

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2023

- OR -

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number 001-31553

CME GROUP INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

20 South Wacker Drive
(Address of principal executive offices)

Chicago Illinois

(312) 930-1000

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

36-4459170
(I.R.S. Employer
Identification No.)

60606
(Zip Code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading symbol</u>	<u>Name of each exchange on which registered</u>
Class A Common Stock	CME	The Nasdaq Stock Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The number of shares outstanding of each of the registrant's classes of common stock as of July 12, 2023 was as follows: 359,746,203 shares of Class A common stock, \$0.01 par value; 625 shares of Class B-1 common stock, \$0.01 par value; 813 shares of Class B-2 common stock, \$0.01 par value; 1,287 shares of Class B-3 common stock, \$0.01 par value; and 413 shares of Class B-4 common stock, \$0.01 par value.

CME GROUP INC.
FORM 10-Q
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PART I. FINANCIAL INFORMATION

Certain Terms

All references to “options” or “options contracts” in the text of this document refer to options on futures contracts.

Further information about CME Group and its products can be found at <http://www.cmegroup.com>. Information made available on our website does not constitute a part of this Quarterly Report on Form 10-Q.

Information about Contract Volume and Average Rate per Contract

All amounts regarding contract volume and average rate per contract are for CME Group's listed futures and options on futures contracts unless otherwise noted.

Trademark Information

CME Group, the Globe logo, CME, Chicago Mercantile Exchange, Globex, and E-mini are trademarks of Chicago Mercantile Exchange Inc. CBOT and Chicago Board of Trade are trademarks of Board of Trade of the City of Chicago, Inc. NYMEX, New York Mercantile Exchange and ClearPort are trademarks of New York Mercantile Exchange, Inc. COMEX is a trademark of Commodity Exchange, Inc. NEX, BrokerTec and EBS are trademarks of various entities of NEX Group Limited (NEX). Dow Jones, Dow Jones Industrial Average, S&P 500 and S&P are service and/or trademarks of Dow Jones Trademark Holdings LLC, Standard & Poor's Financial Services LLC and S&P/Dow Jones Indices LLC, as the case may be, and have been licensed for use by Chicago Mercantile Exchange Inc. ("CME"). All other trademarks are the property of their respective owners.

Forward-Looking Statements

From time to time, in this Quarterly Report on Form 10-Q as well as in other written reports and verbal statements, we discuss our expectations regarding future performance. These forward-looking statements are identified by their use of terms and phrases such as "believe," "anticipate," "could," "estimate," "intend," "may," "plan," "expect" and similar expressions, including references to assumptions. These forward-looking statements are based on currently available competitive, financial and economic data, current expectations, estimates, forecasts and projections about the industries in which we operate and management's beliefs and assumptions. These statements are not guarantees of future performance and 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 forward-looking statements. We want to caution you not to place undue reliance on any forward-looking statements. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. Among the factors that might affect our performance are:

- increasing competition by foreign and domestic entities, including increased competition from new entrants into our markets and consolidation of existing entities;
- our ability to keep pace with rapid technological developments, including our ability to complete the development, implementation and maintenance of the enhanced functionality required by our customers while maintaining reliability and ensuring that such technology is not vulnerable to security risks;
- our ability to continue introducing competitive new products and services on a timely, cost-effective basis, including through our electronic trading capabilities, and our ability to maintain the competitiveness of our existing products and services;
- our ability to adjust our fixed costs and expenses if our revenues decline;
- our ability to maintain existing customers at substantially similar trading levels, develop strategic relationships and attract new customers;
- our ability to expand and globally offer our products and services;
- changes in regulations, including the impact of any changes in laws or government policies with respect to our products or services or our industry, such as any changes to regulations and policies that require increased financial and operational resources from us or our customers;
- the costs associated with protecting our intellectual property rights and our ability to operate our business without violating the intellectual property rights of others;
- decreases in revenue from our market data as a result of decreased demand or changes to regulations in various jurisdictions;
- changes in our rate per contract due to shifts in the mix of the products traded, the trading venue and the mix of customers (whether the customer receives member or non-member fees or participates in one of our various incentive programs) and the impact of our tiered pricing structure;

- the ability of our credit and liquidity risk management practices to adequately protect us from the credit risks of clearing members and other counterparties, and to satisfy the margin and liquidity requirements associated with the BrokerTec matched principal business;
- the ability of our compliance and risk management programs to effectively monitor and manage our risks, including our ability to prevent errors and misconduct and protect our infrastructure against security breaches and misappropriation of our intellectual property assets;
- our dependence on third-party providers and exposure to risk through third parties, including risks related to the performance, reliability and security of technology used by our third-party providers and third-party providers that our clients rely on;
- volatility in commodity, equity and fixed income prices, and price volatility of financial benchmarks and instruments such as interest rates, credit spreads, equity indices, fixed income instruments and foreign exchange rates;
- economic, social, political and market conditions, including the volatility of the capital and credit markets and the impact of economic conditions on the trading activity of our current and potential customers;
- our ability to accommodate increases in contract volume and order transaction traffic and to implement enhancements without failure or degradation of the performance of our trading and clearing systems;
- our ability to execute our growth strategy and maintain our growth effectively;
- our ability to manage the risks, control the costs and achieve the synergies associated with our strategy for acquisitions, investments and alliances, including those associated with the performance of our joint ventures with S&P Dow Jones (S&P Dow Jones Indices LLC) in index services and in trade processing/post trade services (OSTTRA), our primary data distribution partners' actions and our partnership with Google Cloud;
- variances in earnings on cash accounts and collateral that our clearing house holds for its clients;
- the impact of CME Group pricing and incentive changes;
- the impact of aggregation services and internalization on trade flow and volumes;
- any negative financial impacts from changes to the terms of intellectual property and index rights;
- uncertainty related to the adoption and growth of SOFR and its impact on our business;
- our ability to continue to generate funds and/or manage our indebtedness to allow us to continue to invest in our business;
- industry, channel partner and customer consolidation;
- decreases in trading and clearing activity;
- the imposition of a transaction tax or user fee on futures and options transactions and/or repeal of the 60/40 tax treatment of such transactions;
- our ability to maintain our brand and reputation; and
- the unfavorable resolution of material legal proceedings.

For a detailed discussion of these and other factors that might affect our performance, see Item 1A. of our Annual Report on Form 10-K for the year ended December 31, 2022, filed with the Securities and Exchange Commission on February 27, 2023 and Item 1A. in Part II of this Quarterly Report on Form 10-Q.

ITEM 1. FINANCIAL STATEMENTS

CME GROUP INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(dollars in millions, except par value data; shares in thousands)

	June 30, 2023 (unaudited)	December 31, 2022
Assets		
Current Assets:		
Cash and cash equivalents	\$ 1,880.1	\$ 2,720.1
Marketable securities	106.7	96.0
Accounts receivable, net of allowance of \$7.5 and \$8.1	599.4	483.2
Other current assets (includes \$5.2 and \$4.9 in restricted cash)	538.3	529.8
Performance bonds and guaranty fund contributions	113,241.6	135,249.2
Total current assets	116,366.1	139,078.3
Property, net of accumulated depreciation and amortization of \$874.1 and \$1,145.2	430.1	455.5
Intangible assets—trading products	17,175.3	17,175.3
Intangible assets—other, net	3,160.3	3,269.7
Goodwill	10,490.7	10,482.5
Other assets (includes \$0.0 and \$0.1 in restricted cash)	3,674.2	3,714.4
Total Assets	\$ 151,296.7	\$ 174,175.7
Liabilities and Equity		
Current Liabilities:		
Accounts payable	\$ 50.9	\$ 121.4
Short-term debt	—	16.0
Other current liabilities	593.2	2,300.9
Performance bonds and guaranty fund contributions	113,241.6	135,249.2
Total current liabilities	113,885.7	137,687.5
Long-term debt	3,423.8	3,422.4
Deferred income tax liabilities, net	5,343.6	5,361.1
Other liabilities	825.8	826.0
Total Liabilities	123,478.9	147,297.0
Shareholders' Equity:		
Preferred stock, \$0.01 par value, 10,000 shares authorized as of June 30, 2023 and December 31, 2022; 4,584 issued and outstanding as of June 30, 2023 and December 31, 2022	—	—
Class A common stock, \$0.01 par value, 1,000,000 shares authorized at June 30, 2023 and December 31, 2022; 358,978 and 358,929 shares issued and outstanding as of June 30, 2023 and December 31, 2022, respectively	3.6	3.6
Class B common stock, \$0.01 par value, 3 shares authorized, issued and outstanding as of June 30, 2023 and December 31, 2022	—	—
Additional paid-in capital	22,307.6	22,261.6
Retained earnings	5,606.8	4,746.8
Accumulated other comprehensive income (loss)	(100.2)	(133.3)
Total CME Group Shareholders' Equity	27,817.8	26,878.7
Total Liabilities and Equity	\$ 151,296.7	\$ 174,175.7

See accompanying notes to unaudited consolidated financial statements.

CME GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(dollars in millions, except per share data; shares in thousands)
(unaudited)

	Quarter Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenues				
Clearing and transaction fees	\$ 1,118.3	\$ 1,024.6	\$ 2,318.5	\$ 2,162.7
Market data and information services	163.1	151.7	328.9	303.4
Other	78.8	60.9	154.4	117.7
Total Revenues	1,360.2	1,237.2	2,801.8	2,583.8
Expenses				
Compensation and benefits	205.7	185.3	410.2	370.5
Technology	53.3	45.9	104.6	91.8
Professional fees and outside services	37.8	32.0	76.1	63.8
Amortization of purchased intangibles	57.0	57.1	113.8	115.5
Depreciation and amortization	32.3	33.0	64.2	66.5
Licensing and other fee agreements	78.2	83.1	162.9	164.0
Other	57.3	51.1	117.7	102.9
Total Expenses	521.6	487.5	1,049.5	975.0
Operating Income	838.6	749.7	1,752.3	1,608.8
Non-Operating Income (Expense)				
Investment income	1,568.2	286.9	2,925.9	360.0
Interest and other borrowing costs	(40.2)	(39.9)	(80.1)	(82.4)
Equity in net earnings of unconsolidated subsidiaries	75.1	87.3	153.3	160.6
Other non-operating income (expense)	(1,425.3)	(217.3)	(2,578.1)	(264.0)
Total Non-Operating Income (Expense)	177.8	117.0	421.0	174.2
Income before Income Taxes	1,016.4	866.7	2,173.3	1,783.0
Income tax provision	238.8	204.2	511.9	409.5
Net Income	\$ 777.6	\$ 662.5	\$ 1,661.4	\$ 1,373.5
Net Income Attributable to Common Shareholders of CME Group	\$ 767.8	\$ 654.1	\$ 1,640.5	\$ 1,356.1
Earnings per Share Attributable to Common Shareholders of CME Group:				
Basic	\$ 2.14	\$ 1.82	\$ 4.57	\$ 3.78
Diluted	2.14	1.82	4.56	3.78
Weighted Average Number of Common Shares:				
Basic	358,940	358,641	358,937	358,625
Diluted	359,429	359,205	359,371	359,179

See accompanying notes to unaudited consolidated financial statements.

