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Presentation

Operator

Good morning, ladies and gentlemen, and thank you for standing by. My name is Calvin, and I will be your conference operator today. At this time, I would like to welcome everyone to the Cboe Global Markets First Quarter Earnings Call. [Operator Instructions] I would now like to turn the call over to Ken Hill, Head of Investor Relations. Please go ahead.

Kenneth William Hill

Senior VP, Treasurer and Head of Investor Relations & Business Intelligence

Good morning, and thank you for joining us for our first quarter earnings conference call. On the call today, Craig Donohue, our CEO, will discuss our performance for the quarter and provide an update on our strategic initiatives. Scott Johnston, our Chief Operating Officer, will provide an update on the additional strategic realignment actions announced today; and Jill Griebenow, our Chief Financial Officer, will provide an overview of our financial results for the quarter as well as discuss our 2026 financial outlook.

Following their comments, we will open the call to Q&A. Also joining us for Q&A will be Prashant Bhatia, our Head of Enterprise Strategy and Corporate Development; and Rob Hocking, our Global Head of Derivatives.

I would like to point out that this presentation will include the use of slides. We will be showing the slides and providing commentary on each. A downloadable copy of the slide presentation is available on the Investor Relations portion of our website. During our remarks, we'll make some forward-looking statements, which represent current judgment on what the future may hold. And while we believe these judgments are reasonable, these forward-looking statements are not guarantees of future performance and involve certain assumptions, risks and uncertainties. Actual outcomes and results may differ materially from what is expressed or implied in any forward-looking statements.

Please refer to our filings with the SEC for a full discussion of the factors that may affect any forward-looking statements. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise after this conference call. During the call this morning, we'll be referring to non-GAAP measures as identified and reconciled in our earnings materials.

Now I'd like to turn the call over to Craig.

Craig Steven Donohue

CEO, President & Director

Good morning, and thank you for joining us to review our first quarter results. Cboe delivered another quarter of record net revenue and adjusted earnings powered by continued strength across all of our core businesses. The results underscore the strong foundation we have in place as we take the next steps in advancing our strategy. I will provide some high-level comments before turning the call over to Scott Johnston, to talk through the additional strategic realignment changes announced this morning and then to Jill for a financial update.

During the first quarter, Cboe grew net revenue 29% year-over-year to a record \$729 million, and adjusted diluted EPS increased an exceptional 48% to a record \$3.70. The robust results in the first quarter were again broad-based, driven by record net revenue in every major category at Cboe and double-digit net revenue growth in 4 of our 5 company segments. Taking a closer look at the first quarter trends in our Derivatives business, we delivered another record quarter with net revenue increasing 32% year-over-year.

Index options net transaction and clearing fees revenue drove the upside, increasing a robust 35% as our proprietary SPX options set another quarterly record with average daily volume increasing 34% year-over-year to 4.9 million contracts. Interestingly, the drivers of that growth evolved as market conditions

changed throughout the quarter. When things were steady as they were in January and February, ODTE options continue to power the growth of the overall SPX franchise on the back of deeper retail and institutional engagement.

In March, as the macro outlook shifted abruptly with the Iran war, investors turned to non-ODTE options to help manage their portfolios as longer-term risks over inflation and growth increased. ODTE options still grew, but at a more steady 6% rate month-over-month in March, while non-ODTE options jumped over 26%, helping to drive a new monthly ADV record of 5.4 million SPX options contracts.

Outside of SPX, we saw multiple quarterly ADV records across our many SPX options, Russell 2000 Index Options as well as our VIX Options Complex speaking to the utility of Cboe's volatility toolkit across market environments. Overall, we see a supportive macro environment for our derivatives business, while we continue to expand global access and retail engagement.

Last quarter, global trading hours volumes rose more than 32% to a record high, driven by strong growth during Asian hours as we continue onboarding local brokers. We are also investing at home. Our trading floor helps traders to efficiently manage complex multi-leg risk capabilities that can't be replicated electronically and supports broader market liquidity through both direct execution and related hedging activity.

On April 6, we were pleased to be joined by our long-term partner, S&P Dow Jones Indices, for the inaugural televised bell ringing on the Cboe floor as part of our new multiyear collaboration with CNBC. Through our new partnership with CNBC, we are bringing the power and expertise of Cboe's iconic trading floor to a global audience, leveraging a differentiated asset within our market ecosystem to deliver live market insight and investor education, elevate the Cboe brand and reinforce our leadership in global markets.

