Registration number: 02645715

BrokerTec Europe Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2022

BrokerTec Europe Limited

Contents

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.

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

BrokerTec Europe Limited

Strategic Report for the Year Ended 31 December 2022

The directors present their report for the year ended 31 December 2022.

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 new arrangement was entered into in 2021 and is supported by an outsourcing agreement between the Company and the Group under which CME 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.

The Company maintains a license agreement with another subsidiary of CME 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.

Gilt Repo trading activity in 2022 in the dealer to dealer market place increased up on the levels in 2021. There was increased demand for High Quality Liquid Assets and collateral generally via Repo remained very robust. Growth in longer dated Term Repo business also helped to boost results as both the macro-economic landscape remained volatile and more of this activity continues to migrate from voice to screen based trading.

The EBS Market Off SEF NDF (Swap Execution Facility for non-deliverable forwards) business was previously operated by another Group company. In response to changes in regulatory requirements for certain markets, this business has been migrated to the Company on 12 September 2022. The resultant increase in revenues was offset by an increase in intercompany charges giving modest incremental profit.

Revenue increased in 2022 primarily as a result of the transfer of the EBS Market Off SEF NDF business to the Company during the year. Administration expenses increased due to intercompany charges associated with the Off SEF NDF product offering. Excluding these charges, underlying expenses decreased due to reduced costs from integration savings. Operating profit increased as a result of the above movements combined with a foreign exchange ("FX") gain in the current year against an FX loss in 2021.

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.

BrokerTec Europe Limited is regulated by the Financial Conduct Authority ('FCA') in the UK, the National Futures Association ('NFA') in the USA, the Money Authority of Singapore ('MAS') in Singapore and the Hong Kong Monetary Authority ('HKMA') in Hong Kong.

Future developments

An application is being prepared for submission 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 Directors anticipate that approval will be granted during 2023.

The Company also provides the RESET Service: 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. The RESET service will be sold to TriOptima AB once it has obtained the necessary regulatory approvals.

Results

The results of the Company are set out in the profit and loss account on page 15.

The profit for the year of £23,522,435 (31 December 2021: £14,539,534) has been transferred to reserves.

The net assets of the Company are £45,998,428 (31 December 2021: £36,144,074).

Dividends paid during the year were £14,000,000 (31 December 2021: £20,000,000)

Principal risks and uncertainties

The principal risks and uncertainties of the Company are integrated with the principal risks and uncertainties of the Group and are not managed separately. The principal risks and uncertainties of the Group, which include those of the Company, are discussed in the Group’s annual report for the year ended 31 December 2022, 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.

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 2022.

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

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.

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.

Principal decisions taken by the Board for the year ended 31 December 2022, include:

- Approval of the purchase of the Off SEF NDF business from EBS Service Company Limited on 12 September 2022; and
- Approval of the appointment of Michel Everaert as a director and Senior Manager of the Company with effect from 1 December 2022.

(b) Employees

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

(c) Business Relationships with Suppliers, Customers and Others

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

(d) Impact on the Community and Environment

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

(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 20 March 2023 and signed on its behalf by:

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John Edwards
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Director

John Edwards

BrokerTec Europe Limited

Directors' Report for the Year Ended 31 December 2022

The directors present their report and the audited financial statements for the year ended 31 December 2022.

Principal activities, Business review and Future Developments

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

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 2022, the global economy experienced an unusually sharp slowdown, with inflation higher than seen in several decades. The cost-of-living crisis, tightening financial conditions globally, Russia’s conflict with Ukraine, and the lingering COVID-19 pandemic all weigh heavily on the global economic outlook. Nevertheless, the business activities of the Company have continued to be operational with minimal disruption to the principal activities of the Company.

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

A sensitivity analysis was produced incorporating both possible and remote impacts to the Company for a period of 24 months from the balance sheet date to 31 December 2024. This analysis indicated there was no material impact which would change the Directors’ position of the Company being a going concern.

In addition, CME Group Inc., the ultimate parent, has confirmed its undertaking to provide financial and operational support to the Company and assist in meeting the Company’s liabilities as and when they fall due which is valid for 13 months from when the financial statements are authorised for issue.

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.

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, who held office during the year were:

J Edwards

W Knottenbelt (resigned 31 December 2022)

A Seaman

J Ward

S Marston

M Everaert (appointed 1 December 2022)

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

On 6th March 2023, the Company sold its RESET Service excluding Hong Kong ('HK') clients to TriOptima AB for $2.2m (£1.9m). Additionally, the Company entered into a dual services agreement with TriOptima AB to facilitate the ongoing provision of the RESET service by the Company to customers in HK until HKMA regulatory approval is received by TriOptima AB, which is expected by the end of 2023. The services provided by TriOptima AB under the dual services agreement replace the services previously provided by RESET Private Limited.