CME GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions)
(unaudited)

	Quarter Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net income	\$ 777.6	\$ 662.5	\$ 1,661.4	\$ 1,373.5
Other comprehensive income (loss), net of tax:				
Investment securities:				
Net unrealized holding gains (losses) arising during the period	(0.1)	(1.0)	0.3	(2.3)
Income tax benefit (expense)	—	0.3	(0.1)	0.6
Investment securities, net	(0.1)	(0.7)	0.2	(1.7)
Defined benefit plans:				
Net change in defined benefit plans arising during the period	—	—	(3.5)	(3.7)
Amortization of net actuarial (gains) losses included in compensation and benefits expense	—	0.3	—	0.6
Income tax benefit (expense)	—	(0.1)	0.9	0.8
Defined benefit plans, net	—	0.2	(2.6)	(2.3)
Derivative investments:				
Reclassification of net unrealized (gains) losses to interest expense and other non-operating income (expense)	(0.7)	(0.9)	(1.9)	(0.1)
Income tax benefit (expense)	0.2	0.2	0.5	—
Derivative investments, net	(0.5)	(0.7)	(1.4)	(0.1)
Foreign currency translation:				
Foreign currency translation adjustments	31.0	(58.5)	36.9	(81.1)
Foreign currency translation, net	31.0	(58.5)	36.9	(81.1)
Other comprehensive income (loss), net of tax	30.4	(59.7)	33.1	(85.2)
Comprehensive income	\$ 808.0	\$ 602.8	\$ 1,694.5	\$ 1,288.3

See accompanying notes to unaudited consolidated financial statements.

CME GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
(dollars in millions, except per share data; shares in thousands)
(unaudited)

	Six Months Ended, June 30, 2023						
	Preferred Stock (Shares)	Class A Common Stock (Shares)	Class B Common Stock (Shares)	Preferred Stock, Common Stock and Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total CME Group Shareholders' Equity
Balance at December 31, 2022	4,584	358,929	3	\$ 22,265.2	\$ 4,746.8	\$ (133.3)	\$ 26,878.7
Net income					1,661.4		1,661.4
Other comprehensive income (loss)						33.1	33.1
Dividends on common and preferred stock of \$2.20 per share					(801.4)		(801.4)
Vesting of issued restricted Class A common stock		8		(1.1)			(1.1)
Shares issued to Board of Directors		20		3.6			3.6
Shares issued under Employee Stock Purchase Plan		21		3.8			3.8
Stock-based compensation				39.7			39.7
Balance at June 30, 2023	4,584	358,978	3	\$ 22,311.2	\$ 5,606.8	\$ (100.2)	\$ 27,817.8

	Quarter Ended, June 30, 2023						
	Preferred Stock (Shares)	Class A Common Stock (Shares)	Class B Common Stock (Shares)	Preferred Stock, Common Stock and Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total CME Group Shareholders' Equity
Balance at March 31, 2023	4,584	358,931	3	\$ 22,285.1	\$ 5,229.9	\$ (130.6)	\$ 27,384.4
Net income					777.6		777.6
Other comprehensive income (loss)						30.4	30.4
Dividends on common and preferred stock of \$1.10 per share					(400.7)		(400.7)
Vesting of issued restricted Class A common stock		6		(0.8)			(0.8)
Shares issued to Board of Directors		20		3.6			3.6
Shares issued under Employee Stock Purchase Plan		21		3.8			3.8
Stock-based compensation				19.5			19.5
Balance at June 30, 2023	4,584	358,978	3	\$ 22,311.2	\$ 5,606.8	\$ (100.2)	\$ 27,817.8

See accompanying notes to unaudited consolidated financial statements.

CME GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY (continued)
(dollars in millions, except per share data; shares in thousands)
(unaudited)

	Six Months Ended, June 30, 2022						
	Preferred Stock (Shares)	Class A Common Stock (Shares)	Class B Common Stock (Shares)	Common Stock and Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total CME Group Shareholders' Equity
Balance at December 31, 2021	4,584	358,599	3	\$ 22,193.9	\$ 5,151.9	\$ 53.5	\$ 27,399.3
Net income					1,373.5		1,373.5
Other comprehensive income (loss)						(85.2)	(85.2)
Dividends on common stock of \$2.00 per share					(727.9)		(727.9)
Exercise of stock options		1		0.1			0.1
Vesting of issued restricted Class A common stock		39		(5.3)			(5.3)
Shares issued to Board of Directors		19		4.0			4.0
Shares issued under Employee Stock Purchase Plan		19		3.8			3.8
Stock-based compensation				39.4			39.4
Balance at June 30, 2022	4,584	358,677	3	\$ 22,235.9	\$ 5,797.5	\$ (31.7)	\$ 28,001.7

	Quarter Ended, June 30, 2022						
	Preferred Stock (Shares)	Class A Common Stock (Shares)	Class B Common Stock (Shares)	Common Stock and Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total CME Group Shareholders' Equity
Balance at March 31, 2022	4,584	358,631	3	\$ 22,209.9	\$ 5,498.9	\$ 28.0	\$ 27,736.8
Net income					662.5		662.5
Other comprehensive income (loss)						(59.7)	(59.7)
Dividends on common stock of \$1.00 per share					(363.9)		(363.9)
Exercise of stock options		1		0.1			0.1
Vesting of issued restricted Class A common stock		8		(1.0)			(1.0)
Shares issued to Board of Directors		18		3.7			3.7
Shares issued under Employee Stock Purchase Plan		19		3.8			3.8
Stock-based compensation				19.4			19.4
Balance at June 30, 2022	4,584	358,677	3	\$ 22,235.9	\$ 5,797.5	\$ (31.7)	\$ 28,001.7

See accompanying notes to unaudited consolidated financial statements.

CME GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(unaudited)

	Six Months Ended June 30,	
	2023	2022
Cash Flows from Operating Activities		
Net income	\$ 1,661.4	\$ 1,373.5
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation	39.7	39.4
Amortization of purchased intangibles	113.8	115.5
Depreciation and amortization	64.2	66.5
Net realized and unrealized (gains) losses on investments	(73.7)	(3.0)
Deferred income taxes	(17.2)	(12.0)
Change in:		
Accounts receivable	(115.7)	(148.0)
Other current assets	(14.6)	(19.0)
Other assets	50.8	52.1
Accounts payable	(70.4)	32.0
Income taxes payable	(50.0)	(52.2)
Other current liabilities	(22.7)	5.6
Other liabilities	(18.4)	(39.0)
Other	5.6	5.3
Net Cash Provided by Operating Activities	1,552.8	1,416.7
Cash Flows from Investing Activities		
Proceeds from maturities of available-for-sale marketable securities	3.6	3.9
Purchases of available-for-sale marketable securities	(2.6)	(2.9)
Purchases of property, net	(35.7)	(41.3)
Investment in S&P/Dow Jones Indices LLC	—	(410.0)
Investments in privately-held equity investments	(2.4)	(1.1)
Proceeds from sales of investments	97.9	10.9
Net Cash Provided by (Used in) Investing Activities	60.8	(440.5)
Cash Flows from Financing Activities		
Proceeds from debt, net of issuance costs	—	741.0
Repayment of debt, including call premium	(16.4)	(756.2)
Cash dividends	(2,435.4)	(1,906.8)
Change in performance bond and guaranty fund contributions	(22,007.7)	(19,519.2)
Employee taxes paid on restricted stock vesting	(1.1)	(5.3)
Other	(0.4)	(4.6)
Net Cash Used in Financing Activities	(24,461.0)	(21,451.1)

CME GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
(in millions)
(unaudited)

	Six Months Ended June 30,	
	2023	2022
Net change in cash, cash equivalents, restricted cash and restricted cash equivalents	\$ (22,847.4)	\$ (20,474.9)
Cash, cash equivalents, restricted cash and restricted cash equivalents, beginning of period	137,974.3	160,789.9
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, End of Period	\$ 115,126.9	\$ 140,315.0
Reconciliation of cash, cash equivalents, restricted cash and restricted cash equivalents:		
Cash and cash equivalents	\$ 1,880.1	\$ 1,879.5
Short-term restricted cash	5.2	4.7
Long-term restricted cash	—	0.4
Restricted cash and restricted cash equivalents (performance bonds and guaranty fund contributions)	113,241.6	138,430.4
Total	\$ 115,126.9	\$ 140,315.0
Supplemental Disclosure of Cash Flow Information		
Income taxes paid	\$ 611.7	\$ 479.4
Interest paid	65.0	67.3

See accompanying notes to unaudited consolidated financial statements.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

The consolidated financial statements consist of CME Group Inc. (CME Group) and its subsidiaries (collectively, the company), including Chicago Mercantile Exchange Inc. (CME), Board of Trade of the City of Chicago, Inc. (CBOT), New York Mercantile Exchange, Inc. (NYMEX), Commodity Exchange, Inc. (COMEX) and NEX Group Limited (NEX). The clearing house is operated by CME.