Turning to event contracts. Subject to regulatory approval, we plan to bring our securities-based event contracts to market. Based on our Mini SPX contract and leveraging our existing options infrastructure, the product is designed to mirror the risk/reward profile of a widely used options strategy, the vertical call spread, allowing investors to take a simple yes or no view on an outcome with defined downside risk and a capped payout range.

By incorporating a broader payout zone, the structure enables customers to benefit from being directionally right without requiring a binary, all or nothing result. This unique spread element is also being well received by the retail brokerage community as we educate in an easy-to-understand way one of the primary risk defined strategies in options trading.

This launch is just the first step in our broader event contract strategy. We see significant growth ahead as these products become increasingly integrated into the financial markets, and we intend to expand beyond index-based outcomes by leveraging our capabilities across both securities and futures. Longer term, we see a compelling opportunity to introduce additional contracts around economic and financial indicators.

This is a rapidly growing and compelling area of the market and we believe Cboe is uniquely positioned to succeed as a trusted partner to customers and regulators with deep experience that spans securities, futures and clearing. We have consistently designed products that meet the needs of both institutional and retail participants while creating thoughtful education on-ramps that support broader adoption.

Leveraging our market infrastructure expertise, our product design capabilities and regulatory integrity, we believe Cboe is best positioned to bring differentiated event contract solutions to market across both securities and futures.

Our move into event and prediction markets will bring capabilities and enhancements designed to address many of the weaknesses we see in the current event and prediction market space. Moving to cash and spot markets. Net revenue was up a strong 34% as we saw record results in each of our respective segments across the category, Europe and Asia Pacific, North American equities and global FX. Led by another quarter of strength in our European transaction business, the Europe and Asia Pacific segment delivered a 32% year-over-year increase in net revenue.

This was driven by 43% year-over-year growth in net transaction and clearing fees, given stronger industry volumes, market share and net capture dynamics as we saw the quarter and month of March set new records for average daily value traded. In fact, 5 of the 10 highest trading days in Cboe Europe's history occurred during the quarter with records across key services such as periodic auctions, Cboe Closing Cross and Cboe BIDS VWAP X. Higher nontransaction revenues in the segment also contributed to the growth with revenue up 21% year-over-year.

North American equities made a solid contribution with net transaction and clearing fees revenues up 40%, given strong industry equity volumes in each of our markets. And rounding out cash and spot markets businesses, Global FX made another record contribution, increasing net revenue 38% year-over-year in Q1. The year-over-year growth displayed by the FX business was the strongest of any of our segments in the first quarter.

Turning now to Data Vantage. Net revenue increased by 19% on a year-over-year basis, reflecting continued momentum across the platform in the first quarter. Roughly 85% of the growth across our market data and access businesses was driven by new units and new sales as opposed to pricing. The first quarter saw a strong contribution from new product sales, complementing continued demand for access to our markets, and a durable and growing international contribution.

Now I'd like to introduce our COO, Scott Johnston. Scott joined us in February. And while this is his first earnings call at Cboe, he has quickly taken on a very active role in shaping our strategic framework and strengthening discipline, efficiency and accountability as we position the company for future success. Scott brings an extensive track record and leadership roles at several key buy-side firms, and I have personally had the opportunity to work closely with Scott during our time together at CME. Scott will now cover additional strategic realignment changes announced today.

Scott L. Johnston
Executive VP & COO

Thank you, Craig. Our core business delivered exceptional results, and our leadership team is stronger than ever. And this next evolution in our corporate strategy is designed to ensure we are not only optimizing the business we have today, but also building the capabilities and operating discipline required to capture tomorrow's opportunities. Since beginning our strategic realignment in the second half of 2025, we have taken decisive actions across the firm. These include announcing the sale of our Canada and Australia businesses; exiting or winding down our corporate listings, European derivatives (CEDX), and Japanese equities businesses; and reducing costs in our U.S. and European ETP Listings businesses as well as several of our smaller risk and market analytics businesses. In parallel, we have significantly strengthened our leadership team, adding experienced proven talent in key roles.

By eliminating some lower return work and complexity, we can invest more deliberately to support our long-term strategy. This includes strengthening our core derivatives and index businesses, exploring opportunities across our spot and off-exchange businesses, enhancing our clearing capabilities, broadening global access to our products and positioning Cboe to succeed in new areas such as prediction markets and tokenization. To support those long-term ambitions, we are realigning our organization from the ground up. Cboe's workforce has doubled in size since the beginning of 2020 as we integrated acquisitions and bolstered our support functions. And while our growth while with enhanced opportunities, relationships and capabilities, it also created mismatches as our strategy has shifted in the opportunity that has evolved.

