

# Cboe Global Markets Agrees to Acquire Chi-X Asia Pacific, Expanding Global Footprint into Australia and Japan

Mar 24, 2021



- Planned transaction provides Cboe with a single point of entry into Australia and Japan, two of the world's largest securities markets
- Ownership of Chi-X Asia Pacific helps enable Cboe to expand its global equities business, including bringing industry-leading block platform, BIDS Trading, to the Asia Pacific region
- Transaction positions Cboe to further execute on its strategy to build one of the world's largest global equities and derivatives trading networks, expanding its global market data offering and access to its proprietary products
- Deal is expected to close in the second or third quarter of 2021, pending regulatory review

CHICAGO, March 24, 2021 /PRNewswire/ -- Cboe Global Markets, Inc. (Cboe: CBOE), a market operator and global trading solutions provider, today announced it has entered into a definitive agreement to acquire Chi-X Asia Pacific Holdings, Ltd. (Chi-X Asia Pacific), an alternative market operator and provider of innovative market solutions, from J.C. Flowers & Co. LLC. This acquisition will provide Cboe with a single point of entry into two key capital markets – Australia and Japan – to help enable it to expand its global equities business into Asia Pacific, bring other products and services to the region, and further expand access to its unique proprietary product suite in the region. The transaction is expected to close in the second or third quarter of 2021, subject to regulatory review and other customary closing conditions.

Ed Tilly, Chairman, President and CEO at Cboe Global Markets, said: "With the planned acquisition of Chi-X Asia Pacific, we continue to execute on our growth strategy by broadening our geographic and asset class presence, while enabling the further extension of our product offerings to our global network of customers. This is an exciting investment in attractive, growing markets that will complement our North American and European operations and provide a foothold in the key Asia Pacific region, positioning us to become a truly global marketplace for our customers. In a short number of years, the Chi-X Asia Pacific team has built their business into one of the largest market operators in Asia Pacific. We look forward to working with them to accelerate the company's further growth, building on our shared cultures of innovation and customer-first approach as we aim to bring greater choice to investors in Asia Pacific."

Chi-X Asia Pacific is one of the most successful alternative market operators in Asia Pacific, with core operations in Australia and Japan. Chi-X Australia (CXA), the country's second largest securities exchange achieving an 18.4 percent total market share[1], offers trading in all Australian-listed securities, as well as the exclusive trading of CXA quoted warrants and ETFs. Chi-X Japan (CXJ), a leading proprietary trading system for Japanese equities and third largest equities venue in the country with a 2.7 percent lit market share[2], offers four trading books including both displayed and non-displayed mechanisms.

David Howson, currently President of Cboe's European operations will lead the company's business expansion into the region and has been promoted to President, Europe and Asia Pacific. Mr. Howson will work closely with the global Cboe team and with the Chi-X Asia Pacific local management teams led by Vic Jokovic, Chief Executive Officer at Chi-X Australia and Toru Irokawa, Representative Director and President at Chi-X Japan, who will continue to lead their businesses.

Cboe plans to leverage Chi-X Asia Pacific's expansive presence in Asia Pacific and bring to the region BIDS Trading's industry-leading block trading capabilities. With BIDS' current network covering major North American and European equities markets, the addition of Asia Pacific equities is expected to create a global block trading platform to serve a broader base of customers. Cboe also expects to enhance investor access to other products and services. In particular, Chi-X Asia Pacific is expected to provide an expanded distribution network enabling Cboe to further offer its unique proprietary products to clients in Australia and Japan.

This deal also creates an opportunity for Cboe to become the global leader in equities market data, offering comprehensive data from most major markets around the world including the U.S., Canada, Australia, Japan and 15 European countries.

The planned acquisition builds on Cboe's newly created Data and Access Solutions business, which combines Cboe Information Solutions with its global market data and access services into one holistic offering, enabling customers around the world greater access to all of Cboe's expanded data and analytics capabilities through a unified offering.

Mr. Jokovic said: "Over the past decade, Chi-X Australia has built an enviable reputation as an innovative market operator with superior market expertise, customer service and a pioneering spirit that strongly aligns with Cboe's legacy of product and market innovation. We are excited to draw upon Cboe's core strengths as a leading global exchange operator to further enhance the competitive landscape in the Australian markets with new innovation and market solutions to better meet customer needs."