The accompanying interim consolidated financial statements have been prepared by CME Group without audit. Certain notes and other information normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted. In the opinion of management, the accompanying consolidated financial statements include all adjustments (consisting only of normal recurring adjustments) considered necessary to present fairly the financial position of the company at June 30, 2023 and December 31, 2022 and the results of operations and cash flows for the periods indicated. Quarterly results are not necessarily indicative of results for any subsequent period.

The accompanying consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto in CME Group's Annual Report on Form 10-K for the year ended December 31, 2022, filed with the Securities and Exchange Commission (SEC) on February 27, 2023.

2. Revenue Recognition

The company generates revenue from customers from the following sources:

Clearing and transaction fees. Clearing and transaction fees include electronic trading fees and brokerage commissions, surcharges for privately-negotiated transactions, portfolio reconciliation and compression services, risk mitigation and other volume-related charges for trade contracts. Clearing and transaction fees are assessed upfront at the time of trade execution. As such, the company recognizes the majority of the fee revenue upon successful execution of the trade. The minimal remaining portion of the fee revenue related to settlement activities performed after trade execution is recognized over the short-term period that the contract is outstanding, based on management's estimates of the average contract lifecycle. These estimates are based on various assumptions to approximate the amount of fee revenue to be attributed to services performed through contract settlement, expiration, or termination. For cleared trades, these assumptions include the average number of days that a contract remains in open interest, contract turnover, average revenue per day, and revenue remaining in open interest at the end of each period.

The nature of contracts gives rise to several types of variable consideration, including volume-based pricing tiers, customer incentives associated with market maker programs and other fee discounts. The company includes fee discounts and incentives in the estimated transaction price when there is a basis to reasonably estimate the amount of the fee reduction. These estimates are based on historical experience, anticipated performance, and best judgment at the time. Because of the company's certainty in estimating these amounts, they are included in the transaction price of contracts.

Market data and information services. Market data and information services represent revenue from the dissemination of market data to subscribers, distributors, and other third-party licensees of market data. Pricing for market data is primarily based on the number of reportable devices used as well as the number of subscribers enrolled under the arrangement. Fees for these services are generally billed monthly. Market data services are satisfied over time and revenue is recognized on a monthly basis as the customers receive and consume the benefit of the market data services. However, the company also maintains certain annual license arrangements with one-time upfront fees. The fees for annual licenses are initially recorded as a contract liability and recognized as revenue monthly over the term of the annual period.

Other. Other revenues include certain access and communication fees, fees for collateral management, equity membership subscription fees, and fees for trade order routing through agreements from various strategic relationships. Access and communication fees are charged to customers that utilize various telecommunications networks and communications services. Fees for these services are generally billed monthly and the associated fee revenue is recognized as billed. Collateral management fees are charged to clearing firms that have collateral on deposit with the clearing house to meet their minimum performance bond and guaranty fund obligations on the exchange. These fees are calculated based on daily collateral balances and are billed monthly. This fee revenue is recognized monthly as billed as the customers receive and consume the benefits of the services. The company also has an equity membership program which provides equity members the option to substitute a monthly subscription fee for their existing requirement to hold CME Group Class A common stock. Choosing to pay this fee in lieu of holding Class A shares is entirely voluntary and the client's choice. Fee revenue under this program is earned monthly as billed over the contractual term. Pricing for strategic relationships may be driven by customer levels and activity. There are fee arrangements which provide for monthly as well as quarterly payments in arrears. Revenue is recognized monthly for strategic relationship arrangements as the customers receive and consume the benefits of the services.

The following table represents a disaggregation of revenue from contracts with customers by product line for the quarter ended June 30, 2023 and 2022:

(in millions)	Quarter Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Interest rates	\$ 352.9	\$ 324.6	\$ 797.7	\$ 699.5
Equity indexes	248.3	255.9	517.5	515.0
Foreign exchange	44.5	45.2	92.0	90.0
Agricultural commodities	147.4	114.3	262.7	240.3
Energy	175.8	140.2	343.7	315.4
Metals	56.4	45.2	117.3	99.6
BrokerTec fixed income	37.9	42.1	77.1	86.4
EBS foreign exchange	32.0	39.8	67.8	82.2
Interest rate swap	23.1	17.3	42.7	34.3
Total clearing and transaction fees	1,118.3	1,024.6	2,318.5	2,162.7
Market data and information services	163.1	151.7	328.9	303.4
Other	78.8	60.9	154.4	117.7
Total revenues	\$ 1,360.2	\$ 1,237.2	\$ 2,801.8	\$ 2,583.8
Timing of Revenue Recognition				
Services transferred at a point in time	\$ 1,093.1	\$ 965.8	\$ 2,270.6	\$ 2,043.1
Services transferred over time	262.5	266.6	522.0	531.3
One-time charges and miscellaneous revenues	4.6	4.8	9.2	9.4
Total revenues	\$ 1,360.2	\$ 1,237.2	\$ 2,801.8	\$ 2,583.8

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, and customer advances and deposits (contract liabilities) on the consolidated balance sheets. Certain fees for transactions, annual licenses, and other revenue arrangements are billed upfront before revenue is recognized, which results in the recognition of contract liabilities. These liabilities are recognized on the consolidated balance sheets on a contract-by-contract basis upon commencement of services under the customer contract. These upfront customer payments are recognized as revenue over time as the obligations under the contracts are satisfied. Changes in the contract liability balances during the first six months of June 30, 2023 were not materially impacted by any other factors. The balance of contract liabilities was \$39.4 million and \$12.7 million as of June 30, 2023 and December 31, 2022, respectively.

3. Performance Bonds and Guaranty Fund Contributions

Performance Bonds and Guaranty Fund Contribution Reinvestment. CME reinvests cash performance bonds and guaranty fund contributions and distributes a portion of the interest earned back to the clearing firms. The reinvestment of cash can include certain commercial and central bank deposits, government securities, reverse repurchase agreements, and money market funds. CME has been designated as a systemically important financial market utility by the Financial Stability Oversight Council and is authorized to maintain cash accounts at the Federal Reserve Bank of Chicago. At June 30, 2023, CME maintained \$100.3 billion within the cash account at the Federal Reserve Bank of Chicago. The cash deposit at the Federal Reserve Bank of Chicago is included within performance bonds and guaranty fund contributions on the consolidated balance sheets.

In the second quarter and first six months of 2023, earnings from cash performance bond and guaranty fund contributions were \$1,540.1 million and \$2,796.4 million, compared with \$295.5 million and \$369.1 million in the second quarter and first six months of 2022. In the second quarter and first six months of 2023, expenses related to the distribution of interest earned on collateral reinvestments were \$1,432.8 million and \$2,596.3 million, compared with \$223.5 million and \$271.9 million in the second quarter and first six months of 2022. The earnings from cash performance bonds and guaranty fund contributions are included in investment income and the expense related to the distribution of interest earned is included in other non-operating income (expense) on the consolidated statements of income.

Clearing House Contract Settlement. The clearing house marks-to-market open positions at least once a day (twice a day for all futures and options contracts). Based on values derived from the mark-to-market process, the clearing house requires payments from clearing firms whose positions have lost value and makes payments to clearing firms whose positions have gained value. Under the extremely unlikely scenario of simultaneous default by every clearing firm who has open positions with unrealized

losses, the maximum exposure related to positions other than cleared-only interest rate swap contracts would be one half day of changes in fair value of all open positions, before considering the clearing house's ability to access defaulting clearing firms' collateral deposits.

For cleared interest rate swap contracts, the maximum exposure at the time of default related to the clearing house's guarantee would be one full day of changes in fair value of all open positions, before considering the clearing house's ability to access defaulting clearing firms' collateral.

During the first six months of 2023, the clearing house transferred an average of approximately \$5.7 billion a day through its clearing systems for settlement from clearing firms whose positions had lost value to clearing firms whose positions had gained value. The clearing house reduces its guarantee exposure through initial and maintenance performance bond requirements and mandatory guaranty fund contributions. Management has assessed the fair value of the company's settlement guarantee liability by taking the following factors into consideration: the design and operations of the clearing risk management process, the financial safeguard packages in place, historical evidence of default by a clearing member and the estimated probability of potential payouts by the clearing house. Based on the assessment performed, management estimates the guarantee liability to be nominal and therefore has not recorded any liability at June 30, 2023 and December 31, 2022. The company does not have a history of significant losses recognized on performance bond collateral as posted by our clearing members, and management currently does not anticipate any future credit losses on its performance bond assets. Accordingly, the company has not provided an allowance for credit losses on these performance bond deposits, nor has it recorded any liabilities to reflect an allowance for credit losses related to our off-balance sheet credit exposures and guarantees.

4. Intangible Assets and Goodwill

Intangible assets consisted of the following at June 30, 2023 and December 31, 2022:

(in millions)	June 30, 2023			December 31, 2022		
	Assigned Value	Accumulated Amortization	Net Book Value	Assigned Value	Accumulated Amortization	Net Book Value
Amortizable Intangible Assets:						
Clearing firm, market data and other customer relationships	\$ 4,690.5	\$ (2,017.1)	\$ 2,673.4	\$ 4,685.8	\$ (1,909.7)	\$ 2,776.1
Technology-related intellectual property	62.5	(59.6)	2.9	62.5	(55.8)	6.7
Other	71.2	(37.2)	34.0	69.5	(32.6)	36.9
Total amortizable intangible assets	\$ 4,824.2	\$ (2,113.9)	\$ 2,710.3	\$ 4,817.8	\$ (1,998.1)	\$ 2,819.7
Indefinite-Lived Intangible Assets:						
Trade names			450.0			450.0
Total intangible assets – other, net			\$ 3,160.3			\$ 3,269.7
Trading products ⁽¹⁾			\$ 17,175.3			\$ 17,175.3

(1) Trading products represent futures and options products acquired in our business combinations with CBOT Holdings, Inc., NYMEX Holdings, Inc. and The Board of Trade of Kansas City, Missouri, Inc. Clearing and transaction fees are generated through the trading of these products. These trading products, most of which have traded for decades, require authorization from the Commodity Futures Trading Commission (CFTC). Product authorizations from the CFTC have no term limits.

Total amortization expense for intangible assets was \$57.0 million and \$57.1 million for the quarters ended June 30, 2023 and 2022, respectively. Total amortization expense for intangible assets was \$113.8 million and \$115.5 million for the six months ended June 30, 2023 and 2022, respectively.