After a thorough review, today, we announced our decision to realign our organization to build more agile teams, placing the clear ownership of outcomes with those best positioned to operate a fast changing environment. Our earlier actions to sell, wind down and optimize certain businesses, combined with today's additional strategic realignment changes are expected to reduce our workforce by approximately 20%.

In addition, we will also be transitioning back to in-person work to support faster decision-making, stronger collaboration and better integration across teams as we execute the next phase of our growth strategy. Today's announcement represents a critical next step in our realignment, directing resources to

the work that will drive our future success. When joining Cboe, an important consideration for me was the ability to effectuate change and drive greater levels of efficiency throughout the organization. As a management team, we have made great strides, and Jill has been a key partner in installing discipline throughout the company. I look forward to building on the steps we have taken as a firm.

Now I'd like to turn the call over to Jill to walk through the financial highlights from the first quarter and our 2026 guidance.

Jill M. Griebenow
Executive VP & CFO

Thanks, Scott. Cboe posted its fourth record quarter in the last 5 quarters with adjusted diluted earnings per share up 48% on a year-over-year basis to a record \$3.70. I will provide some high-level takeaways from this quarter's operating results before going through the segment results. Net revenue increased 29% versus the first quarter of 2025, to finish at a record \$729 million. We saw strong double-digit growth in all categories with the strongest growth coming from our Cash and Spot Markets business. Specifically, Cash and Spot Markets grew net revenue 34% as industry volumes fueled revenue generation. In our derivatives category, net revenue grew 32% as strength in our proprietary index options in multi-list products drove robust results for the category. And in Data Vantage, new sales growth drove a 19% year-over-year increase in net revenue.

Adjusted operating expenses of \$201 million were up 4% on a year-over-year basis. Adjusted operating EBITDA of \$541 million grew 41% and adjusted operating EBITDA margin expanded by 6.1 percentage points to 74.2%, a result of both our exceptional revenue results and disciplined expense management.

Turning to the key drivers of the quarter by segment. Our press release and the appendix of our slide deck include information detailing the key metrics for our business segments, so I'll provide some highlights for each. The Options segment delivered another quarter of record net revenue, increasing 33% year-over-year. The growth was driven by a 34% increase in net transaction and clearing fees in the first quarter. Total options ADV was up 10%, with a 29% increase in index options volume and a 4% increase in multi-listed options volume. The rate per contract for our options business also increased 19% on a year-over-year basis given positive contributions from our multi-list products and index complex.

North American Equities net revenue rose 18% versus the first quarter of 2025, with strong industry volumes driving a 40% increase in net transaction and clearing fees. On the nontransaction side, market data fees grew 5% and access and capacity fees increased 12%. Europe and APAC produced 32% year-over-year net revenue growth. Net transaction and clearing fees were up 43%, while non-transaction revenues were up a combined 21%. Futures net revenue increased 9% from the first quarter of 2025. The increase was primarily due to a 14% uptick in total ADV, given stronger VIX activity during the quarter. And finally, global FX produced the strongest net revenue growth of our segment, up 38% on a year-over-year basis, driven by a 36% increase in average daily notional value and a 4% increase in net capture.

Looking at our Cboe Data Vantage business, net revenues increased by 19% compared to the first quarter of 2025. Revenue growth was again underpinned by healthy new subscription and unit sales, representing approximately 85% of this quarter's growth, with the remainder coming from pricing changes. Exploring the growth drivers further, we saw increases in each major area of Data Vantage with Market Data and Access Services, Cboe Global Indices and Risk and Market Analytics, all up double digits on a year-over-year basis. The most pronounced growth occurred as a result of one-time data sales associated with some of our newly launched products.

Turning to expenses. Total adjusted operating expenses were \$201 million for the quarter, up 4% on a year-over-year basis. This increase is largely driven by higher compensation and benefits expense, given the strong first quarter revenue trends, which resulted in an increase to our short-term incentive compensation.

Before outlining updates to our 2026 guidance, I'd like to walk through how the planned sales of our Cboe Canada and Cboe Australia businesses as well as the additional actions related to our strategic realignment announced today are impacting our 2026 outlook. As you will recall, during the second half of 2025,

we began to explore the potential sale of our Cboe Australia and Cboe Canada businesses, announced the wind down of certain businesses and committed to reducing costs in specific listings and analytics businesses. Once complete, we continue to anticipate that these actions will lead to an approximate 3% annualized reduction in net revenue compared to 2025, primarily driven by our strategic decision to exit or scale back noncore and lower-return businesses.

