



## **Cboe Chi-X Europe Limited**

---

**DIRECTORS' REPORT, STATEGIC REPORT AND FINANCIAL STATEMENTS**

Registered number: 01651728

31 December 2019

---

TUESDAY



\*A9DNMNM\*

A13

15/09/2020

#155

COMPANIES HOUSE

**Directors**

M Hemsley (Termination of appointment as Director 1 January 2020)

A Eades

J Woodman (Termination of appointment as Director 1 February 2020)

D Howson (Appointment as Director 1 January 2020)

**Secretary**

A Amelia

**Registered Office**

5th Floor, The Monument Building,

11 Monument Street,

EC3R 8AF London

United Kingdom

**Registered no. 1651728****DIRECTORS' REPORT**

The directors present their Directors' Report, Strategic Report and the audited financial statements of Cboe Chi-X Europe Limited (formerly known as Chi-X Europe Limited) ("the Company") for the year ended 31 December 2019.

Details of significant events since the balance sheet date are contained in Note 19 to the financial statements. An indication of likely future developments in the business of the Company are included in the Strategic Report.

**RESULTS AND DIVIDEND**

The Company financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted for use in the European Union.

The loss for the year amounted to £8 thousand (2018: profit £5 thousand).

No dividends were paid during the year (2018: £nil). The directors do not recommend any dividend payments or capital distributions.

**DISCLOSURE OF INFORMATION TO AUDITORS'**

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

**DIRECTORS**

The directors of the Company during the year ended 31 December 2019 are as follows:

- M Hemsley (CEO) (Termination of appointment as Director 1 January 2020)
- J Woodman (non-executive director, Chairman) (Termination of appointment as Director 1 February 2020)
- A Eades (executive director)
- D Howson (Appointment as Director 1 January 2020)

**DIRECTORS' INSURANCE**

The Company maintains insurance for its directors in respect of their duties as directors of the Company.

**GOING CONCERN**

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on page 4.

**DIRECTORS' REPORT (CONTINUED)**

**GOING CONCERN (continued)**

On 30 November 2018, the Company ceased offering its services to customers due to declining demand. The Company has retained its broker/dealer permission with the Financial Conduct Authority (FCA), and Management are considering the future for the Company at date of signing. Please refer to Note 2 for the directors' judgement of the going concern basis.

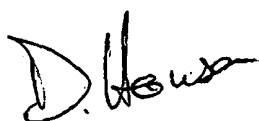
**FINANCIAL RISK MANAGEMENT**

The Company's financial risk management has been specifically considered by the directors, and relevant disclosures appear in Note 5.

**AUDITOR**

Following a resolution of the Board dated 19 August 2019, KPMG LLP was appointed as the Company auditor for the 2020 Financial Statements, replacing Deloitte LLP, and will continue in office in accordance with the Companies Act 2006. S487 (2).

Approved by the Board of Directors and signed

A handwritten signature in black ink, appearing to read 'D. Howson', is written over a horizontal line.

D Howson (Chief Executive Officer)

5<sup>th</sup> Floor, The Monument Building,  
11 Monument Street,  
EC3R 8AF London  
United Kingdom

Date: 23 April 2020

**STRATEGIC REPORT****PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The Company offered services as a broker/dealer to customers of Cboe Europe Limited (CEL).

On 30 November 2018 the Company ceased offering its routing broker/dealer services to its customers following a decline in demand for the service following regulatory changes brought about by the Markets in Financial Instruments Directive (MIFID II).

During the year the Company made a loss of £8 thousand, down 249.8% compared to £5 thousand in 2018. Gross profit decreased by 100.0% in 2019 to £nil, due to the Company ceasing to provide its services to clients from 30 November 2018.

There were no dividends paid during the year (2018: £nil) and no capital distributions were paid to CEL during the year (2018: £nil). The directors do not recommend any dividend payments or capital distributions.

**Key performance indicators**

Total notional traded represents the total value of executed routed order trades that the Company transacted. A decline in demand from its customers for its routing broker/dealer services (following regulatory changes brought about by MIFID II) has driven the 100% decline due to the ceased offering of these services to customers. In 2018, €67 million in notional was traded on the Company compared to none in 2019.

