

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

FORM 8-K

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

Date of report (Date of earliest event reported) October 27, 2021

CME GROUP INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-31553
(Commission
File No.)

36-4459170
(IRS Employer
Identification No.)

20 South Wacker Drive
(Address of Principal Executive Offices)

Chicago Illinois

60606
(Zip Code)

Registrant's telephone number, including area code: (312) 930-1000

N/A
(Former Name or Former Address, if Changed Since Last Report)

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 | Nasdaq |

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405) of this chapter or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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.

Item 2.02. Results of Operations and Financial Condition.

The information set forth under “Item 2.02. Results Of Operations and Financial Condition,” including the Exhibit attached hereto, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

Attached and incorporated herein by reference as Exhibit 99.1 is a copy of a press release of CME Group Inc. dated October 27, 2021, reporting CME Group Inc.’s financial results for the quarter ended September 30, 2021.

To supplement CME Group’s financial statements on a GAAP basis, the attached press release includes financial measures that are not in accordance with GAAP, consisting of non-GAAP net income and earnings per share. Management believes that the presentation of non-GAAP net income and earnings per share provide important supplemental information to management and investors about financial and business trends relating to CME Group Inc.’s financial condition and results of operations. Management believes that the use of these non-GAAP financial measures provide a better measure of comparability with the Company’s prior financial reports. Management acknowledges that non-GAAP adjustments may include recurring items. These non-GAAP measures should be considered as a supplement to, and not as a substitute for, or superior to, the corresponding measures calculated in accordance with GAAP. Pursuant to the requirements of Regulation G, CME Group Inc. has included a reconciliation of the non-GAAP financial measures to the most directly comparable GAAP financial measures in the press release.

Item 9.01 Financial Statements and Exhibits.

| Exhibit Number | Description |
|-----------------------|--|
| 99.1 | Press Release, dated October 27, 2021 |
| 104 | The cover page from CME Group Inc.’s Current Report on Form 8-K, formatted in Inline XBRL. |

SIGNATURES

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

CME Group Inc.
Registrant

Date: October 27, 2021

By: _____ /s/ John W. Pietrowicz
Name: **John W. Pietrowicz**
Title: **Chief Financial Officer & Senior Managing
Director Finance**
**Principal Financial Officer and
Duly Authorized Officer**



News Release

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CME-G

FOR IMMEDIATE RELEASE

CME Group Inc. Reports Third-Quarter 2021 Financial Results

CHICAGO, October 27, 2021 - CME Group Inc. (NASDAQ: CME) today reported financial results for the third quarter of 2021.

The company reported revenue of \$1.1 billion and operating income of \$614 million for the third quarter of 2021. Net income was \$927 million and diluted earnings per share were \$2.58. On an adjusted basis, net income was \$574 million and diluted earnings per share were \$1.60. Financial results presented on an adjusted basis for the third quarter of 2021 and 2020 exclude certain items, which are detailed in the reconciliation of non-GAAP results.¹

"We saw robust volume growth in Q3 as clients continued to manage a variety of risks during these times of ongoing economic uncertainty," said CME Group Chairman and Chief Executive Officer Terry Duffy. "Average daily volume grew 14% year over year during the quarter, led by double-digit growth in interest rates, energy and options products, as well as strong non-U.S. volumes, which increased 13% to 5 million contracts per day. We remained focused on meeting the evolving needs of our clients through product innovation. Since the beginning of the year we have delivered 70 new products and solutions, including the introduction of Micro Treasury futures and new ESG-focused products in Q3. Additionally, we made significant progress executing against our long-term strategy by completing the joint venture with IHS Markit and together launching OSTTRA, our new post-trade services company."

Third-quarter 2021 ADV was 17.8 million contracts, including non-U.S. ADV of 5.0 million contracts. Clearing and transaction fees revenue for third-quarter 2021 totaled \$879 million. The total average rate per contract was \$0.677. Market data revenue totaled \$145 million for third-quarter 2021.

1. A reconciliation of the non-GAAP financial results mentioned to the respective GAAP figures can be found within the Reconciliation of GAAP to non-GAAP Measures chart at the end of the financial statements and earnings presentation materials.