On the expense side, we previously indicated that the strategic realignment was expected to yield an estimated 8% to 10% annualized reduction in adjusted operating expenses versus 2025. In light of the incremental strategic realignment changes announced today, we now expect our strategic realignment to deliver an even greater reduction, approximately 12% to 14% on an annualized basis compared to 2025, translating to savings in the range of \$100 million to \$120 million. The incremental strategic realignment actions are expected to contribute \$40 million to \$50 million in annualized expense savings. As it relates to our 2026 guidance, we anticipate realizing \$20 million to \$25 million of the additional strategic realignment savings in 2026.

Before touching on the remainder of the 2026 guidance changes, I want to make clear that although we have an agreed upon sale in place for Cboe Canada and Cboe Australia, we continue to operate the businesses until the transactions close with each entity being subject to separate closing and regulatory approval processes. Until the sales are complete, the revenue and expense contribution of each will remain part of our 2026 guidance. On an annualized basis, we estimate the 2026 total net revenue contribution from Cboe Canada and Cboe Australia will be in the \$60 million to \$70 million range and we estimate adjusted operating expenses that would no longer remain in Cboe's cost base following a sale to be in the \$40 million to \$50 million range. We will update our guidance as regulatory approvals progress and transaction timing becomes more certain.

Looking at our overall 2026 guidance, we are providing the following update. On a full year basis, we anticipate our Data Vantage organic net revenue growth to be in the low-double-digit range. We expect our total organic net revenue growth to be in the low-double-digit to mid-teens range. We are lowering our 2026 adjusted operating expense guidance range from \$864 million to \$879 million to \$838 million to \$853 million. Compared to 2025, this represents no increase at the low end and a 2% increase at the high end. Our full year guidance range for CapEx remains \$73 million to \$83 million, and depreciation and amortization remains in the \$56 million to \$60 million range. We continue to expect the effective tax rate on adjusted earnings under the current tax laws to come in at 27.5% to 29.5% for the full year. And while we don't provide formal guidance on interest income or interest expense, we expect that interest income, net of interest expense, will be a \$3.5 million to \$4.5 million positive contributor for the second quarter of 2026.

On the capital front, following our fourth quarter earnings call on February 6, we resumed opportunistic share repurchases, buying back a total of \$45 million in Cboe shares through the first quarter. Last quarter, we also returned \$76 million to shareholders in the form of a \$0.72 per share dividend, putting total capital returned to shareholders in the first quarter at \$121 million. We retain a great deal of balance sheet flexibility as evidenced by our adjusted cash position of \$2.1 billion and a leverage ratio of 0.8x, positioning us well to invest in organic or inorganic opportunities as well as redeploy capital to shareholders in the form of dividends or opportunistic share repurchases.

Now I'd like to turn it back over to Craig for some closing comments.

Craig Steven Donohue
CEO, President & Director

Thank you, Jill. The first quarter results were truly exceptional, but the market continues to evolve at an unprecedented pace. To continue to lead, we must move faster, sharpen our focus and deploy our resources with even greater discipline. As I reflect on my first 12 months here at Cboe, it is clear that the decisive steps we have taken are moving the company closer to realizing its full potential. In October, following a thorough strategic review and adopting a more rigorous financial and strategic framework, we announced a strategic realignment designed to increase focus and investment in our core businesses that drive our earnings, index options, multi-list options, futures, U.S. equities, European equities and FX. We took quick and decisive action to reorient the business, including winding down Japanese equities, exiting

corporate listings, winding down our European derivatives business, optimizing our resource allocation and our risk and market analytics businesses and initiating the sale of our Canadian and Australian businesses.

Last week, we achieved a significant milestone by reaching a definitive agreement to sell Cboe Canada and Cboe Australia. These actions have not only improved performance in our core businesses, they have allowed us to focus on new areas of growth amid a rapidly transforming industry. Going forward, we are positioned to allocate resources more effectively, including adding talent in emerging areas as we make greater investments in financial and economic event markets, tokenizing products and further expanding our clearing services in Europe and the U.S. As a result, we will strengthen our regional sales, marketing and investor education to bring our most in-demand products, emerging innovations and deep market expertise closer to our customers, all driving long-term value for shareholders.

I've been in this industry for many years, and I have never been as excited about the road ahead as I am now. We have everything to play for, but it's going to require us to work smarter and be incredibly focused with our decision-making and use of capital.

I will now turn the call back over to Ken for questions and answers.

Question and Answer

Kenneth William Hill

Senior VP, Treasurer and Head of Investor Relations & Business Intelligence

At this point, we'd be happy to take questions. [Operator Instructions].

Operator

[Operator Instructions] The first question comes from the line of Patrick Moley with Piper Sandler.