**FUTURE OUTLOOK**

Management continue to consider the Company's future following the decision to cease offering its routing services as a broker /dealer to customers.

There is a potential that the Company will be used in support of the global FX business unit in 2020. The Parent intends to transfer its ownership of the Company to Cboe Worldwide Holdings Limited in 2020 to support this business plan. However, there is no income forecasted for 2020 while the planning for the FX initiative is developed. The only expenses anticipated are regulatory and banking fees.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The management of the business and the execution of the Company's future strategy are subject to a number of risks, which are set out in Note 5.

The key business risks and uncertainties affecting the Company are considered to be those associated with regulation and data security.

Regulatory risks are those associated with non-compliance of regulatory requirements and the implementation of a more restrictive regulatory regime. Data security risks include information security breach resulting in exfiltration of data, compromise of data integrity and lack of availability of systems and data.

In March 2020, the Company's parent, CEL, enacted a work from home plan for its associates in light of COVID-19. In addition, CEL designated a COVID response team that meets at a minimum daily and provides regular updates to staff on its COVID response plan.

The directors also continue to assess the impact of COVID-19 on CEL's forecasts, projections and its financial position. At date of writing no indicators of impairment or adverse financial impact have been identified which might affect the 2019 financial statements of CEL and therefore Chi-X Europe.

---

**STRATEGIC REPORT (CONTINUED)**

**PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)**

The Company has adopted the same enterprise risk management ("ERM") approach as its parent, CEL, in order to identify, assess, respond to and report on opportunities and threats that affect the achievement of the Company's objectives.

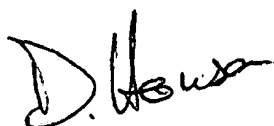
The key documents which underpin the CEL's risk management activities are the risk policy and the risk register.

The risk framework is documented in the CEL's Risk Policy. Responsibility for the management of risk is documented in job descriptions of all senior managers.

All risks identified by the CEL are captured in the Risk Register. The register sets out the impact of the risk occurring, the likelihood of it actually occurring, as well as the current, projected and target risk levels, the mitigating controls that are in place, the residual risk and what further actions need to be taken. The risk register is complemented by a heat map, which charts the position of each risk.

Oversight of the policy, risk register and other risk management matters is provided by the Board.

Approved by the board of directors and signed

A handwritten signature in black ink, appearing to read 'D. Howson', is written over a horizontal line.

D Howson (Chief Executive Officer)

5<sup>th</sup> Floor, The Monument Building,  
11 Monument Street,  
EC3R 8AF London  
United Kingdom

Date: 23 April 2020

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT, STRATEGIC REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Directors' Report, Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the European Union EU and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF Cboe Chi-X Europe Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Cboe Chi-X Europe Limited (the 'company') which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of matter - Financial statements prepared other than on a going concern basis**

**We draw attention to note 2 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.**

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the strategic report and the directors report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We have nothing to report in respect of these matters.



**Other information**

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Report on other legal and regulatory requirements****Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

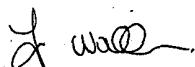
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.



Fiona Walker FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, UK

23 April 2020

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019**

		<b><u>2019</u></b>	<b><u>2018</u></b>
	<b>Notes</b>	<b>£000</b>	<b>£000</b>
<b>REVENUE</b>	7	-	14
<b>COST OF SALES</b>		-	(3)
<b>GROSS PROFIT</b>		-	11
Administrative expenses	8	(8)	(6)
<b>OPERATING PROFIT/(LOSS)</b>		(8)	5
<b>PROFIT/(LOSS) BEFORE TAX</b>		(8)	5
Income tax expense	12	-	-
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		(8)	5
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>		(8)	5

The results above relate wholly to discontinued operations.

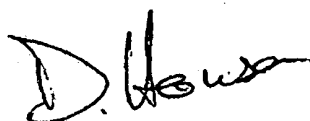
The notes on pages 14 to 26 form part of these financial statements.