Other than the above and 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'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 a 2.5% of the London Fruit and Wool Exchange Office Building. Total emissions from the two data centers (LD-3 and LD-4), 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.

Similar to the prior year, scope 3 category: 3 fuel and energy related activities were not included this year as they were deemed as not necessary or material for inclusion in this report.

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 2022 natural gas and Scope 1 emissions have been estimated. It was assumed that December 2022 natural gas usage was similar to November 2022 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

There are no material changes from last year.

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 2020 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 2022 to 31 December 2022.

Emissions and energy consumption

Scope	Category	2022 Total Usage (kWh)	2021 Total Usage (kWh)	Variance	2022 Emissions (MTCO2e) Location	2021 Emissions (MTCO2e) Location	Variance	2022 Emissions (MTCO2e) Market	2021 Emissions (MTCO2e) Market	Variance
1	Natural Gas	21,634	4,219	413%	3.92	3.66	7%	3.92	3.66	7%
2	Electricity	27,225	29,325	-7%	5.25	6.84	-23%	0	0	NA
3	Upstream Leased Assets	887,680	1,087,408	-18%	171.32	253.52	-32%	0	0	NA
TOTAL		**936,539**	**1,120,952**	**-16%**	**180.50**	**264.02**	**-32%**	**3.92**	**3.66**	**7%**
Normalizer (Carbon Intensity)	MTCO2e per FTE	82,033	73,942	11%	15.81	17.42	-9%	0.34	0.24	42%

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 20 March 2023 and signed on its behalf by:

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John Edwards
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Director

John Edwards

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 2022 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 21, 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 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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

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

We have nothing to report in this regard.

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 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- 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.

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.

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

Date: 3/22/2023

BrokerTec Europe Limited

Profit and Loss Account for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Turnover		52,863	42,252
Dividend income	3	8	-
Other operating income	4	3,883	105
Administrative expenses	5	(27,664)	(22,762)
Other operating expense	8	-	(1,795)
Operating profit		29,090	17,800
Interest receivable and similar income	9	59	-
Interest payable and similar expense	10	(112)	-
Profit before tax		29,037	17,800
Tax charge on profit	11	(5,514)	(3,260)
Profit for the year		23,523	14,540

The above results were derived from continuing operations.

BrokerTec Europe Limited

Statement of Comprehensive Income for the Year Ended 31 December 2022

	2022 £ 000	2021 £ 000
Profit for the year	23,523	14,540
Items that will not be reclassified subsequently to profit or loss		
Revaluation (loss) on sale of equity investments at FVTOCI	-	(93)
Total comprehensive income for the year	23,523	14,447

The notes on pages 20 to 37 form an integral part of these financial statements.

BrokerTec Europe Limited

Balance Sheet as at 31 December 2022
Registration number: 02645715

	Note	2022 £ 000	2021 £ 000
Non-current assets			
Intangible assets	12	993	-
Other financial assets	13	5	5
Deferred tax assets	11	141	203
		1,139	208
Current assets			
Debtors: amounts falling due within one year	14	10,805	12,235
Cash at bank and in hand	15	44,869	35,138
		55,674	47,373
Current liabilities			
Creditors: amounts falling due within one year	16	(5,351)	(6,673)
Income tax liability		(5,463)	(4,764)
		(10,814)	(11,437)
Net current assets		44,860	35,936
Net assets		45,999	36,144
Equity			
Called up share capital	17	17,700	17,700
Other reserves		1,706	1,379
Retained earnings		26,594	17,066
Revaluation reserve		(1)	(1)
Total shareholders' funds		45,999	36,144

Approved by the Board on 20 March 2023 and signed on its behalf by:

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John Edwards
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Director

John Edwards

The notes on pages 20 to 37 form an integral part of these financial statements.

BrokerTec Europe Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Called up share capital £ 000	Revaluation reserve £ 000	Other reserves £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2021	17,700	92	951	22,504	41,248
Profit for the year	-	-	-	14,540	14,540
Other comprehensive income	-	(93)	-	-	(93)
Total comprehensive income	-	(93)	-	14,540	14,447
Dividends	-	-	-	(20,000)	(20,000)
Share based payment transactions	-	-	403	-	403
Tax adjustment	-	-	25	22	47
At 31 December 2021	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 transactions	-	-	347	-	347
Tax adjustment	-	-	(20)	5	(15)
At 31 December 2022	17,700	(1)	1,706	26,594	45,999

The notes on pages 20 to 37 form an integral part of these financial statements.