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As of September 30, 2021, the company had approximately \$1.6 billion in cash (including \$100 million deposited with Fixed Income Clearing Corporation (FICC) and included in other current assets) and \$3.4 billion of debt (including \$749 million in short-term debt). The company paid dividends during the third quarter of \$323 million. The company has returned approximately \$16.3 billion to shareholders in the form of dividends since the implementation of the variable dividend policy in early 2012.

CME Group will hold a Q&A conference call to discuss third-quarter 2021 results at 8:30 a.m. Eastern Time today. A live audio webcast of the Q&A call will be available on the Investor Relations section of CME Group's website at www.cmegroup.com. An archived recording will be available for up to two months after the call.

As the world's leading and most diverse derivatives marketplace, CME Group (www.cmegroup.com) enables clients to trade futures, options, cash and OTC markets, optimize portfolios, and analyze data - empowering market participants worldwide to efficiently manage risk and capture opportunities. CME Group exchanges offer the widest range of global benchmark products across all major asset classes based on [interest rates](#), [equity indexes](#), [foreign exchange](#), [energy](#), [agricultural products](#) and [metals](#). The company offers futures and options on futures trading through the [CME Globex](#)® platform, fixed income trading via BrokerTec and foreign exchange trading on the EBS platform. In addition, it operates one of the world's leading central counterparty clearing providers, CME Clearing.

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Statements in this press release that are not historical facts are forward-looking statements. 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, including our ability to provide effective services to the swaps market; 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 methods 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; 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; the impact of the COVID-19 pandemic and response by governments and other third parties; 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 NEX; our ability to continue to generate funds and/or manage our indebtedness to allow us to continue to invest in our business; industry 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 and additional information concerning these and other factors that might affect our performance, see our other recent periodic filings, including our Annual Report on Form 10-K for the year ended December 31, 2020, as filed with the Securities and Exchange Commission ("SEC") on February 26, 2021, under the caption "Risk Factors".

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CME Group Inc. and Subsidiaries
Consolidated Balance Sheets
(in millions)

| | September 30, 2021 | December 31, 2020 |
|--|--------------------|-------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 1,459.4 | \$ 1,633.2 |
| Marketable securities | 110.3 | 100.9 |
| Accounts receivable, net of allowance | 470.4 | 461.3 |
| Other current assets (includes \$4.8 and \$4.7 in restricted cash) | 362.7 | 306.7 |
| Performance bonds and guaranty fund contributions | 149,191.6 | 86,781.8 |
| Total current assets | 151,594.4 | 89,283.9 |
| Property, net of accumulated depreciation and amortization | 521.3 | 579.2 |
| Intangible assets—trading products | 17,175.3 | 17,175.3 |
| Intangible assets—other, net | 3,592.6 | 4,865.3 |
| Goodwill | 10,529.0 | 10,798.8 |
| Other assets (includes \$2.8 and \$0.6 in restricted cash) | 3,361.7 | 1,957.1 |
| Total Assets | \$ 186,774.3 | \$ 124,659.6 |
| LIABILITIES AND EQUITY | | |
| Current Liabilities: | | |
| Accounts payable | \$ 71.0 | \$ 69.3 |
| Short-term debt | 749.2 | — |
| Other current liabilities | 405.3 | 1,346.8 |
| Performance bonds and guaranty fund contributions | 149,191.6 | 86,781.8 |
| Total current liabilities | 150,417.1 | 88,197.9 |
| Long-term debt | 2,695.7 | 3,443.8 |
| Deferred income tax liabilities, net | 5,392.4 | 5,607.0 |
| Other liabilities | 987.0 | 1,059.4 |
| Total Liabilities | 159,492.2 | 98,308.1 |
| CME Group Shareholders' Equity | 27,282.1 | 26,319.9 |
| Non-controlling interests | — | 31.6 |
| Total Equity | 27,282.1 | 26,351.5 |
| Total Liabilities and Equity | \$ 186,774.3 | \$ 124,659.6 |

