

Cboe Global Markets Completes Acquisition of BIDS Trading, the Largest Independent Block Trading ATS in the U.S.

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- Through ownership of BIDS Trading, Cboe gains a foothold in the off-exchange segment of the U.S. equities market
- BIDS Trading to operate as an independently managed trading venue separate from the Cboe U.S. securities exchanges
- Acquisition follows successful partnership between Cboe and BIDS Trading, which began in 2016 with the launch of Cboe LIS, now one of the largest block trading platforms in Europe
- Acquisition also provides opportunity for Cboe to expand its global footprint and diversify its product and service offerings in markets beyond U.S. equities and options

CHICAGO, Jan. 4, 2021 /PRNewswire/ -- Cboe Global Markets, Inc. (Cboe: CBOE), a market operator and global trading solutions provider, today announced it has completed its acquisition of BIDS Trading, a registered broker-dealer and the operator of the BIDS Alternative Trading System (ATS), the largest block-trading ATS by volume¹ in the U.S.

Through ownership of BIDS Trading, Cboe gains a competitive foothold in the off-exchange segment of the U.S. equities market, which now accounts for more than 40 percent of overall U.S. equities trading volume. The acquisition of BIDS Trading also provides Cboe with the opportunity to expand its global footprint and diversify its product and service offerings in markets beyond U.S. equities and options.

The acquisition follows Cboe and BIDS Trading's successful partnership in Europe, which began in 2016 with the creation of Cboe LIS for European equities block trading. Since its launch, Cboe LIS has grown to become one of the largest block trading platforms in Europe, accounting for approximately €240 million in average daily volume.

Cboe Global Markets Chairman, President and CEO Ed Tilly said: "Through our successful collaboration on Cboe LIS, Cboe and BIDS Trading have established a proven track record in delivering best-in-class block trading capabilities for European equities. We are excited to have Cboe's reach extend into the off-exchange segment of the U.S. equity markets through its ownership of BIDS Trading, and to broaden our ability to potentially expand into other asset classes and geographies as well. I am pleased to welcome the entire BIDS Trading team to Cboe."

Cboe will maintain the BIDS ATS as an independently managed and operated trading venue, separate from and not integrated with the Cboe U.S. securities exchanges. BIDS Trading Chief Executive Officer Tim Mahoney will remain in his current role and lead BIDS Trading as an independent business within Cboe Global Markets, reporting into an independent committee of the board of Cboe Global Markets.

BIDS Trading CEO Tim Mahoney said: "We have had a long and fruitful relationship with Cboe and have achieved remarkable success with Cboe LIS in Europe and we are excited by the additional opportunities and benefits that this acquisition could bring to BIDS Trading subscribers and sponsored users. We look forward to becoming a part of the Cboe Global Markets family and continuing to build on our history of successful innovation."

Terms of the deal were not disclosed, however the company noted that the purchase price is not material from a financial perspective. BIDS Trading generated approximately \$41 million in net revenue over the last 12 months ending September 30, 2020. Cboe also reiterated that it expects the acquisition of BIDS Trading to be immediately accretive to the company's earnings, contributing adjusted earnings per share of approximately \$0.05 - \$0.06 in 2021.

Legal advisors to Cboe Global Markets on the transaction were Davis Polk & Wardwell LLP and WilmerHale, and financial advisors were Goldman Sachs & Co. LLC and Centerview Partners LLC. Legal advisors to BIDS Trading were Morgan, Lewis & Bockius LLP and Willkie Farr & Gallagher LLP, with Broadhaven Securities, LLC serving as financial advisor.

For additional information on BIDS Trading, visit: <https://www.bidstrading.com/>.

About Cboe Global Markets, Inc.

Cboe Global Markets (Cboe: CBOE) provides cutting-edge trading and investment solutions to market participants around the world. The company is committed to defining markets through product innovation, leading edge technology and seamless trading solutions.

The company offers trading across a diverse range of products in multiple asset classes and geographies, including options, futures, U.S., Canadian and European equities, exchange-traded products (ETPs), global foreign exchange (FX) and volatility products based on the Cboe Volatility Index (VIX Index), recognized as the world's premier gauge of U.S. equity market volatility.

Cboe's subsidiaries include the largest options exchange and the third largest stock exchange operator in the U.S. In addition, the company operates one of the largest stock exchanges by value traded in Europe, and owns EuroCCP, a leading pan-European equities clearing house. Cboe also is a leading market globally for ETP listings and trading.