As of June 30, 2023, the future estimated amortization expense related to amortizable intangible assets is expected to be as follows:

(in millions)	Amortization Expense
Remainder of 2023	\$ 113.8
2024	221.8
2025	221.8
2026	221.8
2027	220.6
2028	214.2
Thereafter	1,496.3

Goodwill activity consisted of the following for the periods ended June 30, 2023 and December 31, 2022:

<i>(in millions)</i>	Balance at December 31, 2022	Other Activity ⁽¹⁾	Balance at June 30, 2023
CBOT Holdings	\$ 5,066.4	\$ —	\$ 5,066.4
NYMEX Holdings	2,462.2	—	2,462.2
NEX	2,913.5	12.8	2,926.3
Other	40.4	(4.6)	35.8
Total Goodwill	\$ 10,482.5	\$ 8.2	\$ 10,490.7

<i>(in millions)</i>	Balance at December 31, 2021	Other Activity ⁽¹⁾	Balance at December 31, 2022
CBOT Holdings	\$ 5,066.4	\$ —	\$ 5,066.4
NYMEX Holdings	2,462.2	—	2,462.2
NEX	2,959.0	(45.5)	2,913.5
Other	40.4	—	40.4
Total Goodwill	\$ 10,528.0	\$ (45.5)	\$ 10,482.5

(1) Other activity includes currency translation adjustments.

5. Debt

In May 2023, the company repaid the €15.0 million fixed rate notes.

Short-term debt consisted of the following at June 30, 2023 and December 31, 2022:

<i>(in millions)</i>	June 30, 2023	December 31, 2022
€15.0 million fixed rate notes due May 2023, stated rate of 4.30%	\$ —	\$ 16.0
Total short-term debt	\$ —	\$ 16.0

Long-term debt consisted of the following at June 30, 2023 and December 31, 2022:

<i>(in millions)</i>	June 30, 2023	December 31, 2022
\$750.0 million fixed rate notes due March 2025, stated rate of 3.00% ⁽¹⁾	\$ 748.8	\$ 748.4
\$500.0 million fixed rate notes due June 2028, stated rate of 3.75%	497.9	497.7
\$750.0 million fixed rate notes due March 2032, stated rate of 2.65%	742.2	741.7
\$750.0 million fixed rate notes due September 2043, stated rate of 5.30% ⁽²⁾	743.8	743.7
\$700.0 million fixed rate notes due June 2048, stated rate of 4.15%	691.1	690.9
Total long-term debt	\$ 3,423.8	\$ 3,422.4

(1) The company maintained a forward-starting interest rate swap agreement that modified the interest obligation associated with these notes so that the interest payable on the notes effectively became fixed at a rate of 3.11%.

(2) The company maintained a forward-starting interest rate swap agreement that modified the interest obligation associated with these notes so that the interest payable on the notes effectively became fixed at a rate of 4.73%.

Long-term debt maturities, at par value, were as follows at June 30, 2023:

<i>(in millions)</i>	Par Value
2024	\$ —
2025	750.0
2026	—
2027	—
2028	500.0
Thereafter	2,200.0

6. Contingencies

Legal and Regulatory Matters. In the normal course of business, the company discusses matters with its regulators raised during regulatory examinations or otherwise subject to their inquiry and oversight. These matters could result in censures, fines, penalties or other sanctions. Management believes the outcome of any resulting actions will not have a material impact on the company's consolidated financial position or results of operations. However, the company is unable to predict the outcome or the timing of the ultimate resolution of these matters, or the potential fines, penalties or injunctive or other equitable relief, if any, that may result from these matters.

A putative class action complaint was filed January 15, 2014 in the Circuit Court of Cook County, Chancery Division, against CME Group Inc. and the Board of Trade of the City of Chicago, Inc. The plaintiffs, certain Class B shareholders of CME Group and Class B members of CBOT, allege breach of contract and breach of the implied covenant of good faith and fair dealing for violations of their core rights granted in the defendants' respective Certificates of Incorporation. On December 2, 2021, the court granted the plaintiffs' motion for certification of a damages-only class. No trial date has been set. Given the uncertainty of factors that may potentially affect the resolution of the matter, at this time the company is unable to estimate the reasonably possible loss or range of reasonably possible losses in the unlikely event it were found to be liable at trial. Based on its investigation to date, the company believes that it has strong factual and legal defenses to the claims.

In addition, the company is a defendant in, and may be subject to, various other legal proceedings arising from its regular business activities. While the ultimate results of such proceedings against the company cannot be predicted with certainty, the company believes that the resolution of any of these matters on an individual or aggregate basis will not have a material impact on its consolidated financial position or results of operations.

No accrual was required for contingent legal and regulatory matters as none were probable and estimable as of June 30, 2023 and December 31, 2022.

Intellectual Property Indemnifications. Certain agreements with customers and other third parties related to accessing the CME Group platforms, utilizing market data services and licensing CME SPAN software may contain indemnifications from intellectual property claims that may be made against them as a result of their use of the applicable products and/or services. The potential future claims relating to these indemnifications cannot be estimated and therefore no liability has been recorded.

7. Leases

The company has operating leases for corporate offices. The operating leases have remaining lease terms of up to 15 years, some of which include options to extend or renew the leases for up to an additional five years, and some of which include options to early terminate the leases in less than 12 months. Management evaluates whether these options are exercisable at least quarterly in order to determine whether the contract term must be reassessed. For a small number of the leases, primarily the international locations, management's approach is to enter into short-term leases for a lease term of 12 months or less in order to provide for greater flexibility in the local environment. For certain office spaces, the company has entered into arrangements to sublease excess space to third parties, while the original lease contract remains in effect with the landlord.

The company also has one finance lease, which is related to the sale of our data center in March 2016. In connection with the sale, the company leased back a portion of the property. The transaction was recognized under the financing method and not as a sale leaseback arrangement.

The right-of-use lease asset is recorded within other assets, and the present value of the lease liability is recorded within other liabilities (segregated between short term and long term) on the consolidated balance sheets. The discount rate applied to the lease payments represents the company's incremental borrowing rate.

The components of lease costs were as follows:

<i>(in millions)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Operating lease expense:				
Operating lease cost	\$ 13.9	\$ 14.1	\$ 27.9	\$ 28.8
Short-term lease cost	0.1	0.1	0.2	0.2
Total operating lease expense included in other expense	\$ 14.0	\$ 14.2	\$ 28.1	\$ 29.0
Finance lease expense:				
Interest expense	\$ 0.6	\$ 0.7	\$ 1.3	\$ 1.4
Depreciation expense	2.1	2.1	4.3	4.3
Total finance lease expense	\$ 2.7	\$ 2.8	\$ 5.6	\$ 5.7
Sublease revenue included in other revenue	\$ 2.4	\$ 2.8	\$ 4.8	\$ 5.5

Supplemental cash flow information related to leases was as follows:

<i>(in millions)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Cash outflows for operating leases	\$ 16.7	\$ 16.3	\$ 33.7	\$ 33.2
Cash outflows for finance leases	4.3	4.2	8.6	8.5

Supplemental balance sheet information related to leases was as follows:

Operating leases

<i>(in millions)</i>	June 30, 2023	December 31, 2022
Operating lease right-of-use assets	\$ 291.1	\$ 310.6
Operating lease liabilities:		
Other current liabilities	\$ 48.1	\$ 49.9
Other liabilities	365.8	383.5
Total operating lease liabilities	\$ 413.9	\$ 433.4

Weighted average remaining lease term (in months)	118	121
Weighted average discount rate	3.8 %	3.8 %

Finance leases

<i>(in millions)</i>	June 30, 2023	December 31, 2022
Finance lease right-of-use assets	\$ 67.2	\$ 71.5
Finance lease liabilities:		
Other current liabilities	\$ 8.3	\$ 8.2
Other liabilities	63.6	67.8
Total finance lease liabilities	<u>\$ 71.9</u>	<u>\$ 76.0</u>
Weighted average remaining lease term (in months)	93	99
Weighted average discount rate	3.5 %	3.5 %

Future minimum lease payments were as follows as of June 30, 2023 for operating and finance leases:

<i>(in millions)</i>	Operating Leases
Remainder of 2023	\$ 32.8
2024	60.6
2025	57.5
2026	53.0
2027	50.5
2028	49.7
Thereafter	193.9
Total lease payments	498.0
Less: imputed interest	(84.1)
Present value of lease liability	<u>\$ 413.9</u>

<i>(in millions)</i>	Finance Leases
Remainder of 2023	\$ 8.6
2024	17.4
2025	17.5
2026	17.6
2027	17.8
2028	17.9
Thereafter	41.0
Total lease payments	137.8
Less: imputed interest	(65.9)
Present value of lease liability	<u>\$ 71.9</u>

8. Guarantees

Mutual Offset Agreement. CME and Singapore Exchange Limited (SGX) maintain a mutual offset agreement with a current term through May 2024. This agreement enables market participants to open a futures position on one exchange and liquidate it on the other. The term of the agreement will automatically renew for a one-year period after May 2024 unless either party provides advance notice of their intent to terminate. CME can maintain collateral in the form of irrevocable, standby letters of credit. At June 30, 2023, CME was contingently liable to SGX on letters of credit totaling \$285.0 million. CME also maintains a \$350.0 million line of credit to meet its obligations under this agreement. Regardless of the collateral, CME guarantees all cleared transactions submitted through SGX and would initiate procedures designed to satisfy these financial obligations in the event of a default, such as the use of performance bonds and guaranty fund contributions of the defaulting clearing firm. Management has assessed the fair value of the company's guarantee liability under this mutual offset agreement by taking the following factors into consideration: the design and operations of the clearing risk management process, the financial safeguard packages in place, historical evidence of default by a clearing member and the estimated probability of potential payouts by the

clearing house. Based on the assessment performed, management estimates the guarantee liability to be nominal and therefore has not recorded any liability at June 30, 2023 and December 31, 2022.