**BALANCE SHEET AS AT 31 DECEMBER 2019**

		<b><u>2019</u></b>	<b><u>2018</u></b>
<b>ASSETS</b>	<b>Notes</b>	<b>£000</b>	<b>£000</b>
<b>Current assets</b>			
Other receivables	13	122	157
Cash and cash equivalents	14	287	260
		<u>409</u>	<u>417</u>
<b>TOTAL ASSETS</b>		<b>409</b>	<b>417</b>
<b>LIABILITIES</b>			
<b>TOTAL LIABILITIES</b>		-	-
<b>NET ASSETS</b>		<u>409</u>	<u>417</u>
<b>EQUITY</b>			
Share capital	16	250	250
Retained earnings		159	167
<b>Capital and reserves</b>		<u>409</u>	<u>417</u>

The notes on pages 14 to 26 form part of these financial statements.

These financial statements were approved by the board of directors on 23 April 2020 and were signed on its behalf by:



D Howson (Chief Executive Officer)

Date: 23 April 2020

Company registered number: 1651728

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019**

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total equity</u>
	£000	£000	£000
At 1 January 2018	250	162	412
Total comprehensive income for the period:			
Profit/(loss) from continuing operations	-	5	5
	-	5	5
At 31 December 2018	250	167	417
At 1 January 2019	250	167	417
Total comprehensive income for the period:			
Profit/(loss) from continuing operations	-	(8)	(8)
	-	(8)	(8)
At 31 December 2019	250	159	409

The notes on pages 14 to 26 form part of these financial statements.

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019**

		<b><u>2019</u></b>	<b><u>2018</u></b>
	<b>Notes</b>	<b>£000</b>	<b>£000</b>
<b>Operating activities</b>			
Profit/(Loss) before tax adjustments		(8)	5
Adjustments for:			
Working capital adjustments			
Decrease/(increase) in other receivables	13	35	(8)
(Decrease)/increase in creditors		-	(1)
		<u>27</u>	<u>(4)</u>
<b>Net cash flows from operating activities</b>		<u>27</u>	<u>(4)</u>
<b>Net cash flows from investing activities</b>		<u>-</u>	<u>-</u>
<b>Net cash flows from financing activities</b>		<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents from continuing operations		<u>27</u>	<u>(4)</u>
Total net increase/(decrease) in cash and cash equivalents		27	(4)
Cash and cash equivalents at 1 January		<u>260</u>	<u>264</u>
<b>Cash and cash equivalents at 31 December</b>	14	<u>287</u>	<u>260</u>

The notes on pages 14 to 26 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019****1. CORPORATE INFORMATION**

Cboe Chi-X Europe Limited is a private company limited by shares incorporated in England and Wales. The registered office is located at 5<sup>th</sup> Floor, The Monument Building, 11 Monument Street, London, EC3R 8AF.

**2. BASIS OF PREPARATION**

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("Adopted IFRS").

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements are prepared on the realised value basis.

In these financial statements, the Company has adopted the following IFRSs:

- IFRS 16 'Leases' (mandatory for year commencing on or after 1 January 2019); and
- IFRIC 23 'Uncertainty over Income Tax Treatments' (mandatory for year commencing on or after 1 January 2019).

The impact of adoption of these standards is explained further in Note 3.

The following adopted IFRS has been issued but has not been applied in these financial statements:

- IFRS 17 'Insurance Contracts' (mandatory for year commencing on or after 1 January 2021).

IFRS 17 establishes the principles for recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 *Insurance Contracts*.

The Company has assessed that there is no impact from the initial application of IFRS 17 on its financial statements on the basis that the Company does not have any Insurance contracts.

**Going Concern**

As explained in the Directors' Report, the entity ceased trading on 30 November 2018 due to declining customer demand, but a decision to close the business has not been made at date of signing. The financial statements have therefore been prepared on a basis other than that of a going concern. No material adjustments arose as a result of ceasing to apply going concern basis.

**NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019 (CONTINUED)****3. ADOPTION OF NEW ACCOUNTING STANDARDS AND INTERPRETATIONS**

On 1 January 2019, the Company adopted two new accounting standards, being IFRS 16 'Leases' and IFRIC 23 'Uncertainty over Income Tax Treatments'. The impact at the date of transition on the Company's financial statement is zero.

**IFRS 16 'Leases' – Impact of adoption**

On 1 January 2019 the Company adopted IFRS 16 'Leases'. This new accounting standard introduces a single, on balance sheet lease accounting model for lessees, and replaces IAS 17 'Leases'. Under IFRS 16, a lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Short-term leases and leases of low-value items are exempt from recognition.

IFRS 16 replaces existing leases guidance, includes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

This has resulted in no impact on the financial statements on the basis that the Company does not have any Lease contracts.

**IFRIC 23 'Uncertainty over Income Tax Treatments'-Impact of adoption**

On 1 January 2019 IFRIC 23 came into effect. IFRIC 23 was issued to clarify how income taxes should be recognised where there is uncertainty over the tax treatment of an item.

The Company does not have any areas of uncertainty for tax and therefore there is no impact on the financial statements.



**NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019 (CONTINUED)****4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****(a) Revenue Recognition**

Revenue represents the amounts receivable from customers, net of VAT, for services supplied to external customers. These are recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. The following recognition criteria are used:

***Routing***

Routing Revenues are recognised at a point in time, based on the date that the trade is executed.

**(b) Cost of Sales**

Cost of sales represents the cost of operating the routed smart order book.

**(c) Taxes*****Current Income Tax***

The current income tax asset and liability for the current and prior periods are measured at the amounts expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Company operated and generates taxable income.

***Deferred Taxation***

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax assets are recognised to the extent it is probable that they will be recoverable against future taxable profits.

**NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019 (CONTINUED)****4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(d) Foreign Currency Translation**

The Company's financial statements are presented in Sterling, which is also the Company's functional currency. Transactions in foreign currencies are initially recorded by the Company at their respective functional currency rates, and are converted at the rate of exchange ruling at the transaction date. Assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

**(e) Financial Assets**

The Company's financial assets are comprised of cash and cash equivalents (classified at amortised cost), and other receivables (classified at realised value).

Management determines the classification at initial recognition. The classification depends on the purpose for which the financial assets were originally acquired.

Other receivables are non-derivative financial assets with related parties that are not quoted in an active market. At initial recognition, these are recorded at fair value and are subsequently measured at realised value. Other receivables are classified as short term and they do not include a financing component.

**(f) Financial Liabilities**

The Company has no financial liabilities for the current year or the prior year.

**(g) Cash and Cash Equivalents**

Cash and cash equivalents in the balance sheet are comprised of cash held at banks.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash as defined above.

**NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019 (CONTINUED)****5. FINANCIAL RISK MANAGEMENT****Financial risk factors**

The Company has risk management policies in place that seek to limit the adverse effects of risk factors on the financial performance of the Company.

The directors have the responsibility for setting the risk management policies applied by the Company. The policies are implemented and monitored by the finance, compliance and operations departments to enable prompt identification of financial risks so that appropriate actions may be taken.

**Market risk**

Market risk represents different types of risk that affect the entire market, such as interest rate risk and foreign currency risk. The main accounts affected by these risks are cash and cash equivalents. The sensitivity analyses are discussed in each of the following sections relating to positions at 31 December 2019 and 2018.

**Interest rate risk**

The Company has interest bearing assets in the form of cash at bank and interest is received on these balances at variable rates. The Company reviews sensitivities for movements in interest rates which are appropriate to market conditions. The Company has considered the volatility of interest rates over the past 12 months and prospects for rates over the coming year and has concluded that a 1% upward movement (and no downward movement) reflects a reasonably possible change to current rates.

At 31 December 2019, if interest rates on Sterling denominated and US dollar denominated cash had been 1% higher, with all other variables held constant, post-tax profit for the year would have been £539 higher (2018: £2,602 higher) mainly as a result of higher interest income on floating rate cash and cash equivalents.

