rules

The Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting published the Pillar Two model rules designed to address the tax challenges arising from the digitalisation of the global economy.

The Group is within the scope of the OECD Pillar Two model rules. Two key aspects of the Pillar Two legislation were enacted in the United Kingdom in July 2023, the jurisdiction in which the Company is incorporated, and came into effect from 1 January 2024. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

It is not expected that the Company will be affected by Pillar Two legislation. With reference to the charging provisions enacted, (a) the Company operates in a jurisdiction where the headline tax rate is above 15%, the effective tax rate of the Company is above 15% and management is not currently aware of any circumstances under which this might change, such that no Domestic Top Up Tax will be charged and (b), the Company does not have any subsidiaries, and therefore does not expect a potential exposure to Pillar Two parent-level top-up taxes under the income inclusion Rule.

**BrokerTec Europe Limited****Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)****11 Tax charge on profit (continued)****Deferred tax**

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Capital allowances	46	57
Share based payments	119	84
Unpaid remuneration	1	-
	<u>166</u>	<u>141</u>
	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
As at 1 January	141	203
Transferred to the income statement	6	(39)
Transferred to equity	19	(23)
As at 31 December	<u>166</u>	<u>141</u>

**BrokerTec Europe Limited****Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)****12 Intangible assets**

	<b>Intangible assets £ 000</b>	<b>Total £ 000</b>
<b>Cost</b>		
At 1 January 2023	1,064	1,064
At 31 December 2023	1,064	1,064
<b>Amortisation</b>		
At 1 January 2023	71	71
Amortisation charge	213	213
At 31 December 2023	284	284
<b>Carrying amount</b>		
At 31 December 2023	780	780
At 31 December 2022	993	993

This intangible asset relates to the Off SEF NDF asset purchase which occurred on 12th September 2022 from EBS Service Company Limited to the Company.

**13 Financial assets held at fair value through other comprehensive income**

	<b>2023 £ 000</b>	<b>2022 £ 000</b>
As at 31 December	5	5

All financial assets held at fair value through other comprehensive income are unlisted for which there is no readily available market price. Financial assets held at fair value through other comprehensive income that do not have a quoted market price in an active market, but whose fair value can be reliably measured using observable market data, are subsequently recorded at that fair value.

The investment consists of 1 Swift share (31 December 2022: 1).

## BrokerTec Europe Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 14 Debtors

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Debtors: amounts falling due within one year</b>		
Trade debtors	4,490	6,882
ECL on trade debtors	(424)	(311)
Net trade debtors	4,066	6,571
Prepayments	47	50
Contract assets	88	42
Other debtors	119	-
Amounts due from Group companies	848	3,781
ECL on amounts due from Group companies	(2)	(2)
Amounts due from affiliates	3	363
	<u>5,169</u>	<u>10,805</u>

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

The majority of net trade debtors which are neither impaired nor past their normal settlement dates are held with high quality credit institutions. There is no recent history of debtor default. The following trade debtors were unsettled:

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Less than 30 days, and not yet due	2,896	3,374
Less than 90 days, and past due date	1,055	3,217
Over 90 days, and past due date	539	291
	<u>4,490</u>	<u>6,882</u>

#### 15 Cash at bank and in hand

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Cash at bank	26,227	44,869
Short-term deposits	20,255	-
	<u>46,482</u>	<u>44,869</u>

The Company invests in a managed liquidity fund which is invested in short-term deposits and collateralised by high quality government financial securities.

**BrokerTec Europe Limited****Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)****16 Creditors**

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Creditors: amounts falling due within one year</b>		
Trade creditors	3	50
Accrued expenses	2,098	942
Amounts due to Group companies	6,732	4,224
Social security and other taxes	93	135
Amounts due to affiliates	2	-
Other payables	5	-
	<u>8,933</u>	<u>5,351</u>

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

**17 Called up share capital****Allotted, called up and fully paid shares**

	<b>2023</b>		<b>2022</b>	
	<b>No. 000</b>	<b>£ 000</b>	<b>No. 000</b>	<b>£ 000</b>
Ordinary shares of £1 each	<u>17,700</u>	<u>17,700</u>	<u>17,700</u>	<u>17,700</u>

**18 Share-based payments****CME Group Inc. Equity Plan**

Stock-based awards are granted under the CME Group Inc. Equity Plan. The type of awards granted to employees of the Company are restricted stock awards, performance stock awards and an employee stock purchase plan.