Family Farmer and Rancher Protection Fund. In 2012, the company established the Family Farmer and Rancher Protection Fund (the Fund). The Fund is designed to provide payments, up to certain maximum levels, to family farmers, ranchers and other agricultural industry participants who use the company's agricultural commodity products and who suffer losses to their segregated account balances due to their CME clearing member becoming insolvent. Under the terms of the Fund, farmers and ranchers are eligible for up to \$25,000 per participant. Farming and ranching cooperatives are eligible for up to \$100,000 per cooperative. The Fund was established with a maximum of \$100.0 million available for distribution to participants. Since its establishment, the Fund has made payments of approximately \$2.0 million, which leaves \$98.0 million available for future claims. If, at any time, payments due to participants were to exceed the amount remaining in the Fund, payments would be pro-rated. Clearing members and customers must register with the company in advance and provide certain documentation in order to substantiate their eligibility. The company believes that its guarantee liability is nominal and therefore has not recorded any liability at June 30, 2023 and December 31, 2022.

9. Accumulated Other Comprehensive Income (Loss)

The following tables present changes in the accumulated balances for each component of other comprehensive income (loss), including current period other comprehensive income (loss) and reclassifications out of accumulated other comprehensive income (loss):

<i>(in millions)</i>	Investment Securities	Defined Benefit Plans	Derivative Investments	Foreign Currency Translation	Total
Balance at December 31, 2022	\$ (0.9)	\$ (22.8)	\$ 64.7	\$ (174.3)	\$ (133.3)
Other comprehensive income (loss) before reclassifications and income tax benefit (expense)	0.3	(3.5)	—	36.9	33.7
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	(1.9)	—	(1.9)
Income tax benefit (expense)	(0.1)	0.9	0.5	—	1.3
Net current period other comprehensive income (loss)	0.2	(2.6)	(1.4)	36.9	33.1
Balance at June 30, 2023	\$ (0.7)	\$ (25.4)	\$ 63.3	\$ (137.4)	\$ (100.2)

<i>(in millions)</i>	Investment Securities	Defined Benefit Plans	Derivative Investments	Foreign Currency Translation	Total
Balance at December 31, 2021	\$ 1.1	\$ (34.8)	\$ 66.1	\$ 21.1	\$ 53.5
Other comprehensive income (loss) before reclassifications and income tax benefit (expense)	(2.3)	(3.7)	—	(81.1)	(87.1)
Amounts reclassified from accumulated other comprehensive income (loss)	—	0.6	(0.1)	—	0.5
Income tax benefit (expense)	0.6	0.8	—	—	1.4
Net current period other comprehensive income (loss)	(1.7)	(2.3)	(0.1)	(81.1)	(85.2)
Balance at June 30, 2022	\$ (0.6)	\$ (37.1)	\$ 66.0	\$ (60.0)	\$ (31.7)

10. Fair Value Measurements

The company uses a three-level classification hierarchy of fair value measurements for disclosure purposes:

- Level 1 inputs, which are considered the most reliable evidence of fair value, consist of quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 inputs consist of observable market data, such as quoted prices for similar assets and liabilities in active markets, or inputs other than quoted prices that are directly observable.
- Level 3 inputs consist of unobservable inputs which are derived and cannot be corroborated by market data or other entity-specific inputs.

The company's level 1 assets generally include investments in publicly traded mutual funds, equity securities and corporate debt securities with quoted market prices. In general, the company uses quoted prices in active markets for identical assets to determine the fair value of marketable securities.

The company's level 2 assets and liabilities generally consist of long-term debt notes. The fair values of the long-term debt notes were based on quoted market prices in an inactive market.

The company's level 3 assets and liabilities include certain investments that were adjusted to fair value.

Recurring Fair Value Measurements. Financial assets and liabilities recorded at fair value on the consolidated balance sheet as of June 30, 2023 were classified in their entirety based on the lowest level of input that was significant to each asset and liability's fair value measurement. The following table presents financial instruments measured at fair value on a recurring basis:

<i>(in millions)</i>	June 30, 2023			
	Level 1	Level 2	Level 3	Total
Assets at Fair Value:				
Marketable securities:				
Corporate debt securities	\$ 10.9	\$ —	\$ —	\$ 10.9
Mutual funds	95.7	—	—	95.7
Equity securities	0.1	—	—	0.1
Total Marketable Securities	106.7	—	—	106.7
Total Assets at Fair Value	\$ 106.7	\$ —	\$ —	\$ 106.7

Non-Recurring Fair Value Measurements. In the first six months of 2023, the company recognized a net unrealized gain on investments of \$1.3 million on equity investments without readily determinable fair value. The fair value of these investments was estimated to be \$8.6 million at June 30, 2023. This fair value assessment was based on quantitative factors, including observable price changes. The fair value measurements of these investments are considered level 3 and non-recurring.

Fair Values of Long-Term Debt Notes. The following presents the estimated fair values of long-term debt notes, which are carried at amortized cost on the consolidated balance sheets. The fair values below are classified as level 2 under the fair value hierarchy and were estimated using quoted market prices in inactive markets.

At June 30, 2023, the fair values were as follows:

<i>(in millions)</i>	Fair Value	Level
\$750.0 million fixed rate notes due March 2025	722.8	Level 2
\$500.0 million fixed rate notes due June 2028	478.8	Level 2
\$750.0 million fixed rate notes due March 2032	636.7	Level 2
\$750.0 million fixed rate notes due September 2043	777.4	Level 2
\$700.0 million fixed rate notes due June 2048	626.2	Level 2

11. Earnings Per Share

The company uses the two-class method to calculate basic and diluted earnings per common share because its Series G preferred stock are participating securities. Under the two-class method, undistributed earnings are allocated to common stock and participating securities according to their respective rights in undistributed earnings, as if all of the earnings for the period had been distributed. Basic earnings per common share is computed by dividing the net income attributable to common shareholders by the weighted average number of common shares outstanding during the period. Net income attributable to common shareholders is reduced for preferred stock dividends earned during the period. Preferred stock also receives a proportionate allocation of undistributed or overdistributed earnings for the period because Series G preferred stock has a contractual obligation to share in profits and losses of the company. Diluted earnings per share is computed by dividing the net income attributable to common shareholders by the weighted average number of common shares outstanding plus potentially dilutive common shares. Anti-dilutive stock awards were as follows for the periods presented:

<i>(in thousands)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Stock awards	164	128	229	130
Total	164	128	229	130

The following table presents the earnings per share calculation for the periods presented:

	Quarter Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net Income <i>(in millions)</i>	\$ 777.6	\$ 662.5	\$ 1,661.4	\$ 1,373.5
Less: preferred stock dividends	(5.1)	(4.6)	(10.1)	(9.2)
Less: undistributed earnings allocated to preferred stock	(4.7)	(3.8)	(10.8)	(8.2)
Net Income Attributable to Common Shareholders of CME Group	\$ 767.8	\$ 654.1	\$ 1,640.5	\$ 1,356.1
Weighted Average Number of Common Shares <i>(in thousands)</i> :				
Basic	358,940	358,641	358,937	358,625
Effect of stock options, restricted stock and performance shares	489	564	434	554
Diluted	359,429	359,205	359,371	359,179
Earnings per Common Share Attributable to Common Shareholders of CME Group:				
Basic	\$ 2.14	\$ 1.82	\$ 4.57	\$ 3.78
Diluted	2.14	1.82	4.56	3.78

12. Subsequent Events

The company has evaluated subsequent events through the date the financial statements were issued. The company has determined that there were no subsequent events that met the requirement for recognition or disclosure in the consolidated financial statements.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion is provided as a supplement to, and should be read in conjunction with, the accompanying unaudited consolidated financial statements and notes in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on February 27, 2023.

References in this discussion and analysis to “we” and “our” are to CME Group Inc. (CME Group) and its consolidated subsidiaries, collectively. References to “exchange” are to Chicago Mercantile Exchange Inc. (CME), the Board of Trade of the City of Chicago, Inc. (CBOT), New York Mercantile Exchange, Inc. (NYMEX), and Commodity Exchange, Inc. (COMEX), collectively, unless otherwise noted.

RESULTS OF OPERATIONS
Financial Highlights

The following summarizes significant changes in our financial performance for the periods presented.

<i>(dollars in millions, except per share data)</i>	Quarter Ended June 30,			Six Months Ended June 30,		
	2023	2022	Change	2023	2022	Change
Total revenues	\$ 1,360.2	\$ 1,237.2	10 %	\$ 2,801.8	\$ 2,583.8	8 %
Total expenses	521.6	487.5	7	1,049.5	975.0	8
Operating margin	61.7 %	60.6 %		62.5 %	62.3 %	
Non-operating income (expense)	\$ 177.8	\$ 117.0	52	\$ 421.0	\$ 174.2	142
Effective tax rate	23.5 %	23.6 %		23.6 %	23.0 %	
Net income	\$ 777.6	\$ 662.5	17	\$ 1,661.4	\$ 1,373.5	21
Diluted earnings per common share	2.14	1.82	18	4.56	3.78	21
Cash flows from operating activities				1,552.8	1,416.7	10

Revenues

<i>(dollars in millions)</i>	Quarter Ended June 30,			Six Months Ended June 30,		
	2023	2022	Change	2023	2022	Change
Clearing and transaction fees	\$ 1,118.3	\$ 1,024.6	9 %	\$ 2,318.5	\$ 2,162.7	7 %
Market data and information services	163.1	151.7	8	328.9	303.4	8
Other	78.8	60.9	29	154.4	117.7	31
Total Revenues	\$ 1,360.2	\$ 1,237.2	10	\$ 2,801.8	\$ 2,583.8	8

Clearing and Transaction Fees
Futures and Options Contracts

The following table summarizes our total contract volume, revenue and average rate per contract for futures and options. Total contract volume includes contracts that are traded on our exchange and cleared through our clearing house and certain cleared-only contracts. Volume is measured in round turns, which is considered a completed transaction that involves a purchase and an offsetting sale of a contract. Average rate per contract is determined by dividing total clearing and transaction fees by total contract volume. Contract volume and average rate per contract disclosures exclude trading volume for the cash markets business and interest rate swaps volume.