Patrick Malcolm Moley

Piper Sandler & Co., Research Division

So I had one on Data Vantage revenues, very strong growth this quarter, up 19%. And you mentioned the 85% coming from new unit sales. It's obviously, I think, been elevated for the last couple of quarters, how much of it is coming from the unit sales. So I just wanted to get an update on how sustainable you think the growth here is, especially given some of your comments on reinvesting in the sales force. And then as we look forward, given the guidance update and increase this quarter for the full year, should investors look at low-single -- or low-double digits is kind of the new baseline in terms of growth in Data Vantage?

Unknown Executive

Yes. So in terms of Data Vantage, you're right, we had a very strong quarter here, and the growth was pretty broad-based across all of our businesses. About half of the growth year-over-year was driven by higher access-related revenue, and the driver of that was really client demand for increased connectivity to our options exchanges. You saw our options volumes grew double digits, and our index options volume grew about 30%. So that was a pretty strong backdrop there. About 40% of the growth came from increased market data sales. And we continue to see very robust demand for both our European and U.S. prop data, and we also continue to see strong demand from local brokers in Asia. And again, those brokers want the data to provide U.S. access to their clients. So we're seeing some pretty strong sales there.

As we've said in the past, some of these sales can be unevenly spread throughout the year. We launched 2 new products related to options data sets this quarter. And while we started off strong on subscription sales, those 2 new launches also triggered quite a bit of one-time revenue related to historic data sets to combine with those new products. So that's where you see some of the relative outperformance in that 19% year-over-year growth rate. The rest of the growth was driven by both our index business and some of our risk and market analytics businesses. So as you heard Jill say, we are taking our guidance up this quarter to low-double digits for the year. I wouldn't say that's a new baseline, but we continue to see some pretty strong growth. So we'll continue to update as the quarters go on.

Operator

Your next question comes from the line of Brian Bedell of Deutsche Bank.

Brian Bertram Bedell

Deutsche Bank AG, Research Division

Maybe just to zone in on the prediction markets. Craig, I think you talked about that earlier in terms of the strategy there. What is the -- it's clear what you're launching in the near term here on the vertical binary options. But how do you envision this industry playing out over the long term and how Cboe would participate in that? And what I particularly like to focus on is the potential to launch company-specific financial KPI contracts, realizing they most likely have to be regulated by the SEC. But what is your view on the potential demand for those types of contracts? And would those be -- need to be done in an options structure? Or could you create a different platform, say, like how Kalshi runs their platform now and in terms of that type of market structure to do those or maybe both, Anyway, it's a long-winded question, but if you could comment on that.

Craig Steven Donohue

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CEO, President & Director

Yes. Thank you, Brian. I'm happy to do that, and I'm sure Rob is going to want to get into that as well. But I mean, I view this as like a really significant new market segment that is likely to continue to develop. I think that despite the explosive growth that we've seen in event and prediction markets, this is still extremely early stages. What we've said is we're focused on taking advantage of that opportunity and what we view as the long-term growth potential in the market. But with a focus on contracts that are well designed, they are really oriented toward financial instruments and economic indicators and things like that.

So you mentioned company-specific things. That's one of the things that makes us so well positioned to take advantage of the long-term growth trend in event and prediction markets. We've said before that in many respects, having really led the market in terms of developing the ODTE ecosystem. We've got effectively event contracts that are happening, many millions of contracts being traded each day, being in both the securities and the futures space, but being particularly strong in the equity and equity derivatives space, we're super keen on coming to market with company-specific contracts, we see lots of opportunities for doing that. Rob and his team and J.J. Kinahan are working really closely with all of our partners, our liquidity providers, our market makers, our retail brokers to try to kind of move us to that next phase of growth.

And then long term, we certainly see the opportunity also to expand into CFTC regulated futures or swaps that are also event contracts. So at a high level, I see it as a really large market opportunity, one that's going to continue to develop over the next decade. I think there's lots of opportunity for us, specifically given we've got a really strong reputation for market integrity, market supervision and oversight, contract design, distribution and a proven ability to marry retail and institutional together. But let me turn it to Rob because Rob is really leading that.

Robert A. Hocking

Executive VP & Global Head of Derivatives

Yes. It's a great thing, Craig. And I agree, it's a great opportunity. I think starting with securities isn't philosophical. It's a practical reason. It's where our customers are, it's where the infrastructure exists. It's where investor protections are the strongest. Retail broker platforms are already built for OCC-cleared index-based products. That means when we lead with our XSP binary options, we have the potential for broader day 1 distribution with stronger customer protections and really more of a reputational alignment with Cboe's brand. And it avoids forcing securities like risks into futures wrappers that customers don't naturally use today. And so Phase 1, as we've talked about, we lead with the binary options, defined spreads in XSP. We want to expand that to other core proprietary products.

