

# Cboe Agrees to Acquire ErisX, Entering Digital Asset Space with Spot, Derivatives and Clearing Platform

Oct 20, 2021



- Ownership of ErisX provides Cboe with entry to digital asset spot and derivatives markets, including clearing and settlement
- Cboe plans Digital Advisory Committee of industry participants to develop industry standard-setting platform
- Opportunity to build comprehensive digital asset market data offering, create indices and explore further derivatives products
- Deal is expected to close in the first half of 2022, pending regulatory approvals

CHICAGO, Oct. 20, 2021 /PRNewswire/ -- Cboe Global Markets, Inc. (Cboe: CBOE), a leading provider of global market infrastructure and tradable products, announced it has entered into a definitive agreement to acquire Eris Digital Holdings, LLC (ErisX). ErisX operates a U.S. based digital asset spot market, a regulated futures exchange and a regulated clearing house. Ownership of ErisX presents a unique opportunity for Cboe to enter the digital asset spot and derivatives marketplaces through a digital-first platform developed with industry partners to focus on robust regulatory compliance, data and transparency.

Founded in 2018, ErisX was designed and built with regulatory compliance and operational integrity at the fore. Its spot and futures exchanges utilize high-performance infrastructure and real-time market surveillance. Its real-time clearing system is designed to address settlement risk while collateral management helps to allow seamless movement of collateral between spot and futures accounts.

ErisX is built to mitigate common industry pain points and grow the digital asset market to a global scale. Despite the fact that 7 in 10 institutional investors expect to have digital assets be part of their portfolios in the future,<sup>1</sup> a lack of globally consistent regulation and a dearth of sufficiently robust exchange and clearing infrastructure remain major barriers to entry. As a global market infrastructure provider, Cboe is uniquely positioned to offer a digital asset marketplace focused on regulatory compliance and transparency to help institutions embrace the digital asset class and offer digital asset trading to their clients.

Cboe plans to operate the digital asset business as Cboe Digital. The company also has secured the support of a broad range of market participants, including well-established retail brokers, crypto-leading firms and sell-side banks, who are expected to form a Digital Advisory Committee tasked with advising Cboe on the ongoing development of the Eris spot and derivatives markets. As members of the Digital Advisory Committee, DRW, Fidelity Digital Assets, Galaxy Digital, Interactive Brokers, NYDIG, Paxos, Robinhood, Virtu Financial and Webull are committed to ongoing engagement with Cboe Digital markets. Certain members of the Digital Advisory Committee listed above also intend to acquire minority ownership interests in Cboe Digital and to serve as partners in the growth of the business. Cboe Digital will leverage the engagement and collaboration with these market participants to continue to operate ErisX as a resilient, trusted and transparent digital asset venue.

Ed Tilly, Chairman, President and CEO of Cboe Global Markets, said: "We believe our acquisition of ErisX, coupled with broad industry participation and support, will help us bring the regulatory framework, transparency, infrastructure and data solutions of traditional markets to the digital asset space. ErisX has shown an unwavering commitment to improving spot and derivatives crypto trading, and I am confident that together we can not only meet the growing demand for institutional and retail trading solutions but also push the boundaries of digital asset innovation and unlock its next phase of growth."

Thomas Chippas, CEO of ErisX, said: "Derivatives are an essential component of a scaled digital marketplace, and Cboe, as one of the world's largest derivatives exchange operators, has the global customer network, international operations and innovative vision to not only grow ErisX, but the entire digital asset space. With Cboe's support and network of industry partners, ErisX will enable new and established firms to compliantly and confidently offer cryptocurrency spot and derivative products to their clients, making our transparent and trusted digital asset market the destination of choice for any market participant offering crypto spot or derivative trading services now and in the future."

Cboe plans to use its real-time, risk and derived data expertise and global network to provide a transparent view into digital asset markets and trade execution. Leveraging digital asset data from ErisX and Cboe's existing index calculation capabilities, Cboe Digital intends to develop and distribute digital asset indices for potential use in ETP creation and other derivative product opportunities.

Cboe also plans to leverage the Digital Advisory Committee to provide input and guidance on the development of a robust market data offering based fundamentally on actionable bid and offer prices from the ErisX spot crypto market. This market data offering is expected to be modeled after established best execution practices in other asset classes, ultimately intending to develop a benchmark to help Cboe Digital's industry partners and other market participants evaluate the appropriateness of crypto execution prices.

Don Wilson, Founder and CEO of DRW, said: "We founded ErisX with the vision of creating a transparent, well-regulated market for cryptocurrencies and cryptocurrency derivatives in order to facilitate adoption by traditional financial institutions. Cboe's acquisition of ErisX and creation of Cboe Digital with a group of institutional partners will accelerate this vision. I want to congratulate the ErisX team on this exciting milestone, and we look forward to continued collaboration on this project."

Doug Cifu, Co-Founder and CEO of Virtu Financial, said: "As a global market maker and execution services provider, we have first-hand experience with how Cboe's technological expertise and operational excellence can enhance markets. Cboe's entry into the digital asset space leverages its impressive track record of bringing competitive technology and innovative solutions to regulated markets."