CME Group Inc. and Subsidiaries
Consolidated Statements of Income
(dollars in millions, except per share amounts; shares in thousands)

| | Quarter Ended September 30, | | Nine Months Ended, September 30, | |
|---|--------------------------------|-----------------|-------------------------------------|-------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Revenues | | | | |
| Clearing and transaction fees | \$ 878.9 | \$ 835.4 | \$ 2,815.8 | \$ 3,054.4 |
| Market data and information services | 145.4 | 139.4 | 434.8 | 405.6 |
| Other | 85.6 | 105.9 | 291.8 | 325.1 |
| Total Revenues | <u>1,109.9</u> | <u>1,080.7</u> | <u>3,542.4</u> | <u>3,785.1</u> |
| Expenses | | | | |
| Compensation and benefits | 198.6 | 216.4 | 635.3 | 640.9 |
| Technology | 49.3 | 48.1 | 146.8 | 144.9 |
| Professional fees and outside services | 45.2 | 48.4 | 119.4 | 141.3 |
| Amortization of purchased intangibles | 59.0 | 78.3 | 179.0 | 232.2 |
| Depreciation and amortization | 37.2 | 39.7 | 111.9 | 111.7 |
| Licensing and other fee agreements | 57.6 | 57.7 | 176.5 | 187.0 |
| Other | 49.3 | 67.1 | 160.0 | 204.7 |
| Total Expenses | <u>496.2</u> | <u>555.7</u> | <u>1,528.9</u> | <u>1,662.7</u> |
| Operating Income | <u>613.7</u> | <u>525.0</u> | <u>2,013.5</u> | <u>2,122.4</u> |
| Non-Operating Income (Expense) | | | | |
| Investment income | 145.8 | 23.6 | 239.1 | 151.6 |
| Interest and other borrowing costs | (41.8) | (41.7) | (125.0) | (124.5) |
| Equity in net earnings of unconsolidated subsidiaries | 66.4 | 44.0 | 178.3 | 144.0 |
| Other non-operating income (expense) | 311.8 | (14.4) | 268.4 | (106.4) |
| Total Non-Operating Income (Expense) | <u>482.2</u> | <u>11.5</u> | <u>560.8</u> | <u>64.7</u> |
| Income before Income Taxes | <u>1,095.9</u> | <u>536.5</u> | <u>2,574.3</u> | <u>2,187.1</u> |
| Income tax provision | 169.6 | 125.0 | 562.6 | 505.5 |
| Net Income | <u>926.3</u> | <u>411.5</u> | <u>2,011.7</u> | <u>1,681.6</u> |
| Less: net (income) loss attributable to non-controlling interests | 0.2 | 0.2 | (0.5) | (0.4) |
| Net Income Attributable to CME Group | <u>\$ 926.5</u> | <u>\$ 411.7</u> | <u>\$ 2,011.2</u> | <u>\$ 1,681.2</u> |
| Earnings per Common Share Attributable to CME Group: | | | | |
| Basic | \$ 2.59 | \$ 1.15 | \$ 5.61 | \$ 4.70 |
| Diluted | 2.58 | 1.15 | 5.60 | 4.69 |
| Weighted Average Number of Common Shares: | | | | |
| Basic | 358,363 | 357,791 | 358,258 | 357,669 |
| Diluted | 358,988 | 358,590 | 358,894 | 358,492 |

CME Group Inc. and Subsidiaries
Quarterly Operating Statistics

| | 3Q 2020 | 4Q 2020 | 1Q 2021 | 2Q 2021 | 3Q 2021 |
|---------------------|---------|---------|---------|---------|---------|
| Trading Days | 64 | 64 | 61 | 63 | 64 |

Quarterly Average Daily Volume (ADV)⁽¹⁾

CME Group ADV (in thousands)

| Product Line | 3Q 2020 | 4Q 2020 | 1Q 2021 | 2Q 2021 | 3Q 2021 |
|----------------------------|---------|---------|---------|---------|---------|
| Interest rates | 5,315 | 6,273 | 10,349 | 8,581 | 8,111 |
| Equity indexes | 5,410 | 5,148 | 6,117 | 4,926 | 5,100 |
| Foreign exchange | 829 | 818 | 852 | 769 | 776 |
| Energy | 1,852 | 1,940 | 2,363 | 1,963 | 2,179 |
| Agricultural commodities | 1,372 | 1,478 | 1,471 | 1,631 | 1,141 |
| Metals | 825 | 568 | 675 | 568 | 480 |
| Total | 15,603 | 16,225 | 21,827 | 18,438 | 17,786 |
| Venue | | | | | |
| CME Globex | 15,054 | 15,469 | 20,436 | 17,223 | 16,652 |
| Open outcry ⁽²⁾ | 108 | 273 | 678 | 646 | 598 |
| Privately negotiated | 441 | 483 | 713 | 569 | 536 |
| Total | 15,603 | 16,225 | 21,827 | 18,438 | 17,786 |

