

CME Group 4Q17 Earnings Call Introduction

John Peschier

Good morning, and thank you for joining us. I am going to start with the safe harbor language. Then I will turn it over to Terry for brief remarks, followed by questions. Other members of our management team will also participate in the Q&A.

Statements made on this call – and in the slides on our website – that are not historical facts, are forward-looking statements. These statements are not guarantees of future performance. They involve risks, uncertainties and assumptions that are difficult to predict.

Therefore, actual outcomes and results may differ materially from what is expressed or implied in any statements. More detailed information about factors that may affect our performance can be found in our filings with the SEC, which are on our website.

Also, on the last page of the earnings release, you will find a reconciliation between GAAP and non-GAAP measures.

With that, I would like to turn the call over to Terry.

Terry Duffy

- ◆ Thank you for joining us this morning. We appreciate your interest in CME Group.
- ◆ 2017 was certainly an unusual year. Virtually every asset class experienced reduced volatility. So, throughout the year, we focused on the areas we could control.

That included:

- adding new products,
- operating all of our markets in the most efficient manner,
- and expanding our global customer base.

We were aggressive in optimizing our operations. As you know:

- ◆ We sold investments we had in other exchanges.
- ◆ We wound down our European exchange and clearing house.
- ◆ We announced the exit of our CDS clearing business.
- ◆ And we focused on making investments in new product launches as well as our market data, audit and derived data functions.

Focusing on increasing the efficiency of our organization has resulted in another successful year of reducing our total controllable costs while continuing to invest for the future.

- ◆ We also continued to evolve our sales strategy to help generate additional business and acquire new customers. Specific global sales campaigns were developed across every product area. We measured that success by tracking additional metrics. These efforts drove non-U.S. average daily volume up 10% for the year. This was achieved despite difficult comparables from the election year of 2016. Also, we had 11% growth in our options franchise, driven by increased trading on Globex.
- ◆ During 2017, we reached all-time highs in total open interest along with records for the number of large open interest holders in several asset classes. This bodes well, as market volatility normalizes.
- ◆ As we begin 2018, we saw all six product areas post solid growth in January as we continue to execute on our strategy. We also have seen open interest levels rise as our global clients are actively managing risk. These two measurements are extremely encouraging as we begin the year.
- ◆ With that, we'd like to open up the call for your questions. Given the number of analysts who cover us, we ask that you start off with one question so we can get to everyone.

If you have additional questions, feel free to jump back into the queue. Thanks.