

Cboe Global Markets Finalizes Investor Partners for Cboe Digital Business

Nov 29, 2022



- Cboe Digital and its partners committed to bringing trusted, transparent, regulatory-first approach to digital assets
- Investor partners to receive equity minority ownership stake, committed to development of Cboe Digital
- Aim to leverage Cboe's experience as a global market operator and expertise of partner firms to create foundation for Cboe Digital that will help it play a role in evolving digital asset ecosystem globally

CHICAGO, Nov. 29, 2022 /PRNewswire/ -- Cboe Global Markets, Inc. (Cboe: CBOE), a leading provider of global market infrastructure and tradable products, announced it has completed the syndication of minority equity interests with a group of thirteen firms becoming investor partners in the Cboe Digital business.

The investors represent a broad and diverse range of market participants, including leading retail and institutional intermediaries, liquidity providers and brokers, including B2C2, DRW, Galaxy Digital, GSR, Hidden Road, IMC, Interactive Brokers, Jane Street, Jump Crypto, Robinhood, Susquehanna International Group, tastyworks and Virtu Financial. Through their equity ownership, each firm will directly benefit from the growth of Cboe Digital and close strategic and commercial alignment. The group of investor partners join a roster of commercial partner firms supporting the Cboe Digital business.

"We are pleased to have this group of investor partners joining us as equity owners of Cboe Digital, with many of them already fully onboarded to the Cboe Digital platform and the remainder expected to be completed in the coming months," said John Palmer, President of Cboe Digital. "Each of these partners share Cboe's deep commitment to bringing a trusted, regulatory-first approach to the digital asset space. The time is right for the Cboe Digital model in the digital asset space, and we look forward to leveraging the combined expertise of these firms as we work together to grow, shape and define this asset class to benefit market participants across the globe."

"Cboe Digital's foundation is based on the core tenets of a trusted financial exchange – transparency, regulatory oversight, and customer protection – underpinned by responsible innovation and the value of an intermediary-driven model," said John Deters, Chief Strategy Officer, Cboe Global Markets. "Together with our partner firms, we will look to explore opportunities across digitization, including discovering new areas of tradable products specific to managing digital asset risk, building new digital technology in a safe and compliant way, and helping craft the future of digital assets with proven market expertise and regulatory experience, which we believe will help the space mature and ultimately grow."

Additionally, as part of its operation of the Cboe Digital business, Cboe plans to form a Digital Advisory Committee comprised of a cross-section of investor and commercial partner firms. The committee will be tasked with advising Cboe on the ongoing development of the Cboe Digital spot and derivatives markets, and more broadly, the digital asset space. Cboe plans to leverage the engagement and collaboration with these market participants to help accelerate growth of Cboe Digital as a resilient, trusted and transparent digital asset venue.

Cboe Digital (formerly ErisX) operates a spot market, derivatives market and clearing platform, and has plans to develop and distribute a range of digital asset data products, subject to regulatory approval. Using market data based fundamentally on actionable bid and offer prices from the spot crypto market, Cboe Digital plans to develop a benchmark data stream to help market participants evaluate the appropriateness of crypto execution prices.

Cboe Digital is committed to providing a digital asset market rooted in the exchange principles of transparency and regulatory compliance, supported by a network of intermediaries, providing client-driven solutions that help institutions fully embrace this emerging asset class. Digital assets are globally recognized and are expected to continue to benefit from a regulated derivatives market and central clearing to help mitigate counterparty risk – providing more efficient price formation, additional hedging tools, enhanced transparency, and deeper liquidity. Cboe believes meeting the demand for trading digital assets with the advantages of exchange trading is beneficial for all investors, and intermediaries have a key role to play in the ongoing development of Cboe Digital spot and derivatives markets.

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, FX, and digital assets, across North America, Europe and Asia Pacific. To learn more, visit www.cboe.com.

About Cboe Digital

Cboe Digital 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, Cboe Digital offers compliant, capital markets friendly workflows to digital market participants. Backed by some of the world's largest trading firms and financial institutions, Cboe Digital brings transparency and reliability to the digital asset class.

Cboe Digital Futures are offered through Cboe Digital Exchange, LLC, a Commodity Futures Trading Commission (CFTC) registered Designated Contract Market (DCM) and Cboe Clear Digital, 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. Cboe Digital's Spot Market is not licensed, approved or registered with the CFTC and transactions on the Cboe Digital Spot Market are not subject to CFTC rules, regulations or regulatory oversight. Cboe Digital Spot Market may be subject to certain state licensing requirements and operates in NY pursuant to Cboe Clear Digital license to engage in virtual currency business activity by the New York State Department of Financial Services. Cboe Digital and the Cboe Digital logo are trademarks of the Cboe Global Markets Group of companies. To learn more, visit www.cboedigital.com.

Cboe Media Contacts

Angela Tu

+1-646-856-8734

atu@cboe.com

Jessica Darmoni

+1-312-756-8716

jdarmoni@cboe.com

Cboe Analyst Contact

Kenneth Hill, CFA

+1-312-786-7559

khill@cboe.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 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; our ability to attract and retain skilled management and other personnel, including compensation inflation; 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; the impact of the novel coronavirus ("COVID-19") pandemic; 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 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; the accuracy of our estimates and expectations; litigation risks and other liabilities; and operating a digital asset business and clearinghouse, including the expected benefits of our ErisX acquisition, subsequently rebranded to Cboe Digital, cybercrime, changes in digital asset regulation, losses due to digital asset custody, and fluctuations in digital asset prices. 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, 2021 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.

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