	Quarter Ended June 30,			Six Months Ended June 30,		
	2023	2022	Change	2023	2022	Change
Total contract volume (in millions)	1,417.0	1,429.4	(1)%	3,083.2	3,036.5	2 %
Clearing and transaction fees (in millions)	\$ 1,025.3	\$ 925.4	11	\$ 2,130.9	\$ 1,959.8	9
Average rate per contract	\$ 0.724	\$ 0.647	12	\$ 0.691	\$ 0.645	7

We estimate the following net change in clearing and transaction fees based on the change in total contract volume and the change in average rate per contract for futures and options during the second quarter and first six months of 2023 when compared with the same periods in 2022.

<i>(in millions)</i>	Quarter Ended	Six Months Ended
Increase (decrease) due to a change in total contract volume	\$ (8.9)	\$ 32.3
Increases due to a change in average rate per contract	108.8	138.8
Net increases in clearing and transaction fees	\$ 99.9	\$ 171.1

Average rate per contract is impacted by our rate structure, including volume-based incentives; product mix; trading venue; and the percentage of volume executed by customers who are members compared with non-member customers. Due to the relationship between average rate per contract and contract volume, the change in clearing and transaction fees attributable to changes in each is only an approximation.

Contract Volume

The following table summarizes average daily contract volume. Contract volume can be influenced by many factors, including political and economic conditions, the regulatory environment and market competition.

<i>(amounts in thousands)</i>	Quarter Ended June 30,		Change	Six Months Ended June 30,		Change
	2023	2022		2023	2022	
Average Daily Volume by Product Line:						
Interest rates	11,273	10,630	6 %	12,881	11,558	11 %
Equity indexes	6,216	7,751	(20)	6,760	7,851	(14)
Foreign exchange	898	950	(5)	934	927	1
Agricultural commodities	1,752	1,308	34	1,566	1,391	13
Energy	2,104	1,932	9	2,093	2,223	(6)
Metals	612	484	27	630	538	17
Aggregate average daily volume	22,855	23,055	(1)	24,864	24,488	2
Average Daily Volume by Venue:						
CME Globex	20,906	21,531	(3)	22,539	22,796	(1)
Open outcry	1,124	725	55	1,373	878	57
Privately negotiated	825	799	3	952	814	17
Aggregate average daily volume	22,855	23,055	(1)	24,864	24,488	2
Electronic Volume as a Percentage of Total Volume	91%	93 %		91 %	93 %	

Market volatility within certain financial markets remained high throughout the first half of 2023. Interest rate and foreign exchange volatility were higher as a result of higher inflation levels and market uncertainty following the collapse of two U.S. regional banks as well as uncertainty surrounding the Federal Reserve's interest rate policy decision. The Federal Open Markets Committee (FOMC) has raised the federal funds rate multiple times throughout 2023 and has signaled the potential for future additional hikes. In addition, the energy markets were more volatile in the second quarter of 2023 due to a shift in global supply caused by production cuts by the Organization of the Petroleum Exporting Countries (OPEC). However, overall equity index volatility leveled off following higher volatility in early 2022 caused by tensions and geopolitical uncertainty between Russia and Ukraine. We believe these factors contributed to total volume remaining relatively flat in the second quarter of 2023 and first six months of 2023 when compared with the same periods in 2022.

Interest Rate Products

The following table summarizes average daily contract volume for our key interest rate products.

<i>(amounts in thousands)</i>	Quarter Ended June 30,		Change	Six Months Ended June 30,		Change
	2023	2022		2023	2022	
Eurodollar futures and options:						
Futures expiring within two years	28	1,142	(98)%	176	1,506	(88)%
Options	27	852	(97)	82	1,171	(93)
Futures expiring beyond two years	2	467	(100)	42	639	(93)
SOFR futures and options:						
Futures expiring within two years	2,403	1,388	73	2,702	1,216	122
Options	1,615	223	n.m.	2,022	131	n.m.
Futures expiring beyond two years	688	241	185	797	198	n.m.
U.S. Treasury futures and options:						
10-Year	2,361	2,466	(4)	2,641	2,661	(1)
5-Year	1,728	1,586	9	1,812	1,664	9
2-Year	781	750	4	804	730	10
Treasury Bond	458	536	(15)	509	546	(7)
Federal Funds futures and options	486	300	62	544	357	52

n.m. not meaningful

In the second quarter and first six months of 2023, overall interest rate contract volumes increased when compared with the same periods in 2022. We believe these volume increases were due to higher interest rate volatility as a result of higher inflation levels and indications by the Federal Open Market Committee of possible future rate hikes. In addition, market uncertainty following the collapse of two U.S. regional banks also led to higher interest rate volatility. The increase in Secured Overnight Financing Rate contract (SOFR) volumes and the corresponding decrease in Eurodollar volumes were due to more market participants transitioning to the new reference rate and away from Eurodollar contracts, which are based on LIBOR. The publication of the LIBOR rate concluded in the second quarter of 2023.

Equity Index Products

The following table summarizes average daily contract volume for our key equity index products.

<i>(amounts in thousands)</i>	Quarter Ended June 30,		Change	Six Months Ended June 30,		Change
	2023	2022		2023	2022	
E-mini S&P 500 futures and options	3,836	4,494	(15)%	4,218	4,486	(6)%
E-mini Nasdaq 100 futures and options	1,675	2,324	(28)	1,786	2,352	(24)
E-mini Russell 2000 futures and options	311	394	(21)	321	423	(24)

In the second quarter and first six months of 2023, equity index contract volumes decreased when compared with the same periods in 2022, which we believe was due to lower overall equity volatility. The first half of 2022 saw significant uncertainty within the equity markets as a result of higher than expected inflation, as well as rising tensions and geopolitical uncertainty with Russia and Ukraine. We believe these factors led to lower overall equity contract volumes.

Foreign Exchange Products

The following table summarizes average daily contract volume for our key foreign exchange products.

(amounts in thousands)	Quarter Ended June 30,		Change	Six Months Ended June 30,		Change
	2023	2022		2023	2022	
Euro	240	239	1 %	254	244	4 %
Japanese Yen	183	170	7	178	152	17
British Pound	109	120	(9)	111	119	(7)
Australian dollar	96	108	(11)	100	105	(5)

In the second quarter and first six months of 2023, overall foreign exchange volumes were relatively flat, when compared with the same periods in 2022, which we believe is due to lower overall volatility relative to prior periods.

Agricultural Commodity Products

The following table summarizes average daily contract volume for our key agricultural commodity products.

(amounts in thousands)	Quarter Ended June 30,		Change	Six Months Ended June 30,		Change
	2023	2022		2023	2022	
Corn	564	466	20 %	488	476	2 %
Soybean	353	266	32	326	295	10
Wheat	244	167	45	215	196	10

Overall commodity contract volumes increased in the second quarter and first six months of 2023 when compared with the same periods in 2022. We believe these increases are due to higher overall market volatility as a result of weather uncertainty due to a drier than average 2023 growing season. In addition, the first half of 2022 saw lower overall volatility within the commodities markets due to risk aversion by market participants following price increases and global trade uncertainty resulting from the conflict between Russia and Ukraine. We believe these factors contributed to higher overall commodity volumes.

Energy Products

The following table summarizes average daily contract volume for our key energy products.

(amounts in thousands)	Quarter Ended June 30,		Change	Six Months Ended June 30,		Change
	2023	2022		2023	2022	
WTI crude oil	1,076	975	10 %	1,072	1,207	(11)%
Natural gas	600	554	8	599	548	9
Refined products	339	319	6	333	364	(8)

Energy contract volume increased in the second quarter of 2023 when compared with the same period in 2022 due to higher overall market volatility in the second quarter of 2023. The high volatility is a result of OPEC production cuts, which impacted total overall oil supply despite an increase in global demand. In addition, market uncertainty as a result of the Russia and Ukraine conflict has led to an increase in overall natural gas volume.

In the first six months of 2023 when compared with the same period in 2022, overall energy volume decreased largely due to lower overall market volatility relative to the prior six month period. Market volatility was higher particularly in the first quarter of 2022 as a result of the Russia and Ukraine conflict, which we believe led to the overall decrease in energy contract volume.

Metal Products

The following table summarizes average daily volume for our key metal products.

(amounts in thousands)	Quarter Ended June 30,		Change	Six Months Ended June 30,		Change
	2023	2022		2023	2022	
Gold	366	288	27 %	382	339	13 %
Copper	116	89	30	120	89	34
Silver	98	82	18	96	84	14

In the second quarter and first six months of 2023, overall metal contract volumes increased when compared with the same periods in 2022. Market uncertainty following the collapse of two U.S. regional banks and the Federal Reserve's interest rate policy decisions led to an overall increase in demand for gold and other precious metals as safe-haven investments. In addition, copper contract volumes increased largely due to an increase in demand for copper in China following the lifting of restrictions from the COVID pandemic. We believe these factors led to the overall increases in metal contract volumes.

Average Rate per Contract

The average rates per contract increased in the second quarter and first six months of 2023, when compared with the same periods in 2022. The increases in the average rate per contract were primarily due to an increase to our fee structure that went into effect on February 1, 2023.

Cash Markets Business

Total clearing and transaction fees revenues in the second quarter and first six months of 2023 include \$69.9 million and \$144.9 million of transaction fees attributable to the cash markets business, compared with \$81.9 million and \$168.6 million in the second quarter and first six months of 2022. This revenue primarily includes BrokerTec Americas LLC's fixed income volume and EBS's foreign exchange volume.

