

## **CME Group 3Q18 Earnings Call Introduction**

**October 25, 2018**

### **John Peschier**

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

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

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

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

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

### **Terry Duffy**

- Thank you for joining us today. We appreciate your interest in CME Group.
- I hope you had a chance to read through the third quarter earnings commentary document we provided earlier this morning. We made good progress with several initiatives during the quarter. Let me share some of the highlights.
- The diversity of our deep and liquid product offerings was important during Q3 as trading

generally slowed on exchanges around the world, following a very strong first half of the year. At CME, we saw particular strength in Treasuries, Equities, emerging market FX pairs and several commodity products. This offset a bit of a slowdown in global energy trading based on market conditions.

- More importantly, we gained traction in new offerings including our SOFR and SONIA interest rate futures contracts. We saw rising volume and open interest, as well as record volume in our S&P Select Sector Futures in September. We set new daily records in our new monthly FX futures and CME FX Link offerings. This totaled approximately 50,000 contracts on a single day in September.
- Within our Commodities complex, we announced the Q4 launch date for physically delivered WTI Houston Crude Oil futures contract. This helps reinforce the strength of our global benchmark WTI Cushing contract. In Metals, we also saw continued growth in Copper options; We had record Q3 average daily volume in our Red Winter Wheat options; and also, in our Livestock options complex.
- We continue to make investments in our global sales efforts. In September, we launched the new interactive CME Liquidity Tool to help market participants analyze liquidity including current and historical bid-ask spreads, book depth and cost to trade statistics across CME products. Customers can analyze activity during US, London and Singapore trading hours, helping to create new trading opportunities. CME's new liquidity tool has attracted a large amount of interest from clients across the globe. This is available on CME's website and I encourage all of you to take a look.

- We were pleased to announce the extension of the exclusive Nasdaq futures license through 2029 ensuring market participants worldwide will continue to have seamless access to our suite of Nasdaq products and benefit from capital efficiencies by trading alongside our industry-leading Equity Index products.
- Finally, with respect to our NEX transaction, we were pleased to announce the DOJ approval of the transaction, and we continue to expect the deal to close before year end. We have been working diligently over the last few months on high level integration planning with the NEX team.
- Our trading volume has picked up nicely so far in October. We are up about 41% quarter to date versus last year. I mentioned product diversity earlier, and it is nice to see Interest Rates and Equities up significantly in Q4 so far, with the other 4 product areas growing as well.
- With that short summary, we'd like to open the call for your questions and we'll start now.