Robert Gutmann, Co-founder and CEO of NYDIG, said: "NYDIG is proud to partner with Cboe and ErisX. Cboe has been at the forefront of financial innovation since its inception. By teaming up with ErisX, one of the most trusted platforms in the digital asset space, Cboe is once again showing it is committed to creating the future of finance. We share Cboe and ErisX's vision of building an even more robust global marketplace for bitcoin spot and derivatives trading."

Tom Jessop, President of Fidelity Digital Assets said, "The Cboe-ErisX combination represents an attractive opportunity to collaborate with a global exchange operator who can bring increased regulatory proficiency, resilient technology and product expertise to digital asset markets. We look forward to collaborating with Cboe Digital."

Damien Vanderwilt, Co-President and Head of Global Markets of Galaxy Digital (TSX: GLXY), said: "As a leading financial services and investment management innovator in the digital asset, cryptocurrency, and blockchain technology sectors, Galaxy Digital is proud to partner with Cboe to enhance both our spot and derivatives execution capabilities, as well as our ability to provide deep liquidity to our institutional clients, supporting our mission to institutionalize digital asset markets. As with traditional financial market dynamics, the digital assets ecosystem critically needs scalable, well-governed, and unconflicted venues to promote reliable price discovery and capital exchange."

Matthew McDermott, Global Head of Digital Assets at Goldman Sachs, also noted support, saying: "This is an exciting development for institutional adoption of cryptocurrencies, and we look forward to finding ways to work closely with the newly created group, Cboe Digital."

Chris Isaacson, Executive Vice President and Chief Operating Officer of Cboe, said: "Cboe's entry into the digital asset space is directly consistent with our purpose to operate trusted, inclusive global markets that enable participants to define a sustainable financial future. With ErisX, in a single step, Cboe is able to enter the digital asset spot, data, derivatives, and clearing ecosystem. Now is the right time to fully embrace and help define this emerging asset class, and Thomas along with the ErisX management team of finance and technology veterans, are the right team to help us bring the benefits, structure and transparency of our trusted markets to the digital asset space."

ErisX's futures exchange and clearing house are regulated by the CFTC, and ErisX's clearing house is registered with FinCEN and licensed in many U.S. states and territories. ErisX runs a recognized and tested market surveillance program inclusive of trade practice surveillance and real-time surveillance with 24x7 capability and systems.

ErisX's infrastructure was built from the ground up to exceed traditional capital markets standards of performance and reliability, and its functionality includes a centralized limit order book, block trading and a low latency, high reliability design – all on a single technology platform accessible via FIX, REST, websocket and third-party ISVs. ErisX's integrated product suite includes multiple digital currencies, stablecoins, physically delivered Bitcoin and Ether futures, and cash-settled futures.

The transaction, which Cboe plans to fund with a combination of cash on hand and increased debt, is expected to close in the first half of 2022, subject to regulatory approvals 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. The industry partners Cboe brings to the ErisX ecosystem provide unmatched expertise for an expansive institutional and retail customer base. By running a front-to-back, purpose-built, regulatory-compliant platform, Cboe plans to offer the purest access to trading, clearing and data that exists in the spot and derivative digital asset marketplaces today. ErisX is positioned to be a long-term leader as regulation is expected to play an increasingly prominent role in digital assets, and following the closing, Cboe plans to make the early investments necessary to help maximize revenue growth potential over the medium and long term. Cboe anticipates ErisX will reach EBITDA profitability within two to three years after closing the deal, benefiting from a diversified stream of revenue drivers.

**About Cboe Global Markets, Inc.**

Cboe Global Markets (Cboe: CBOE), a leading provider of market infrastructure and tradable products, delivers cutting-edge trading, clearing and investment solutions to market participants around the world. The company is committed to operating a trusted, inclusive global marketplace, providing leading products, technology and data solutions that enable participants to define a sustainable financial future. Cboe provides trading solutions and products in multiple asset classes, including equities, derivatives and FX, across North America, Europe and Asia Pacific. To learn more, visit [www.cboe.com](http://www.cboe.com).

## **About ErisX**

ErisX Futures are offered through Eris Exchange, LLC, a Commodity Futures Trading Commission (CFTC) registered Designated Contract Market (DCM) and Eris Clearing, LLC, a registered Derivatives Clearing Organization (DCO). The CFTC does not have regulatory oversight authority over virtual currency products including spot market trading of virtual currencies. ErisX Spot Market is not licensed, approved or registered with the CFTC and transactions on the ErisX Spot Market are not subject to CFTC rules, regulations or regulatory oversight. ErisX Spot Market is offered through Eris Clearing, LLC, which is licensed to engage in virtual currency business activity by the New York State Department of Financial Services and holds licenses in other U.S. states and territories. <https://www.Erisx.com/disclaimer/>

ErisX offers individuals and institutions a single, innovative platform to access crypto spot and futures markets. By combining professional tools, advanced technology, sophisticated regulatory oversight, and a diverse product set, ErisX offers compliant, capital markets friendly workflows to digital market participants. Backed by some of the world's largest trading firms and financial institutions, ErisX brings transparency and reliability to the digital asset class. ErisX, Eris Exchange, and the ErisX and Eris Exchange logos are trademarks of the Eris Exchange group of companies.

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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: 2021 Institutional Investor Digital Asset Study, Fidelity Digital Assets

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