(amounts in millions)	Quarter Ended June 30,			Six Months Ended June 30,		
	2023	2022	Change	2023	2022	Change
BrokerTec fixed income transaction fees	\$ 37.9	\$ 42.1	(10)%	\$ 77.1	\$ 86.4	(11)%
EBS foreign exchange transaction fees	32.0	39.8	(20)%	67.8	82.2	(18)%

The related average daily notional value for the second quarter and first six months of 2023 and 2022 were as follows:

(amounts in billions)	Quarter Ended June 30,			Six Months Ended June 30,		
	2023	2022	Change	2023	2022	Change
European Repo (in euros)	\$ 352.2	\$ 345.7	2 %	\$ 353.4	\$ 333.2	6 %
U.S. Treasury	98.9	134.1	(26)	111.3	140.8	(21)
Spot FX	54.8	65.4	(16)	59.6	66.7	(11)

Overall average daily notional values and transactions revenues for the cash markets business were lower in the second quarter and first six months of 2023 compared with the same periods in 2022. We believe the decreases in U.S. Treasury and spot FX average daily notional values were due to overall lower volatility in the first half of 2023 when compared with the same period in 2022. Volatility within the U.S. Treasury and spot FX markets was higher in the first half of 2022 as a result of the conflict between Russia and Ukraine and uncertainty surrounding the Federal Reserve's interest rate policy in early 2022. The slight increase in European Repo average daily notional values were largely due to a change in market expectations regarding the European Central Bank's interest rate policy. Transaction revenues for BrokerTec and EBS also decreased in the second quarter and first six months of 2023 when compared with the same periods in 2022 due to lower volumes of trading.

Concentration of Revenue

We bill a substantial portion of our clearing and transaction fees directly to our clearing firms. The majority of clearing and transaction fees received from clearing firms represent charges for trades executed and cleared on behalf of their customers. No one individual firm represented 10% of our clearing and transaction fees in the first six months of 2023. Should a clearing firm withdraw, we believe that the customer portion of the firm's trading activity would likely transfer to another clearing firm of the exchange. Therefore, we do not believe we are exposed to significant risk from the ongoing loss of revenue received from or through a particular clearing firm.

Other Sources of Revenue

Market data and information services. During the second quarter and first six months of 2023, overall market data and information services revenues increased when compared with the same period in 2022, largely due to price increases for certain products.

The two largest resellers of our market data represented approximately 32% of our market data and information services revenue in the first six months of 2023. Despite this concentration, we consider exposure to significant risk of revenue loss to be minimal. In the event that one of these vendors no longer subscribes to our market data, we believe the majority of that vendor's customers would likely subscribe to our market data through another reseller. Additionally, several of our largest

institutional customers that utilize services from our two largest resellers report usage and remit payment of their fees directly to us.

Other revenues. In the second quarter and first six months of 2023, the increases in other revenues when compared with the same period in 2022 were largely attributable to higher custody fees as well as increases in co-location and other connectivity fees.

Expenses

<i>(dollars in millions)</i>	Quarter Ended June 30,			Six Months Ended June 30,		
	2023	2022	Change	2023	2022	Change
Compensation and benefits	\$ 205.7	\$ 185.3	11 %	\$ 410.2	\$ 370.5	11 %
Technology	53.3	45.9	16	104.6	91.8	14
Professional fees and outside services	37.8	32.0	18	76.1	63.8	19
Amortization of purchased intangibles	57.0	57.1	—	113.8	115.5	(1)
Depreciation and amortization	32.3	33.0	(2)	64.2	66.5	(3)
Licensing and other fee agreements	78.2	83.1	(6)	162.9	164.0	(1)
Other	57.3	51.1	12	117.7	102.9	14
Total Expenses	<u>\$ 521.6</u>	<u>\$ 487.5</u>	7 %	<u>\$ 1,049.5</u>	<u>\$ 975.0</u>	8 %

Operating expenses increased by \$34.1 million and \$74.5 million in the second quarter and first six months of 2023 when compared with the same periods in 2022. The following table shows the estimated impacts of key factors resulting in the changes in operating expenses:

<i>(dollars in millions)</i>	Quarter Ended June 30, 2023		Six Months Ended June 30, 2023	
	Amount of Change	Change as a Percentage of Total Expenses	Amount of Change	Change as a Percentage of Total Expenses
Non-qualified deferred compensation	\$ 17.2	4 %	\$ 28.2	3 %
Salaries, benefits and employer taxes	8.7	2 %	16.7	2 %
Currency fluctuation	9.9	2 %	14.9	2 %
Professional fees and outside services	5.8	1 %	12.3	1 %
Technology support services	7.2	1 %	13.1	2 %
Building maintenance	(1.0)	— %	(5.4)	(1)%
Other expenses, net	(13.7)	(3)%	(5.3)	(1)%
Total increase	<u>\$ 34.1</u>	7 %	<u>\$ 74.5</u>	8 %

Increases in operating expenses in the second quarter and first six months of 2023 when compared with the same periods in 2022 were as follows:

- An increase in our non-qualified deferred compensation liability during the quarter and six months ended June 30, 2023, the impact of which does not affect net income because of an equal and offsetting change in investment income, contributed to increases in compensation and benefits expenses.
- Salaries, benefits and employer taxes were higher during the second quarter and first six months of 2023 when compared with the same periods in 2022, due to increases in headcount during the year, which were primarily attributable to additional headcount in the company's international locations.
- In the second quarter and first six months of 2023, we recognized a net loss of \$1.1 million and \$1.8 million, compared with a net gain of \$8.8 million and \$13.1 million during the same periods in 2022, due to currency exchange rate fluctuations. Gains and losses from exchange rate fluctuations are recognized in the consolidated statements of net income when subsidiaries with a U.S. dollar functional currency hold certain monetary assets and liabilities denominated in foreign currencies.
- Professional fees and outside services expenses increased due to a greater reliance on consultants, specifically for the Google Cloud transformation project as well as an increase in legal fees related to our business activities and product

offerings. The increases in professional fees were partially offset by decreases in NEX integration fees, which have steadily declined since the second half of 2021.

- The increases in expense related to technology support services were primarily driven by higher software license fees and third party services to support the ongoing Google Cloud transformation project.

Decreases in operating expenses in the second quarter and first six months of 2023 when compared with the same period in 2022 were as follows:

- The decreases in building maintenance expense in the second quarter and first six months of 2023 were driven by declines in construction and relocation expenses related to the development of the SOFR options trading floor, which was completed in 2022.

Non-Operating Income (Expense)

<i>(dollars in millions)</i>	Quarter Ended June 30,		Change	Six Months Ended June 30,		Change
	2023	2022		2023	2022	
Investment income	\$ 1,568.2	\$ 286.9	n.m.	\$ 2,925.9	\$ 360.0	n.m.
Interest and other borrowing costs	(40.2)	(39.9)	1	(80.1)	(82.4)	(3)%
Equity in net earnings of unconsolidated subsidiaries	75.1	87.3	(14)	153.3	160.6	(5)
Other non-operating income (expense)	(1,425.3)	(217.3)	n.m.	(2,578.1)	(264.0)	n.m.
Total Non-Operating	\$ 177.8	\$ 117.0	52	\$ 421.0	\$ 174.2	142

n.m. not meaningful

Investment income. Earnings from cash performance bond and guaranty fund contributions that are reinvested increased in the second quarter and first six months of 2023 when compared with the same periods in 2022, due to a higher rate of interest earned in the cash accounts at the Federal Reserve Bank of Chicago following multiple interest rate hikes in 2022 and early 2023. In the second quarter and first six months of 2023, earnings from cash performance bond and guaranty fund contributions were \$1,540.1 million and \$2,796.4 million, compared with \$295.5 million and \$369.1 million in the second quarter and first six months of 2022. We also recognized higher net realized and unrealized gains on investments in the first six months of 2023.

Equity in net earnings (losses) of unconsolidated subsidiaries. Lower income generated from our S&P/Dow Jones Indices LLC (S&P/DJI) business venture contributed to a decrease in equity in net earnings of unconsolidated subsidiaries in the second quarter and first six months of 2023 when compared with the same periods in 2022.

Other income (expense). We recognized higher expenses related to the distribution of interest earned on performance bond collateral reinvestments to the clearing firms in conjunction with higher interest income earned on our reinvestment during the second quarter and first six months of 2023 when compared with the same periods in 2022. This was due to a higher Federal Funds rate in 2023 compared with the same periods in 2022. In the second quarter and first six months of 2023, expenses related to the distribution of interest earned on collateral reinvestments were \$1,432.8 million and \$2,596.3 million, compared with \$223.5 million and \$271.9 million in the second quarter and first six months of 2022.

Income Tax Provision

The following table summarizes the effective tax rates for the periods presented:

	2023	2022
Quarter ended June 30	23.5 %	23.6 %
Six months ended June 30	23.6 %	23.0 %

The overall effective tax rate remained relatively consistent in the second quarter of 2023 when compared with the same period in 2022. In the first six months of 2023 when compared with the same period in 2022, the effective tax rate increased slightly because we recognized a benefit related to the settlement for various tax audits in the first quarter of 2022.

Liquidity and Capital Resources

Sources and Uses of Cash. Net cash provided by operating activities increased in the first six months of 2023 when compared with the same period in 2022, largely due to an increase in revenue resulting from fee increases. Net cash provided by investing activities increased during the first six months of 2023 when compared with the same period in 2022. In the second quarter of 2022, we made an additional investment in S&P/DJI of \$410.0 million. Cash used in financing activities was higher during the

first six months of 2023 when compared with the same period in 2022, due to a decrease in cash performance bonds and guaranty fund contributions.

Debt Instruments. The following table summarizes our debt outstanding at June 30, 2023:

<i>(in millions)</i>	Par Value
Fixed rate notes due March 2025, stated rate of 3.00% ⁽¹⁾	\$ 750.0
Fixed rate notes due June 2028, stated rate of 3.75%	\$ 500.0
Fixed rate notes due March 2032, stated rate of 2.65%	\$ 750.0
Fixed rate notes due September 2043, stated rate of 5.30% ⁽²⁾	\$ 750.0
Fixed rate notes due June 2048, stated rate of 4.15%	\$ 700.0

- (1) We maintained a forward-starting interest rate swap agreement that modified the interest obligation associated with these notes so that the interest payable on the notes effectively became fixed at a rate of 3.11%.
- (2) We maintained a forward-starting interest rate swap agreement that modified the interest obligation associated with these notes so that the interest payable effectively became fixed at a rate of 4.73%.