The company is headquartered in Chicago with a network of domestic and global offices across the Americas, Europe and Asia, including main hubs in New York, London, Kansas City and Amsterdam. For more information, visit www.cboe.com.

About BIDS Trading

BIDS Trading, L.P. is a registered broker-dealer and the operator of the BIDS Alternative Trading System (ATS), which was designed to bring counterparties together to anonymously trade large blocks of shares. Developed by a consortium of leading financial services firms, the BIDS ATS resolves the classic paradox of the block trader – the need to find legitimate trading counterparties without prematurely revealing trading intentions. The BIDS ATS is open to all qualifying broker-dealers and their institutional clients, subject to basic credit and regulatory requirements. For more information, visit www.bidstrading.com.

Media Contacts

Angela Tu

+1-646-856-8734

atu@cboe.com

Tim Cave

+44 (0) 7593-506-719

tcave@cboe.com

Analyst Contact

Debbie Koopman

+1-312-786-7136

koopman@cboe.com

CBOE-C
CBOE-E
CBOE-OE

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This press release includes accretion in our expected adjusted EPS, a non-GAAP financial measure, that excludes certain items we do not consider reflective of our cash operations and core business performance. In particular, expected adjusted EPS accretion for the BIDS Trading acquisition for the twelve months ended December 31, 2021 is adjusted to deduct approximately \$5 million pre-tax in estimated amortization of intangibles. We believe that the presentation of this non-GAAP measure provides investors with greater transparency and supplemental data relating to our financial condition and results of operations. This adjusted non-GAAP measure should be considered in context with our GAAP results.

Specific quantifications of the amounts that would be required to reconcile expected accretion in adjusted EPS to the most comparable GAAP metric are not available. The company believes that there is uncertainty and unpredictability with respect to the most comparable GAAP measure, which preclude the company from providing an accurate reconciliation. The company believes that providing estimates of the amounts that would be required to reconcile the adjusted EPS would imply a degree of precision that would be confusing or misleading to investors for the reasons identified above.

Cautionary Statements Regarding Forward-Looking Information

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve a number of risks and uncertainties. You can identify these statements by forward-looking words such as "may," "might," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential" or "continue," and the negative of these terms and other comparable terminology. All statements that reflect our expectations, assumptions or projections about the future other than statements of historical fact are forward-looking statements. These forward-looking statements, which are subject to known and unknown risks, uncertainties and assumptions about us, may include projections of our future financial performance based on our growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from those expressed or implied by the forward-looking statements.

We operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible to predict all risks and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Some factors that could cause actual results to differ include: the impact of the novel coronavirus ("COVID-19") pandemic, including changes to trading behavior broadly in the market; the loss of our right to exclusively list and trade certain index options and futures products; economic, political and market conditions; compliance with legal and regulatory obligations; price competition and consolidation in our industry; decreases in trading or clearing volumes, market data fees or a shift in the mix of products traded on our exchanges; legislative or regulatory changes; our ability to protect our systems and communication networks from security risks, cybersecurity risks, insider threats and unauthorized disclosure of confidential information; increasing competition by foreign and domestic entities; our dependence on and exposure to risk from third parties; fluctuations to currency exchange rates; our index providers' ability to maintain the quality and integrity of their indexes and to perform under our agreements; our ability to operate our business without violating the intellectual property rights of others and the costs associated with protecting our intellectual property rights; our ability to attract and retain skilled management and other personnel; our ability to minimize the risks, including our credit and default risks, associated with operating a European clearinghouse; our ability to accommodate trading volume and transaction traffic, including significant increases, without failure or degradation of performance of our systems; misconduct by those who use our markets or our products; challenges to our use of open source software code; our ability to meet our compliance obligations, including managing potential conflicts between our regulatory responsibilities and our for-profit status; damage to our reputation; the ability of our compliance and risk management methods to effectively monitor and manage our risks; our ability to manage our growth and strategic acquisitions or alliances effectively; restrictions imposed by our debt obligations; our ability to maintain an investment grade credit rating; impairment of our goodwill, long-lived assets, investments or intangible assets; and the accuracy of our estimates and expectations. More detailed information about factors that may affect our actual results to differ may be found in our filings with the SEC, including in our Annual Report on Form 10-K for the year ended December 31, 2019 and other filings made from time to time with the SEC.

We do not undertake, and we expressly disclaim, any duty to update any forward-looking statement whether as a result of new information, future events or otherwise, except as required by law. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

¹ *A block is defined as 10,000+ shares; Source: FINRA, please see FINRA website for complete data.*

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