BrokerTec Europe Limited

Statement of Changes in Equity for the Year Ended 31 December 2022 (continued)

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 2021: 17,700,000 ordinary shares of £1 each).

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

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 is recognized in accordance with IFRS 2 'Share-based payment'.

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

1 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements of the Company have been prepared for the year ended 31 December 2022 ("2022") and the comparative year ended 31 December 2021 ("2021").

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. Exchange differences are taken to the profit and loss account, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are taken directly to profit and loss account.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Summary of disclosure exemptions

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

- 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'.

1 Accounting policies (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)

- 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)

- Financial risk management, per 7Sch 6 CA 2006.

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.

1 Accounting policies (continued)

Going concern

In 2022, the global economy experienced an unusually sharp slowdown, with inflation higher than seen in several decades. The cost-of-living crisis, tightening financial conditions globally, Russia's conflict with Ukraine, and the lingering COVID-19 pandemic all weigh heavily on the global economic outlook. Nevertheless, the business activities of the Company have continued to be operational with minimal disruption to the principal activities of the Company.

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

A sensitivity analysis was produced incorporating both possible and remote impacts to the Company for a period of 24 months from the balance sheet date to 31 December 2024. This analysis indicated there was no material impact which would change the Directors' position of the Company being a going concern.

In addition, CME Group Inc., the ultimate parent, has confirmed its undertaking to provide financial and operational support to the Company and assist in meeting the Company's liabilities as and when they fall due which is valid for 13 months from when the financial statements are authorised for issue.

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 impacted the company.

1 Accounting policies (continued)

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 this 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.

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.

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 uninvoiced. 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.

1 Accounting policies (continued)

Turnover (continued)

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 of 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.

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 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.

1 Accounting policies (continued)

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.

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

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.

1 Accounting policies (continued)

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.

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.

Financial liabilities

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

1 Accounting policies (continued)

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.

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.

1 Accounting policies (continued)

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.

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 2022 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.

3 Dividend income

	31 December 2022 £ 000	31 December 2021 £ 000
Dividend income	8	-

This dividend was received during the liquidation process of e-Mid.

BrokerTec Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

4 Other operating income

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

	2022 £ 000	2021 £ 000
Gain on investments	-	105
Currency fluctuation	3,883	-
	3,883	105

5 Administrative expenses

	2022 £ 000	2021 £ 000
Salary and payroll costs (note 6)	3,083	3,711
Other short-term employee benefits	732	828
Staff costs (note 6)	3,815	4,539
Professional and legal fees	3,928	3,912
Telecom costs	313	486
Expected credit loss on trade and other debtors	(103)	344
Travel and entertainment	164	18
IT costs	777	725
Bank fees	26	3
Intercompany management fee	17,759	11,905
Marketing costs	13	-
Other	901	830
Amortisation expense	71	-
Other administrative expenses	23,849	18,223
	27,664	22,762

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 2022 was £39,000 (31 December 2021: £39,000).

6 Staff costs

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

	2022 £ 000	2021 £ 000
Wages and salaries	2,709	3,299
Social security costs	374	412
Other short-term employee benefits	732	828
	3,815	4,539

6 Staff costs (continued)

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

	2022 Number	2021 Number
Singapore	1	2
London	12	15
	13	17

All London staff costs were borne by a fellow subsidiary company of the Group and were charged to the Company by way of intercompany recharge and allocation.

7 Directors' remuneration

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

	2022		2021	
	Total	Highest paid director	Total	Highest paid director
	£ 000	£ 000	£ 000	£ 000
Aggregated emoluments	555	555	458	458
Contributions to defined contribution pension schemes	3	3	3	3
Other benefits	3	3	3	3
	561	**561**	**464**	**464**

As at 31 December 2022, there was 1 Director accruing retirement benefits (31 December 2021: 1) under defined contribution schemes sponsored by the Group.

8 Other operating expense

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

	2022 £ 000	2021 £ 000
Currency fluctuation	-	1,795

9 Interest receivable and similar income

	2022 £ 000	2021 £ 000
Other finance income	59	-

10 Interest payable and similar expenses

	2022 £ 000	2021 £ 000
Interest expense on bank accounts	112	-

BrokerTec Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

11 Tax charge on profit

	2022 £ 000	2021 £ 000
a) Analysis of the charge for the year		
UK corporate tax:		
- Current year	(5,463)	(3,376)
- Adjustments in respect of prior periods	(8)	67
UK deferred tax:		
- Current year	(34)	63
- Adjustments in respect of prior periods	12	-
Overseas tax:		
- Current year	(2)	(13)
- Adjustments in respect of prior periods	(3)	(1)
Overseas deferred tax		
- Adjustment in respect of prior periods	(16)	-
	(5,514)	(3,260)