We maintain a \$2.3 billion multi-currency revolving senior credit facility with various financial institutions, which matures in November 2026. The proceeds from this facility can be used for general corporate purposes, which includes providing liquidity for our clearing house in certain circumstances at CME Group's discretion and, if necessary, for maturities of commercial paper. As long as we are not in default under this facility, we have the option to increase it up to \$3.3 billion with the consent of the agent and lenders providing the additional funds. This facility is voluntarily pre-payable from time to time without premium or penalty. Under this facility, we are required to remain in compliance with a consolidated net worth test, which is defined as our consolidated shareholders' equity at September 30, 2021, giving effect to share repurchases made and special dividends paid during the term of the agreements (and in no event greater than \$2.0 billion in aggregate), multiplied by 0.65. We currently do not have any borrowings outstanding under this facility, but any commercial paper balance if or when outstanding can be backstopped against this facility.

We maintain a 364-day multi-currency revolving secured credit facility with a consortium of domestic and international banks to be used in certain situations by the clearing house. The facility provides for borrowings of up to \$7.0 billion. We may use the proceeds to provide temporary liquidity in the unlikely event a clearing firm fails to promptly discharge an obligation to CME Clearing, in the event of a liquidity constraint or default by a depository (custodian for our collateral), in the event of a temporary disruption with the domestic payments system that would delay payment of settlement variation between us and our clearing firms, or in other cases as provided by the CME rulebook. Clearing firm guaranty fund contributions received in the form of cash or U.S. Treasury securities as well as the performance bond assets (pursuant to the CME rulebook) can be used to collateralize the facility. At June 30, 2023, guaranty fund contributions available to collateralize the facility totaled \$8.0 billion. We have the option to request an increase in the line from \$7.0 billion to \$10.0 billion. Our 364-day facility contains a requirement that CME remain in compliance with a consolidated tangible net worth test, defined as CME's consolidated shareholder's equity less intangible assets (as defined in the agreement), of not less than \$800.0 million. We currently do not have any borrowings outstanding under this facility.

The indentures governing our fixed rate notes, our \$2.3 billion multi-currency revolving senior credit facility and our 364-day multi-currency revolving secured credit facility for \$7.0 billion do not contain specific covenants that restrict the ability to pay dividends. These documents, however, do contain other customary financial and operating covenants that place restrictions on the operations of the company that could indirectly affect the ability to pay dividends.

At June 30, 2023, we have excess borrowing capacity for general corporate purposes of approximately \$2.3 billion under our multi-currency revolving senior credit facility.

At June 30, 2023, we were in compliance with the various covenant requirements of all our debt facilities.

CME Group, as a holding company, has no operations of its own. Instead, it relies on dividends declared and paid to it by its subsidiaries in order to provide the funds which it uses to pay dividends to its shareholders.

To satisfy our performance bond obligation with Singapore Exchange Limited, we may pledge irrevocable standby letters of credit. At June 30, 2023, the letters of credit totaled \$285.0 million. We also maintain a \$350.0 million line of credit to meet our obligations under this agreement.

The following table summarizes our credit ratings at June 30, 2023:

Rating Agency	Short-Term Debt Rating	Long-Term Debt Rating	Outlook
Standard & Poor's Global Ratings	A1+	AA-	Stable
Moody's Investors Service, Inc.	P1	Aa3	Stable

Given our cash flow generation, our ability to pay down debt levels and our ability to refinance existing debt facilities if necessary, we expect to maintain an investment grade rating. If our ratings are downgraded below investment grade within certain specified time periods due to a change of control, we are required to make an offer to repurchase our fixed rate notes at a price equal to 101% of the principal amount, plus accrued and unpaid interest. No report of any rating agency is incorporated by reference herein.

Liquidity and Cash Management. Cash and cash equivalents totaled \$1.9 billion and \$2.7 billion at June 30, 2023 and December 31, 2022, respectively. The balance retained in cash and cash equivalents is a function of anticipated or possible short-term cash needs, prevailing interest rates, our corporate investment policy and alternative investment choices. A majority of our cash and cash equivalents balance is invested in money market mutual funds that invest only in U.S. Treasury securities, U.S. government agency securities and U.S. Treasury security reverse repurchase agreements and short-term bank deposits. Our exposure to credit and liquidity risk is minimal given the nature of the investments. Cash that is not available for general corporate purposes because of regulatory requirements or other restrictions is classified as restricted cash and is included in other current assets or other assets in the consolidated balance sheets.

Regulatory Requirements. CME is regulated by the CFTC as a Derivatives Clearing Organization (DCO). DCOs are required to maintain capital, as defined by the CFTC, in an amount at least equal to one year of projected operating expenses as well as cash, liquid securities, or a line of credit at least equal to six months of projected operating expenses. CME was designated by the Financial Stability Oversight Council as a systemically important financial market utility under Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act. As a result, CME must comply with CFTC regulations applicable to a systemically important DCO for financial resources and liquidity resources. CME is in compliance with all DCO financial requirements.

CME, CBOT, NYMEX and COMEX are regulated by the CFTC as Designated Contract Markets (DCM). DCMs are required to maintain capital, as defined by the CFTC, in an amount at least equal to one year of projected operating expenses as well as cash, liquid securities or a line of credit at least equal to six months of projected operating expenses. Our DCMs are in compliance with all DCM financial requirements.

BrokerTec Americas LLC is required to maintain sufficient net capital under Securities Exchange Act of 1934, as amended (Exchange Act), Rule 15c3-1 (the Net Capital Rule). The Net Capital Rule focuses on liquidity and is designed to protect securities customers, counterparties, and creditors by requiring that broker-dealers have sufficient liquid resources on hand at all times to satisfy claims promptly. Rule 15c3-3, or the customer protection rule, which complements Rule 15c3-1, is designed to ensure that customer property (securities and funds) in the custody of broker-dealers is adequately safeguarded. By law, both of these rules apply to the activities of registered broker-dealers, but not to unregistered affiliates. The firm began operating as a (k)(2)(i) broker dealer in November 2017 following notification to the Financial Industry Regulatory Authority and the SEC. A company operating under the (k)(2)(i) exemption is not required to lock up customer funds as would otherwise be required under Exchange Act Rule 15c3-3.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are subject to various market risks, including those caused by changes in interest rates, credit, foreign currency exchange rates and equity prices. There have not been material changes in our exposure to market risk since December 31, 2022. Refer to Item 7A. of CME Group's Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on February 27, 2023, for additional information.

ITEM 4. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, our disclosure controls and procedures are effective.

(b) Changes in Internal Control Over Financial Reporting. As required by Rule 13a-15(d) under the Exchange Act, the company's management, including the company's Chief Executive Officer and Chief Financial Officer, have evaluated the company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the

Exchange Act) to determine whether any changes occurred during the quarter covered by this quarterly report that have materially affected, or are reasonably likely to materially affect, the company's internal control over financial reporting. There were no changes in the company's internal control over financial reporting which occurred during the fiscal quarter ended June 30, 2023, that have materially affected, or are reasonably likely to materially affect, the company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The disclosure under "Legal and Regulatory Matters" in Note 6. Contingencies in the Notes to Unaudited Consolidated Financial Statements in Item 1 of Part I of this report is incorporated herein by reference. Such disclosure includes updates to the legal proceedings disclosed in the company's Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on February 27, 2023.

ITEM 1A. RISK FACTORS

There have been no material changes in the company's risk factors from those disclosed in the company's Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on February 27, 2023.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

Period	(a) Total Number of Class A Shares Purchased (1)	(b) Average Price Paid Per Share	(c) Total Number of Class A Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Value) of shares that May Yet Be Purchased Under the Plans or Programs (in millions)
April 1 to April 30	48	\$ 192.12	—	\$ —
May 1 to May 31	110	179.81	—	—
June 1 to June 30	4,581	181.62	—	—
Total	<u>4,739</u>		<u>—</u>	

- (1) Shares purchased consist of an aggregate of 4,739 shares of Class A common stock surrendered in the second quarter of 2023 to satisfy employees' tax obligations upon the vesting of restricted stock.

ITEM 6. EXHIBITS

10.1	Amendment No. 7 to Credit Agreement, dated as of April 26, 2023, among Chicago Mercantile Exchange Inc., Bank of America, N.A., in its capacity as administrative agent, Citibank, N.A., in its capacity as collateral agent and collateral monitoring agent, and the banks party thereto. The Amended Credit Agreement, as amended through Amendment No. 7, among Chicago Mercantile Exchange Inc., each of banks from time to time party thereto, Bank of America, N.A., in its capacity as administrative agent, and Citibank, N.A., in its capacity as collateral agent and collateral monitoring agent, is attached as Annex A to Amendment No. 7 (incorporated by reference to Exhibit 10.1 to CME Group Inc.'s Current Report on Form 8-K, filed with the SEC on April 28, 2023).
31.1	Section 302 Certification—Terrence A. Duffy
31.2	Section 302 Certification—Lynne Fitzpatrick
32.1	Section 906 Certification
101	The following materials from CME Group Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023, formatted in Inline XBRL (Xtensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Equity, (v) the Consolidated Statements of Cash Flows and (vi) Notes to Unaudited Consolidated Financial Statements, tagged as blocks of text.
104	Cover Page Interactive Data File included in the Inline XBRL Document Set for Exhibit 101.
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CME Group Inc.
(Registrant)

Dated: August 2, 2023

By: _____ /s/ Lynne Fitzpatrick

Lynne Fitzpatrick

Senior Managing Director and Chief Financial Officer

**Principal Financial Officer and
Duly Authorized Officer**

CERTIFICATION

I, Terrence A. Duffy, certify that:

1. I have reviewed this report on Form 10-Q of CME Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 2, 2023

/s/ Terrence A. Duffy

Name: Terrence A. Duffy

Title: Chief Executive Officer

CERTIFICATION

I, Lynne Fitzpatrick, certify that:

1. I have reviewed this report on Form 10-Q of CME Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 2, 2023

/s/ Lynne Fitzpatrick

Name: Lynne Fitzpatrick

Title: Chief Financial Officer

**Certification of CEO and CFO Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of CME Group Inc. (the "Company") for the quarter ended June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Terrence A. Duffy, as Chief Executive Officer of the Company, and John W. Pietrowicz, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Terrence A. Duffy

Name: Terrence A. Duffy

Title: Chief Executive Officer

Dated: August 2, 2023

/s/ Lynne Fitzpatrick

Name: Lynne Fitzpatrick

Title: Chief Financial Officer

Dated: August 2, 2023

This certification accompanies the Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of §18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by § 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.