**Foreign exchange risk**

The Company has transactions in foreign currencies and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and the US dollar. Foreign exchange risk arises from related party transactions.

The Company reviews sensitivities to movements in exchange rates which are appropriate to market conditions. As at 31 December 2019, considering movements in the Euro and US dollar over the last year the Company has concluded that a 10% movement in rates is a reasonably possible change. At 31 December 2019, if Sterling had weakened/strengthened by 10% against the Euro and US dollar with all other variables held constant, post-tax profit for the year would have been £470 higher/lower (2018: £483 higher/lower). This reflects foreign exchange gains/losses on translation of Euro and US dollar denominated other receivables.

**NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019 (CONTINUED)****5. FINANCIAL RISK MANAGEMENT (continued)****Credit risk**

A significant portion of the Company's assets are represented by the cash balances held at banking institutions. The Company is exposed to the underlying credit risk of those entities in respect of these balances, all of which are rated A (positive) or above, as per Standard & Poor's and Fitch credit rating agencies.

**Liquidity risk**

The Company is exposed to liquidity risk to the extent that it is unable to meet its daily payment obligations. The Company maintains sufficient cash and actively maintains a mixture of assets and liabilities to ensure that it can adequately meet its short-term liabilities.

As of 31 December 2019 and 2018, the Company had no outstanding financial liabilities in Other Payables due in less than three months.

**Capital management**

The Company is recognised by the FCA as a broker-dealer.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2019 and 2018.

**NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019 (CONTINUED)****6. SIGNIFICANT JUDGMENTS AND ACCOUNTING ESTIMATES**

The preparation of the Company's financial statements requires management to make judgments and estimates that affected certain balances at the end of the reporting period. Judgments and estimates are regularly evaluated based on historical experience, current circumstances and expectations of future events. Judgments and estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Given the limited scope of activity in the Company's financial statements, there are no areas of significant judgements and accounting estimates.

**7. REVENUE ANALYSIS**

	<b><u>2019</u></b>	<b><u>2018</u></b>
	£000	£000
<b>Geographical markets supplied:</b>		
United Kingdom	-	1
Rest of World	-	13
	<hr/>	<hr/>
	-	14

The geographical analysis is based upon the client billing address and not the actual geographical location of the client base. In the opinion of the directors, the Company has one class of business.

All revenues in 2018 related to routed order transaction fees, which are services transferred at a point in time. No revenues were transferred over time, and the business did not have any revenues that it expects to recognize in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

**NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019 (CONTINUED)****8. ADMINISTRATIVE EXPENSES**

	<b><u>2019</u></b>	<b><u>2018</u></b>
	£000	£000
Professional fees	3	2
Other administration expenses	5	4
	<u>8</u>	<u>6</u>

**9. STAFF COSTS (Including directors)**

The Company has no staff, and no wages or pension contributions were accordingly made.

**10. DIRECTORS' EMOLUMENTS**

The Directors received no remuneration for the services they provide to the Company during the year (2018: £nil). For 2019 and 2018, all remuneration to directors is provided by the parent entity, CEL, and all remuneration is disclosed in its financial report.

**11. AUDITORS' REMUNERATION**

The Company's audit fees, as summarised below, are borne by its parent company, CEL.

	<b><u>2019</u></b>	<b><u>2018</u></b>
	£000	£000
Fee payable to the companies auditors for:		
- the audit of the financial statements	24	23
- other services pursuant to legislation	13	13
	<u>37</u>	<u>36</u>

**NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019 (CONTINUED)****12. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES**

The Company has no current tax balance owed due to net losses in 2019.

The Company has not recognised any deferred tax asset due to uncertainty of future profits. At 31 December 2019 the unrecognised deferred tax asset amounts to £40 thousand (2018: £38 thousand).

The main rate of corporation tax for the year 1 April 2019 was 19.00% (2018: 19.00%). In the 2020 Budget, the Government committed to retain the current 19% corporation tax rate from 1 April 2020.