	2022 £ 000	2021 £ 000
b) Factors affecting the tax charge for the year		
Profit before tax	29,037	17,800
Profit before tax multiplied by the standard rate of corporation tax in the UK of 19% (31 December 2021: 19%)	(5,517)	(3,382)
Effects of:		
Impact of change in rate for deferred tax	(12)	50
Expenses not deductible for tax purposes	(22)	(16)
Non-taxable income	-	20
Non-taxable credits	3	2
Adjustments in respect of prior years - current tax	(8)	67
Adjustments in respect of prior years - overseas current tax	(3)	(1)
Adjustments in respect of prior years - deferred tax	12	-
Adjustments in respect of prior years - overseas deferred tax	(16)	-
Overseas current tax	49	-
	3	122
Tax charge for the year	(5,514)	(3,260)

11 Tax charge on profit (continued)

Effective tax rate	19%	18%

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

Given that this rate was enacted at the time of the balance sheet date, the closing deferred tax balances have been calculated by reference to the 25% rate.

Deferred tax

	2022 £ 000	**2021 £ 000**
Capital allowances	57	56
Share based payments	84	138
Unpaid remuneration	-	9
	141	203

	2022 £ 000	**2021 £ 000**
As at 1 January	203	118
Transferred to the income statement	(39)	63
Transferred to equity	(23)	22
As at 31 December	141	203

BrokerTec Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

12 Intangible assets

	Intangible assets £ 000	Total £ 000
Cost		
Additions	1,064	1,064
At 31 December 2022	1,064	1,064
Amortisation		
Amortisation charge	71	71
At 31 December 2022	71	71
Carrying amount		
At 31 December 2022	993	993
At 31 December 2021	-	-

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 to other comprehensive income

	2022 £ 000	2021 £ 000
As at 1 January	5	98
Sale of SWIFT shares	-	(93)
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 2021: 1).

BrokerTec Europe Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

14 Debtors

	2022 £ 000	2021 £ 000
Debtors: amounts falling due within one year		
Trade debtors	6,882	1,695
ECL on trade debtors	(311)	(411)
Net trade debtors	6,571	1,284
Prepayments	50	40
Contract assets	42	64
Other debtors	-	1
Amounts due from Group companies	3,781	10,394
ECL on amounts due from Group companies	(2)	(5)
Amounts due from affiliates	363	457
	10,805	12,235

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:

	2022 £ 000	2021 £ 000
Less than 30 days, and not yet due	3,374	705
Less than 90 days, and past due date	3,217	595
Over 90 days, and past due date	291	395
	6,882	1,695

15 Cash at bank and in hand

	2022 £ 000	2021 £ 000
Cash at bank	44,869	35,138

16 Creditors

	2022 £ 000	2021 £ 000
Creditors: amounts falling due within one year		
Trade creditors	50	84
Accrued expenses	942	1,003
Amounts due to Group companies	4,224	5,484
Social security and other taxes	135	102
	5,351	6,673

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

	2022		2021	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	17,700	17,700	17,700	17,700

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 2022 was 2,617 (2021: 2,104) at a weighted average price of $188.84 (2021: $188.12). The total number of restricted stock awards outstanding at the end of the year was 6,855 (2021: 7,469) with a weighted average contractual life of 1.62 years (2021: 1.72 years).

18 Share-based payments (continued)

Performance stock awards
The total number of performance stock awards that were granted during 2022 was 278 (2021: 277) at a weighted average price of $207.63 (2021: $296.58). The total number of performance stock awards outstanding at the end of the year was 1,015 (2021: 737) with a weighted average contractual life of 1.84 years (2021: 2.33 years).

Employee stock purchase plan
In 2022, 21 shares of Class A common stock were issued to participating employees (2021: 34 shares). These shares are subject to a six-month holding period. Total compensation expense recognised under the employee share purchase plan was $402 for the year ended 31 December 2022 (2021: $755).

19 Non adjusting events after the financial period

On 6th March 2023, the Company sold its RESET Service excluding Hong Kong ('HK') clients to TriOptima AB for $2.2m (£1.9m). Additionally, the Company entered into a dual services agreement with TriOptima AB to facilitate the ongoing provision of the RESET service by the Company to customers in HK until HKMA regulatory approval is received by TriOptima AB, which is expected by the end of 2023. The services provided by TriOptima AB under the dual services agreement replace the services previously provided by RESET Private Limited.

Other than the above and 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.

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.