As I mentioned, this approach aligns well with existing workflows for our clients. But as you asked, really fast second phase, exploring what KPI-based contracts would look like. I would argue in securities and futures because some will, I would say, fall into more of a futures category, but really leading more on the securities side as we feel a lot of these outcome-based contracts tied to things like earnings and corporate KPIs are directly tied to the financial performance of the individual company and therefore, land in that securities bucket. And by moving forward and developing these, we're really focused on designing these products with -- and I think this is super important for the integrity is with clear resolution kind of disclosure-based settlement that people can count on, that they understand exactly what that settlement number is, and there's very low likelihood of revisions and restatements.

And then obviously, within the securities framework, taking advantage of decades of surveillance controls that will just add, call it, extra certainty and extra trust into the system for these users as more and more people look to get involved.

Operator

Your next question comes from the line of Eli Abboud of Bank of America.

Elias Noah Abboud

BofA Securities, Research Division

Given the discussion lately about other exchanges looking to compete for the SPX contract in 2032, can you talk about what capability Cboe brings to the SPX complex that you feel other options exchanges cannot replicate? And in particular, can you share any data points to help us better appreciate the depth of the network you've built out in SPX? How many introducing brokers offer SPX today, and does the vast majority of volume come from just a few brokers? Or is participation broad-based?

Robert A. Hocking

Executive VP & Global Head of Derivatives

Yes. Yes. Happy to go through all of that. Why don't I just outline kind of the breadth of what makes up the proprietary product ecosystem. And hopefully, that might give you an idea of why we feel it's so powerful and call it hard to replicate. First, it starts with foundational product in the SPX and then you add in a generational relationship with a great partner in S&P. And then that allows us to be able to deliver, call it, all of this record growth quarter after quarter after quarter. And so the SPX averaged just under 5 million contracts per day for the first quarter and then almost 5.4 million contracts per day for March, both were all-time record highs.

And what I'd like to point out is this is more than a 300% increase in the past 5 years for a product that is approaching its 43rd anniversary. And so you think of the established base and yet these returns and how we're growing the product is phenomenal. And so volume in the first quarter was made up of, call it, about 84% electronic, 16% open outcry. And what's important to note on this is that 58% of the notional value traded in SPX options is trading on the floor, and really only 40% -- or call it, 42% is being traded electronically. And that just goes to show that while the number of contracts traded on the floor is a smaller absolute number, it still represents the majority of notional dollars at risk, which is just important to understand.

And so on the trading floor, we have, call it, roughly 11 different floor broker groups with the largest representing only around 23% of the volume. I have to mention the 20 market-making groups servicing the flow of those 11 floor broker groups that they bring to the platform. Now on the electronics side, we have 34 different retail broker platforms connected in trading, with the largest representing only about 30% of the volume. So you can see that volume is spread across many of those platforms. Of that volume, 50% is complex or multi-leg spreads and 50% is simple or single option trades. As we've talked about, roughly 60% of the volume is showing up in ODTE and if I break down how that flow is showing up each week and kind of looking at how it hits the contracts, Fridays tend to be the biggest volume day at around 28%, with the other days of the week averaging between 14% to 23%. But overall, this trading is very balanced each day.

So why do I go into that part? Really, what I think these numbers show is an entire ecosystem with balanced flow, balanced risk, balanced participation on the broker side, the market maker side and the customer side. And now I want to point out that this was intentional. This is what we set out to build when we went to build the ecosystem and the product tool kits and how they're all intertwined. And I think given our success, we really see little reason to upset it.

Operator

Your next question comes from the line of Dan Fannon of Jefferies.

Daniel Thomas Fannon

Jefferies LLC, Research Division

Jill, just wanted to follow up on all the guidance you gave. I appreciate the additional details, but just a few clarifications. So the \$100 million to \$120 million is the total expense saves, I guess, across everything that you've announced, including today. So I just want to confirm what's in the guidance for this year? And then what's remaining to still kind of be in guidance and/or be realized as we think about 2025 -- 2026, I'm sorry, into next year. Just want to clarify a few of the timing and also what's in guidance and what's not.

Jill M. Griebenow

Executive VP & CFO

You bet. So happy to walk through that. As mentioned, once all of the strategic realignment actions are fully implemented and realized, we expect the aggregate annualized benefit from an expense perspective to be in that \$100 million to \$120 million range. But as you rightly alluded to, there is going to be a timing component to this. So the way I would break it down is taking some of the midpoints of the figures that we shared today. So we did share that we expect to save approximately \$40 million to \$50 million in expenses once both the Canada and Australia transactions are fully complete and transitioned.

