

# Cboe Global Markets Agrees to Acquire NEO, Strengthening Global Equities Offering

Nov 15, 2021



- Planned transaction builds on Cboe's footprint in North America, adding a registered Canadian securities exchange with diverse product set
- Next step in Cboe's pursuit to build one of the world's largest global securities and derivatives trading networks to service diverse customer needs
- Deal is expected to close in the first half of 2022, pending regulatory review

CHICAGO, Nov. 15, 2021 /PRNewswire/ -- Cboe Global Markets, Inc. (Cboe: CBOE), a leading provider of global market infrastructure and tradable products, today announced it has entered into a definitive agreement to acquire Aequitas Innovations, Inc., more commonly known as NEO<sup>1</sup>, a fintech organization that comprises of a fully registered Tier-1 Canadian securities exchange with a diverse product and services set ranging from corporate listings to cash equity trading.

Ownership of NEO will help allow Cboe to provide a more fulsome Canadian equities offering, operating the NEO Exchange, a national securities exchange with trading, listings and other services, in addition to MATCHNow, the alternative trading system (ATS) acquired by Cboe in 2020. This strengthened offering is expected to drive more trading activity on Cboe markets and improve efficiencies and opportunities for investors and capital-raisers in both Canada and the U.S.

Fully operational since 2015, the NEO Exchange is a Toronto-based Canadian stock exchange operator with business lines across listings, trading and market data. Its sister company, NEO Connect, provides a distribution platform supporting mutual funds, private funds and private corporates. With ownership of the MATCHNow and NEO businesses, Cboe will be able to provide a comprehensive equities platform for the Canadian markets with over 16.5% combined market share expected at close<sup>2</sup>, market data feeds, access services, listings and distribution services for non-listed securities.

Ed Tilly, Chairman, President and CEO of Cboe Global Markets, said: "Adding NEO to the Cboe network better enables us to create a first-class equities offering in Canada, bolstering our global markets in North America, Europe and Asia Pacific, and bringing us one step closer to our vision of building one of the world's largest global derivatives and securities trading networks. With MATCHNow and NEO, Cboe can achieve scale in Canada, creating efficiencies for our combined customers with familiar technology and consistent market models. I look forward to working with the entire NEO team, whose innovative spirit, customer-first approach and drive for change will not only help us grow the NEO business, but also bring greater choice to market participants in Canada and across the globe."

NEO has built a unique and exciting corporate listings offering for Canadian companies focused on the innovation economy. With NEO, Cboe plans to evaluate a potential expansion of its successful listings business into other geographies as it explores opportunities to power the success of these Canadian companies internationally through global capital raising opportunities.

Jos Schmitt, President and CEO of NEO, said: "We are excited to draw upon Cboe's core strengths as a leading global market infrastructure provider to further develop innovative solutions that meet the needs of investors and capital-raisers around the world. Our commitment to innovation, fairness and putting investors and capital-raisers first will not only continue under Cboe's ownership, but now benefit from the strength and support of Cboe's technology, market expertise and global client distribution."

Cboe has a proven track record in integrating and growing acquisitions. It plans to support NEO's growth, and deploy NEO's innovative market models, solutions and industry expertise to serve Canadian equity markets and global investors and issuers. The transaction reflects Cboe's broader growth strategy, which includes targeting acquisitions that have the potential to accelerate its geographic and asset class presence, while deepening its customer reach.

NEO operates a next generation stock exchange, the NEO Exchange, focused on fairness, liquidity, transparency and efficiency that brings together investors and capital-raisers, serving as a central force driving the Canadian capital markets forward. As the second most active stock exchange in Canada, the NEO Exchange provides three market models: NEO-L, a make-take model, NEO-N, an inverted model, and NEO-D, a darkpool. It also offers a robust corporate, exchange traded product (ETP) and Canadian Depository Receipt (CDR) listings business and real-time market data services. NEO also operates a distribution platform for unlisted securities, NEO Connect, and an automated workflow supporting private placements via DealSquare, a NEO Connect partner.

The transaction, which Cboe plans to fund with cash on hand, supplemented by increased debt, if needed, is expected to close in the first half of 2022, 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 expects it to be nominally accretive.

Legal advisors to Cboe Global Markets on the transaction are Blake, Cassels & Graydon LLP, with TD Securities, Inc. serving as financial advisor.

#### **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 NEO**

NEO is a bold and disruptive capital markets fintech company designed for and led by the industry to enable change for the better. NEO consists of the NEO Exchange, Canada's Tier 1 stock exchange for the innovation economy that brings together investors and capital raisers within a fair, efficient, and service-oriented environment; and NEO Connect, a multi-asset distribution platform supporting mutual funds, private funds, and private placements for corporates.

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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 or changes in tax regimes; 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; factors that impact the quality and integrity of our indices; 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>*Neo is the aggregate business name for Aequitas Innovations, Neo Exchange and Neo Connect*

<sup>2</sup>*Source: Investment Industry Regulatory Organization of Canada (IIROC) reports of market share by marketplace through September 30, 2021.*

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