Quarterly Average Rate Per Contract (RPC)⁽¹⁾

CME Group RPC

| Product Line | 3Q 2020 | 4Q 2020 | 1Q 2021 | 2Q 2021 | 3Q 2021 |
|--------------------------|----------|----------|----------|----------|----------|
| Interest rates | \$ 0.506 | \$ 0.490 | \$ 0.475 | \$ 0.491 | \$ 0.483 |
| Equity indexes | 0.525 | 0.523 | 0.532 | 0.555 | 0.555 |
| Foreign exchange | 0.763 | 0.739 | 0.779 | 0.805 | 0.803 |
| Energy | 1.171 | 1.165 | 1.097 | 1.140 | 1.127 |
| Agricultural commodities | 1.284 | 1.301 | 1.343 | 1.343 | 1.319 |
| Metals | 1.309 | 1.389 | 1.415 | 1.438 | 1.463 |
| Average RPC | \$ 0.716 | \$ 0.699 | \$ 0.658 | \$ 0.695 | \$ 0.677 |

1. ADV and RPC includes futures and options on futures only.

2. Due to the COVID-19 pandemic, in March 2020 we closed our open outcry trading floor. We began a limited reopening of the trading floor in the third quarter of 2020. Only the Eurodollar options trading pit (where options on One-Month and Three-Month Secured Overnight Financing Rate (SOFR) futures also trade) remains open.

CME Group Inc. and Subsidiaries
Reconciliation of GAAP to non-GAAP Measures
(dollars in millions, except per share amounts; shares in thousands)

| | Quarter Ended September 30, | | Nine Months Ended, September 30, | |
|--|--------------------------------|-----------------|-------------------------------------|-------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Net Income Attributable to CME Group | \$ 926.5 | \$ 411.7 | \$ 2,011.2 | \$ 1,681.2 |
| Restructuring and severance | 6.6 | 6.0 | 25.8 | 16.6 |
| Amortization of purchased intangibles ⁽¹⁾ | 63.1 | 78.3 | 183.1 | 232.2 |
| Acquisition-related costs ⁽²⁾ | 18.7 | 9.2 | 36.0 | 26.4 |
| Foreign exchange transaction (gains) losses | (3.2) | 6.1 | 0.2 | 2.4 |
| Unrealized and realized (gains) losses on investments | (434.5) | 3.8 | (455.5) | 6.3 |
| (Gains) on derivatives | — | — | — | (1.5) |
| Realized and unrealized losses on assets ⁽³⁾ | 0.5 | 2.7 | 1.7 | 28.8 |
| Litigation matters | — | 3.4 | (3.1) | 7.4 |
| Trading floor enhancements | 1.4 | 1.5 | 1.4 | 2.5 |
| Income tax effect related to above | (0.8) | (26.1) | (34.1) | (85.7) |
| Other income tax items | (3.9) | (1.6) | 37.5 | (2.6) |
| Adjusted Net Income Attributable to CME Group | <u>\$ 574.4</u> | <u>\$ 495.0</u> | <u>\$ 1,804.2</u> | <u>\$ 1,914.0</u> |
| GAAP Earnings per Common Share Attributable to CME Group: | | | | |
| Basic | \$ 2.59 | \$ 1.15 | \$ 5.61 | \$ 4.70 |
| Diluted | 2.58 | 1.15 | 5.60 | 4.69 |
| Adjusted Earnings per Common Share Attributable to CME Group: | | | | |
| Basic | \$ 1.60 | \$ 1.38 | \$ 5.04 | \$ 5.35 |
| Diluted | 1.60 | 1.38 | 5.03 | 5.34 |
| Weighted Average Number of Common Shares: | | | | |
| Basic | 358,363 | 357,791 | 358,258 | 357,669 |
| Diluted | 358,988 | 358,590 | 358,894 | 358,492 |

1. Includes \$4.1 million of amortization of purchased intangibles (net of tax) at OSTTRA, reported in Equity in net earnings of unconsolidated subsidiaries.

2. Acquisition-related costs primarily include professional fees related to the NEX integration and IHS Markit transaction.

3. Results include net gains and losses on intangible assets and fixed assets.