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 2022, which implemented Article 89 of the Capital Requirements Directive IV.

Entity name	Country	Nature of activities	Turnover	Profit before tax	Tax paid	Average FTE*
			£ 000	£ 000	£ 000	
BrokerTec Europe Limited	UK	Electronic inter-dealer broker	52,863	28,780	-	12
BrokerTec Europe Limited - Singapore (branch)	Singapore	Electronic inter-dealer broker	-	257	16	1
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:

Country	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.
Nature of activities	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.
Turnover	Turnover comprises commission and brokerage income derived from fixed income securities broking and electronic broking and is recognised on a settlement-date basis.
Profit before tax	This is Operating profit before tax.
Tax paid	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.
Average FTE including temporary staff FTE's	Calculated as the monthly average number of persons employed by the Group during the year.

BrokerTec Europe Limited

Supplementary report schedule I

Statement of the Computation of the Minimum Capital Requirements as at 31 December 2022

	£'000	$'000*
Current assets	46,991	56,679
Less total liabilities	(10,814)	(13,043)
Net capital	36,177	43,636
Charges against net capital		(800)
Total charges		(800)
Adjusted Net Capital		42,836
Minimum Net capital		45
Excess Net Capital		42,791

***GBP/USD FX rate as at 31/12/2022: 1.206158**

Reconciliation of the net capital as reported in the company's form 1-FR-IB to the computation herein	$'000
Net capital, as reported in Company's Form 1-FR-IB (unaudited)	45,235
Changes in liabilities:	
Accounts payable and accrued expenses exc. staff costs	274
Salaries, wages, commissions and bonuses payable	-
Tax payable	(1,873)
Other	-
Change in current assets	-
Net capital as reported herein	43,636

Supplementary report schedule II and III

Supplementary report schedule II

Reconciliation of the Statement of Financial Condition (Balance Sheet) to the Statement of the Computation of the Minimum Capital Requirements

	£'000	$'000*
Total assets per statement of financial condition (balance sheet) as at 31 December 2022	56,811	68,524
<Deductions>: Assets not reflected in the Statement of Financial Condition (Balance Sheet) or not allowed as net capital under section 1.17 of the regulations under the Commodity Exchange Act:	(9,820)	(11,845)
Current Assets under CFTC Regulation 1.17	46,991	56,679
Total liabilities per statement of financial condition (balance sheet) as at 31 December 2022	(10,814)	(13,043)
Liabilities under CFTC Regulation 1.17	(10,814)	(13,043)

*GBP/USD FX rate as at 31/12/2022: 1.206158

Supplementary report schedule III

Statement of Changes in Liabilities subordinated to claims of General Creditors

	£'000	$'000
Subordinated borrowings as of 1 January 2022	-	-
Maturities	-	-
Renewals	-	-
Subordinated borrowings as of 31 December 2022	-	-

BrokerTec Europe Limited

Supplementary Report of Independent Registered Public Accounting Firm on Internal Control Required by CFTC Regulation 1.16

The Board of Directors and Management of BrokerTec Europe Limited

In planning and performing our audit of the financial statements of BrokerTec Europe Limited (the Company) as of and for the year ended 31 December 2022 , in accordance with International Standards on Auditing (UK) (lSAs (UK)), we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Company’s internal control.

Also, as required by Regulation 1.16 of the Commodity Futures Trading Commission (CFTC), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding customer and firm assets. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Regulation 1.16 in making the periodic computations of minimum financial requirements pursuant to Regulation 1.17. Because the Company is an introducing broker, we did not review the practices and procedures followed by the Company in making the following:

1. The daily computations of the segregation requirements of Section 4d(a)(2) of the Commodity Exchange Act and the regulations thereunder, and the segregation of funds based on such computations
2. The daily computations of the foreign futures and foreign options secured amount requirements pursuant to Regulation 30.7 of the CFTC

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraphs. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls, and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the CFTC’s above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management’s authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Regulation 1.16(d)(2) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding customer and firm assets that we consider to be material weaknesses, as defined above.

BrokerTec Europe Limited

Supplementary Report of Independent Registered Public Accounting Firm on Internal Control Required by CFTC Regulation 1.16 (continued)

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the CFTC to be adequate for their purposes in accordance with the Commodity Exchange Act and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at 31 December 2022, to meet the CFTC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the CFTC, the National Futures Association, other regulatory agencies that rely on Regulation 1.16 of the CFTC in their regulation of registered introducing brokers, and is not intended to be and should not be used by anyone other than these specified parties.

DocuSigned by:
Ernst & Young LLP
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Ernst & Young LLP

3/22/2023
Date: …………………………..