So taking that on an annualized basis, I would say, given that those haven't occurred and in my remarks earlier, none of that has been baked into our 2026 guidance -- or none of that has been -- savings has been built into the 2026 guidance. All of that expense remains to be realized at a later date.

Then if you take a look at the additional actions related to the strategic realignment that we did later on today, that piece is also expected to be \$40 million to \$50 million in annualized savings once everything is fully recognized. We do expect the majority of that to hit in 2026, but there will be a component that does extend into 2027. So as shared earlier, we expect the 2026 savings, from that, the additional strategic realignment efforts to be in that \$20 million to \$25 million range.

So then backing out the other, I would say, we do have about \$20 million then of the previously actioned strategic realignment pieces that have already been reflected in our 2026 guidance. So you're seeing that fully encompassed package reflected in the numbers that we came out with today in our revision.

Operator

Your next question comes from the line of Ben Budish of Barclays.

Benjamin Elliot Budish

Barclays Bank PLC, Research Division

Maybe one for Jill, just on capital priorities. It looks like there's -- you should have some proceeds coming in from the Australian and Canadian properties. Your net debt position is quite strong. I think your cash levels are maybe up double year-over-year. And there seems to be no limits to your ability to invest, I would think, at least organically in the business. So how should we think about use of cash, OpEx versus M&A versus CapEx? Just any color there as you're thinking through the impacts coming out of this realignment and anything else would be helpful.

Jill M. Griebenow

Executive VP & CFO

You bet. So again, we do generate a lot of free cash flow, especially given the record results that we continue to put up quarter after quarter. Balance sheet is in a phenomenal position. What I will say is we continue to be focused on organic investments. We've obviously taken quite a few actions and even announced more today on the strategic realignment front. But really, what that's doing is better positioning us for future focus areas. So I'll just hit on a couple of those that Craig mentioned earlier that we're really looking to lean into, whether they be financial and economic event market, tokenizing products, further extending our clearing services in Europe and the U.S., those are potential uses of the nice capital that we have available to us.

We're taking a look at everything opportunistically. You can expect share repurchases again, opportunistically as I've hit on. The quarterly dividend, we do have a history of increasing that during the third quarter. So we'll take another look at that. But effectively, really feel we're well positioned right now to be able to lean into some of these areas as the opportunities are emerging.

Operator

Your next question comes from the line of Ashish Sabadra of RBC Capital Markets.

Ashish Sabadra

RBC Capital Markets, Research Division

I just wanted to follow up on Brian's question. So the prediction markets have also launched these binary options on S&P 500. How does that change the competitive dynamic, particularly given you have the exclusive -- exclusivity for the SPX option? And then how are you thinking about pricing those event contracts going forward?

Craig Steven Donohue
CEO, President & Director

Thank you very much. I'll just comment briefly and then let Rob answer your question on pricing. We're certainly cognizant of some of the products that are being traded. And that's a topic that we are always in active discussions with our regulators on. It is clear that binary options that are based on a broad-based stock index are a securities-based products. And so that's an ongoing conversation that we're having. And I think we're very hopeful and optimistic that regulatory clarity ultimately will result in no impact to our licensed products.

Robert A. Hocking
Executive VP & Global Head of Derivatives

Yes. And on the pricing front, I think we're working very closely with the various retail broker platforms. We obviously have to look at what the clearing fee will be, the exchange fee, there's things like ORF regulatory fees that fall on to security options today that we'll have to take into account. And I think we're working through those now. The good news is we have a fair amount of flexibility in being competitive with pricing to various, I would say, event contracts that are out there today on other platforms. And even as I mentioned, ORF, and I know it's a fun topic for the industry. But even as we now look to potential ORF reforms coming in, in the summer, it now gives us the flexibility to, I would say, by exchange, be very targeted in how we charge some of these fees and how we try to deliver as much end value as we can to the customers.

So we haven't finalized the fee structure yet. We obviously will be very public with that when we do. The fees on the existing contracts, so XSP, those will be very much in line with the way fees are charged today. So we don't see a big change. We just see launching the binary vehicle has just an add-on to the existing XSP, Mini-SPX franchise. But when I'm more referring to the KPI style event contracts, those will be very new, how the risk transfer happens and how the pricing works on that, we'll be back with more details, but are working very close with all the industry participants to ensure the best chance and the best value add for the end user.

Ashish Sabadra
RBC Capital Markets, Research Division

That's very helpful color and congrats on such a strong result.

