CME Group Q2 2026 Earnings Introductory Script

July 22, 2026

<u>Adam Minick</u>

Good morning, and I hope you're all doing well today. Earlier this morning we released our earnings commentary, which provides extensive details on the second quarter 2026, which we will be discussing on this call. I will start with the safe harbor language, then I'll turn it over to Terry.

Statements made on this call and in the other reference documents 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 statement. Detailed information about factors that may affect our performance can be found in the filings with the SEC, which are on our website.

Lastly, in the earnings release, you will see a reconciliation between GAAP and non-GAAP measures following the financial statements.

With that, I'll turn the call over to our Chairman and CEO, Terry Duffy.

Terrence Duffy

Thanks Adam and thank you all for joining us this morning. I'll make a few comments about our strong quarter before turning it over to Lynne to provide an overview of our financial results. In addition to Lynne, we have other members of our management team present to answer questions after the prepared remarks.

The second quarter ADV of 29.8 million contracts represented the second highest Q2 in our history, and was within 1% of our record second quarter a year ago with May and June particularly strong following the tough April comparison. Open interest ended the quarter up 8% over the past year, and up 16% since the beginning of this year. Additionally, we delivered record levels of capital efficiency, saving our customers an average of over $95 billion in margin per day.

Recently, this strong business performance has been overshadowed by discussions surrounding perpetual futures. While these products may be dubbed futures, they function much more like leveraged spot products. They may appeal to certain retail traders seeking high leverage, but they are not appropriate for the institutional risk managers who comprise the vast majority of our business.

Perpetual futures are highly engineered instruments that rely on frequent funding rate adjustments that revert the position back to the spot price. They are known for high leverage and automated liquidations, they offer limited investor protections and introduce heightened market risk - particularly for retail participants.

These products do not appeal to our core customers. Through the first half of 2026, 94% of our volume originated from institutional customers. Perpetual futures are in no way substitutes for the institutional hedging tools that these customers rely on. Perpetuals do not provide price or time certainty, two necessary components for hedging exposures. Furthermore, when taking into account both the transaction fee and the daily funding costs, the total cost to trade perpetual futures is typically orders of magnitude more expensive than our highly efficient futures contracts.

We have the full technical and operational capabilities to launch perpetual futures. In fact, we have contract specifications and are prepared to bring these products to market should evolving demand or structural shifts make it appropriate to do so. However, we have not heard demand from our customers for these products. Crypto perpetuals are not new, and existed before we even launched our crypto futures complex. We have built that business over the last nine years because our futures fill a market need that was not met by traditional crypto products, including perpetuals. Our crypto futures volume is up over 7-fold in the past 3 years, despite the existence of crypto perpetuals.

We remain deeply committed to ensuring market integrity and will never sacrifice core protections in the name of innovation. Instead, we continue to launch innovative products while preserving the safety and soundness of our marketplace. In the 2nd quarter, we successfully introduced 24/7 trading of crypto futures, and this weekend, we are launching 24/7 trading of our one-ounce gold contract.

Next week we will be launching single-stock futures, which offer simplified directional trading with exceptional capital efficiency. In the fourth quarter, we plan to launch Treasury Link to link our U.S. Treasury futures and cash Treasury liquidity pools. We're also partnering with Silicon Data to launch a pioneering compute futures market later this year.

We expect our innovative new offerings to further accelerate our growth as we build on our record-breaking performance in the first half of 2026. Our robust product pipeline and ongoing investments in our technology evolution, position us well to drive continued value for both clients and shareholders.

With that, I'll now turn the call over to Lynne to review our financial results in more detail.

Lynne Fitzpatrick

Thanks, Terry and thank you all for joining us this morning.

As Terry mentioned, CME Group delivered strong financial performance in the second quarter. Our revenue of $1.7 billion was up 1% from the second-quarter in 2025. This marks a record for second quarter revenue and the second highest all-time quarterly revenue behind Q1 of this year. The average rate per contract for the quarter was 67.8¢ - a 2.6 cent increase from Q1.

Market Data revenue achieved another record quarter, up 20% to $238 million, continuing our trend of 33 consecutive quarters of year-over-year market data revenue growth and our eighth consecutive quarter of record revenue.

Adjusted expenses were $521 million for the quarter and $412 million excluding license fees. Our adjusted operating income was $1.2 billion, or a 69.5% adjusted operating margin.

Adjusted net income and adjusted diluted earnings per share were $1.1 billion and $2.99 per share, 1% higher than Q2 2025. This represents an adjusted net income margin for the quarter of 63.4%.

We returned $1.2 billion to shareholders during the quarter with $468 million in regular quarterly dividends and $695 million in shares repurchased.

CME Group continued to build on its record 2025 performance through the first half of 2026. Volume through the first half was 10% ahead of last year, with open interest growing 8%. Revenue increased 8% and adjusted diluted earnings per share climbed 10% in the first half of the year. Further, we set new records for our Large Open Interest Holders in Interest Rates, Equity Index, and FX since the start of the year. Third quarter volume has started out strong with July to date tracking 18% ahead of last year.

Our strong financial performance this year reflects CME Group’s established role as the world’s premier risk management destination. Amid times of uncertainty, our robust market infrastructure and deep liquidity pools allow participants to manage exposure with confidence. As the market landscape continues to evolve, we remain committed to driving innovation and delivering the capital efficiencies our clients rely on. With continued strong demand for our risk management products we look forward to continuing this momentum in the second half.

We'd now like to open up the call for your questions. Thank you.

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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 innovative and competitive new products and services on a timely, cost-effective basis, including through our electronic trading capabilities, and derive revenues that are commensurate with our efforts and expectations, 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 manage variable costs associated with CME Group's transition to the Google Cloud, and minimize duplicative costs of maintaining both on-premise and Google Cloud environments during the transition; the resilience of our electronic platforms and the soundness of our business continuity and disaster recovery plans, including in the event of cyberattacks and cyberterrorism or as impacted by a failure of or disruption at one of our suppliers; 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, as well as the impact of tariffs and tax policy changes, restrictions on our ability to offer CME Group products and services in specific geographies or to specific customers or limitations or changes in underlying/physical product flows across geographies; 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 firms 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 from third parties, including risks related to the performance, reliability and security of technology used by, or facilities provided by, our third-party providers and third-party providers that our clients and third-parties rely on; our reliance on third-party distribution partners, including independent software vendors, futures commission merchants, introducing brokers, broker-dealers, regulatory reporting and data distributors and platform operators, and other partners, for facilitating trading and for market data information, and potential impacts from changes in their business models and priorities; volatility in commodity, equity and fixed income prices, and price volatility of financial benchmarks and instruments such as interest rates, equity indices, fixed income instruments and foreign exchange rates; economic, social, political and market conditions, including new and existing geopolitical tensions or conflicts, 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 market data and order transaction traffic across the entire trade cycle and the ability to implement enhancements meeting our regulatory obligations and customer needs 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, alliances, strategic partnerships and joint ventures; variances in earnings on cash accounts and collateral that our clearing house holds; impact of CME Group pricing/fee level and structure and incentive changes; 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; 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 and/or concentration; 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; increases in effective tax rates, borrowing costs, or changes in tax policy; 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, 2025, as filed with the Securities and Exchange Commission ("SEC") on February 26, 2026, under the caption "Risk Factors".*

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