Restricted stock awards and performance stock awards typically vest over a period of 2, 3 or 4 years from the grant date, with most awards vesting over a period of 4 years. The vesting of restricted stock awards is contingent upon continued employment with CME Group, whereas the vesting of performance stock awards are also contingent on meeting stated performance or market conditions.

CME Group has adopted an Employee Stock Purchase Plan (ESPP) under which eligible employees may acquire shares of Class A common stock using payroll deductions made during consecutive offering periods of approximately six months in duration. Shares are purchased at the end of each offering period at a price of 90% of the closing price of the Class A common stock as reported on the NASDAQ Global Select Market. Compensation expense is recognized on the dates of purchase for the discount from the closing price.

**Restricted stock awards**

The total number of restricted stock awards that vested during 2023 was 2,469 (2022: 2,617) at a weighted average price of \$188.72 (2022: \$188.84). The total contractual number of restricted stock awards outstanding at the end of the year was 7,143 (2022: 6,855) with a weighted average life of 1.64 years (2022: 1.62 years).

## **BrokerTec Europe Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)**

#### **18 Share-based payments (continued)**

##### **Performance stock awards**

The total number of performance stock awards that were granted during 2023 was 250 (2022: 278) at a weighted average price of \$224.09 (\$2022: \$207.63). The total contractual number of performance stock awards outstanding at the end of the year was 1,082 (2022: 1,015) with a weighted average life of 1.91 years (2022: 1.84 years).

##### **Employee stock purchase plan**

In 2023, 180 shares of Class A common stock were issued to participating employees (2022: 21 shares). These shares are subject to a six-month holding period. Total compensation expense recognised under the employee share purchase plan was \$3,483 for the year ended 31 December 2023 (2022: \$402).

#### **19 Non adjusting events after the financial period**

An application has been prepared and submitted to the Dutch Authority for the Financial Markets (AFM) to request a dispensation from the obligation for the Company to be licensed in order to support the extension of services into the Netherlands. The Dutch Ministry of Finance has approved the dispensation application and an official authorised signatory was obtained on 29 February 2024. The financial impact cannot be estimated at this time.

Other than the unpredictable risks and uncertainties as disclosed in the Going Concern disclosure in the Directors' Report, there are no other post balance sheet events to disclose this year.

#### **20 Parent and ultimate parent undertaking**

The Company's immediate parent is NEX Markets 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.

## BrokerTec Europe Limited

### Notes to the Financial Statements for the Year Ended 31 December 2023 (continued)

#### 21 Country by country reporting

The below table is disclosed in accordance with the Capital Requirements, Country-by-Country Reporting Regulations 2013 for the year ended 31 December 2023, which implemented Article 89 of the Capital Requirements Directive IV.

Entity name	Country	Nature of activities	Turnover £ 000	Profit before tax £ 000	Tax paid £ 000	Average FTE*
BrokerTec Europe Limited	UK	Electronic inter-dealer broker	62,616	21,287	-	11
BrokerTec Europe Limited - Singapore (branch)	Singapore	Electronic inter-dealer broker	-	92	50	2
BrokerTec Europe Limited - Australia (branch)	Australia	Electronic inter-dealer broker	-	-	-	-

\*includes temporary staff FTE's

#### Basis of preparation

This report is prepared in accordance with Financial Reporting Standard 101 ("FRS101") on a consolidated basis for BrokerTec Europe Limited and its branches. In preparing this report on a consolidated basis, all transactions wholly between BrokerTec Europe Limited and its branches have been eliminated upon consolidation.

#### Notes:

<b>Country</b>	In accordance with the guidance issued by HM Treasury we have considered the country of incorporation of legal entities and the jurisdiction of residence for branches.
<b>Nature of activities</b>	The Company provides electronic inter-dealer brokerage to fixed income dealers that is low cost and highly liquid and provides price transparency to market participants.
<b>Turnover</b>	Turnover comprises commission and brokerage income derived from fixed income securities broking and electronic broking and is recognised on a settlement-date basis.
<b>Profit before tax</b>	This is Operating profit before tax.
<b>Tax paid</b>	BrokerTec Europe Limited is a member of a UK tax group and tax payments are made on behalf of the Company by another member of the group.
<b>Average FTE including temporary staff FTE's</b>	Calculated as the monthly average number of persons employed by the Group during the year.