Operator

Your next question comes from the line of Michael Cyprys of Morgan Stanley.

Michael J. Cyprys
Morgan Stanley, Research Division

One of the areas of focus you mentioned is enhancing clearing capabilities. So I was hoping you could elaborate on how you might go about that and the opportunity set that you see there with clearing. And then more broadly, as the industry may shift over time toward more tokenized rail. So just curious how you see the economics evolving for clearing, but also settlement and execution in the tokenized world? Where is there scope for compression versus opportunities for new revenue pools and adjacencies?

Craig Steven Donohue
CEO, President & Director

Yes, I'll take that. We see tremendous benefits in expanding our clearing capabilities. We've got a very strong position with our European clearing house. We're expanding that to include securities finance transactions. That's been a new area of emerging growth for us that we're really excited about. But I think

your question really touches on the heart of what I think is very interesting for us, which is that, at least in the U.S., we're still a very nascent and small-scale player in clearing and settlement.

And I think as we look at tokenization and blockchain applications and atomic settlement, we view that as kind of where we're going in terms of opportunities for us to deploy those kinds of capabilities, especially in areas of emerging markets like cryptocurrency and other things. So that is sort of the thrust of what we're focused on in terms of growth from here and taking advantage of what we think is this melding that is going to keep happening between the traditional market infrastructure part of the market and the DeFi sort of emerging area.

Michael J. Cyprys

Morgan Stanley, Research Division

And just to that point around economics evolving, just any views on how you see economics evolving for clearing settlement execution and tokenized landscape?

Craig Steven Donohue

CEO, President & Director

I think that's something that has to wait until we get closer to developing those capabilities. But I think that it's clear that there is demand for that. We clearly see people using on-chain tokenization as a way to overcome the inherent limitations of traditional market infrastructure, particularly in the post-trade area. So there's value there to be created, but I can't comment on pricing and economics at the moment.

Operator

Your next question comes from the line of Simon Clinch of Rothschild & Co. Redburn.

Simon Alistair Vaughan Clinch

Rothschild & Co Redburn, Research Division

I was wondering if we could jump back to the event contract strategy you have. And Craig, I was wondering if you could think -- talk to us about how you see the size of the relative opportunities for just the prediction market opportunity on its own for Cboe and then sizing that against the opportunity of treating it as a funnel to fuel activity and growth within your traditional futures and options franchise.

Craig Steven Donohue

CEO, President & Director

Yes. Thank you very much. I really appreciate that question. And I think that you're right to think of that as a dual function of future growth for Cboe. And we've said that all along, which is as we've been moving from quarterly contracts and monthly contracts and weekly contracts and biweekly contracts to ODTE contracts. We see the event contracts at this point as actually really a stepping stone to basic options trading strategies, and Rob's talked about that. Rob and J.J., I think, have been super innovative in developing the sort of payout zone concept or the vertical spread concept.

I think it's really difficult to answer your question at this juncture, but it's really clear that there's a lot of emerging interest in decomposing equity securities and looking at different ways to offer investment ideas to people. So when you start to think about contracts that would effectively allow people to express an opinion about what the delta might be between actual earnings and expected earnings or people who are focused on how different sort of KPIs might drive earnings outcomes for companies, whether that's looking at Netflix subscriptions or Tesla car production or Meta ad revenues. I think these markets can be huge. And I think it's hard to give you sort of an aggregate sort of exactly how we're sizing the market right now. But if you just look at the size of the equity market, and then you start to contemplate breaking down more granularly, as I said, decomposing equity securities into all these different kind of event contracts, you can see that there can be an enormous multiplier effect well beyond what the equity market today would be.

So that's more conceptual than it is like an actual market sizing. But that goes back to my earlier comments on the call, which is, I think this is a huge new market segment. I think it's going to develop

over the next decade. There's tremendous opportunity there. We're super excited about it. I think we're probably best positioned to actually be the leader in those markets.

Operator

There are no further questions at this time. And with that, I will now turn the call over to the management team for closing remarks. Please go ahead.

Craig Steven Donohue
CEO, President & Director

I just want to say thank you for joining us. We are very excited here. This has been a tremendous amount of work to do over the course of the last year. Some of the things that we've had to do, of course, are quite difficult decisions to implement, but we are very focused on making Cboe incredibly strong and positioning us to take advantage of all these growth opportunities in the market. And I think today's changes that we've announced really further us in that regard. So thank you very much. We look forward to being with you next quarter.

Operator

Ladies and gentlemen, this concludes today's call. We thank you for participating. You may now disconnect your lines.

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