Mr. Irokawa said: "Chi-X Japan is currently the only broker-neutral proprietary trading system in Japan, and remains committed to delivering best execution and significant cost-savings for both retail and institutional investors through our superior services and rich set of trading solutions. With Cboe's investment in Chi-X Japan, we look forward to enhancing our capabilities and bringing vital competition to help strengthen the efficiency and resiliency of the entire Japanese equities market."

Australia is the world's 9<sup>th</sup> largest global economy, representing approximately \$2.2 trillion in market capitalization and averaging 4.6 billion shares traded a day in its equities market[3]. Japan ranks as the 4<sup>th</sup> largest global economy, representing \$6.2 trillion in market capitalization with over \$5.1 trillion total value traded annually in its equities market[4].

Cboe plans to fund the transaction with cash on hand, supplemented by existing credit agreements, if needed. The transaction is expected to close in the second or third quarter of 2021, subject to regulatory review and other customary closing conditions. Terms of the deal were not disclosed, however the company noted that the purchase price is not material from a financial perspective and is expected to be nominally accretive to the company's adjusted earnings in 2021. Chi-X Asia Pacific generated approximately \$26 million in net revenue for the twelve months ended December 31, 2020, reflecting a 26 percent growth rate compared to the prior year, with non-transactional revenue comprising 67 percent of the overall net revenue. For additional background information on Chi-X Asia Pacific, see the slide deck available under events and presentations on Cboe's Investor Relations website at <http://ir.cboe.com/events-and-presentations>.

Legal advisors to Cboe Global Markets on the transaction are Sidley Austin LLP (U.S. and Hong Kong), King & Wood Mallesons (Australia), Nagashima Ohno & Tsunematsu (Japan) and SyCip Salazar Hernandez & Gatmaitan (Philippines), with BofA Securities serving as financial advisor.

### **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](http://www.cboe.com).

### **About Chi-X Asia Pacific Holdings, Ltd.**

Chi-X Asia Pacific Holdings, Ltd. ("Chi-X Asia Pacific") is a leader in driving marketplace innovation across the Asia-Pacific region. For over a decade the business has been operating trading venues and generating pioneering products and services for the benefit of financial markets and the global trading community. The company believes that modern competition from technology-driven markets increases overall market volumes and improves investor performance, providing benefits to all participants. As an alternative market operator, Chi-X Asia Pacific operates market centers two of the Asia-Pacific region's key securities trading centers in Australia and Japan, while its Chi-Tech™ technology services units provide technology to its business.

Chi-X Asia Pacific was acquired from its former global parent in 2016 by funds advised by JC Flowers & Co. LLC and has grown rapidly in the ensuing years. Chi-X Australia, as the second largest securities exchange in Australia, is transforming the Australian investment market through its focus on customers and innovation. Chi-X Australia delivers easy, cost-effective access to local and global investment opportunities, including a full suite of services for exchange traded investment products and cash equities as well as an investment products platform including Warrants, Indices (CXA 200), innovative Transferable Custody Receipts and ETFs/QMFs. Chi-X Japan, as a leading proprietary trading system in Japan, operates four equity trading venues, including both lit and dark, to provide solutions to evolving needs of market participants and provide members and investors with better trading opportunities at lower cost under highly transparent rules. Chi-Tech provides the trading technology platform and support services that keep the Chi-X Asia Pacific market centers at the forefront of the industry in performance and reliability.

The company maintains offices in Sydney, Tokyo, Hong Kong, and Manila. For more information, visit [www.chi-x.com](http://www.chi-x.com).

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### 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 satisfaction of the conditions precedent to the consummation of the proposed transaction, including, without limitation, the receipt of regulatory approvals on the terms desired or anticipated; 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 indices 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 and clearing 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 or for whom we clear transactions; 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; our ability to maintain BIDS Trading as an independently managed and operated trading venue, separate from and not integrated with our registered national securities exchanges; 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 and our ability to make payments on or refinance 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, 2020 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.

<sup>1</sup> Source: Australian Securities and Investments Commission equity market data. Based on average daily value traded 2021 YTD through February

<sup>2</sup> Based on lit market volume 2021 YTD through February

<sup>3</sup> Source: Chi-X Asia Pacific

<sup>4</sup> World Federation of Exchanges, as of year-end 2019

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