The total tax charge is lower (2018: lower) than the standard rate of corporation tax in the UK (19.00%) (2018: 19%) The differences are explained below:

	<b><u>2019</u></b> £000	<b><u>2018</u></b> £000
Profit on ordinary activities before tax	(8)	5
Profit on ordinary activities multiplied by standard rate in the UK (19.00%) (2018: 19.00%)	(2)	1
Losses brought forward utilised in current year		(1)
Non recognised tax asset on losses	<u>2</u>	
Total tax charge	<u>-</u>	<u>-</u>

**13. OTHER RECEIVABLES**

	<b><u>2019</u></b> £000	<b><u>2018</u></b> £000
Amounts owed by related party undertakings	<u>122</u>	<u>157</u>
	<u>122</u>	<u>157</u>

**NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019 (CONTINUED)****14. CASH AND CASH EQUIVALENTS**

	<b><u>2019</u></b>	<b><u>2018</u></b>
	£000	£000
Cash at banks	287	260
	<u>287</u>	<u>260</u>

The carrying amounts of the Company's cash are denominated in the following currencies:

	<b><u>2019</u></b>	<b><u>2018</u></b>
	£000	£000
Sterling	282	255
Euro	5	5
US Dollars*	-	-
	<u>287</u>	<u>260</u>

\*USD Balance of cash at bank is \$500 which is £380.75 converted at the exchange rate as at 31 December 2019 (2018 £376.10)

Cash at banks are held with counterparties of a high credit standing and the Company does not expect any losses from non-performance by these counterparties.

There are no differences between the book values and fair values of cash.



**NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019 (CONTINUED)****15. FINANCIAL INSTRUMENTS**

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments. The Company does not have any financial instruments (assets or liabilities) for which they need to determine and disclose fair value hierarchy. The company also does not have any derivative financial assets or liabilities.

- Level 1: are those derived from quoted process (unadjusted) active markets for identical assets or liabilities;
- Level 2: are those derived from inputs other than quoted process included within Level 1 that are observable for the asset or liabilities, either directly or indirectly; and
- Level 3: are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

**16. SHARE CAPITAL**

	<b><u>2019</u></b>	<b><u>2018</u></b>
	£000	£000
Called up, allotted, issued and fully paid		
Ordinary 'A' shares at £1 each	250	250
	<u>250</u>	<u>250</u>
	<b>Shares</b>	<b>Shares</b>
Ordinary 'A' shares at £1 each	250,000	250,000

The 'A' shares are voting shares, are freely transferable and entitle the holder to appoint directors.

**17. ULTIMATE PARENT UNDERTAKING**

The immediate parent of the Company is Cboe Europe Limited. The ultimate parent company is Cboe Global Markets, Inc. (the "Parent"), which is incorporated in the State of Illinois in the United States of America.

The largest and smallest group in which the results of the Company are consolidated is that headed by Cboe Global Markets, Inc. The consolidated financial statements of this Group are available from its website at [www.cboe.com](http://www.cboe.com).

**NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019 (CONTINUED)****18. RELATED PARTY TRANSACTIONS**

In 2018 CEL provided the trading technology and billing function for the Company's routing brokerage services. Since the Company ceased trading on 30 November 2018 no trading technology or billing function has been provided by CEL. The revenue recharged to the Company was £nil (2018: £14 thousand). The cost of sales recharged to the Company was £nil (2018: £3 thousand). Discounts or mark-ups have not been applied to these recharges.

CEL bears the costs of certain administrative expenses relating to the Company in accordance with the Support Service Agreement with CEL (see note 11).

As at 31 December 2019, the net amount owed to the Company by CEL was £122 thousand (2018: £126 thousand).

As at 31 December 2019, the net amount owed to the Company by Cboe Global Markets was £nil (2018: £31 thousand).

Transactions with related parties are on an arm's length basis and have been reviewed for indications of impairment and are not considered to be impaired.

**Terms and conditions and transactions with related parties**

CEL pays expenses on behalf of the Company. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2018: £nil).

This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

**Transactions with key management personnel**

There were no transactions with key management personnel (2018: £nil).

**Compensation of key management personnel of the Company**

Since May 2012 management of the Company has been performed by staff of CEL. Compensation of key CEL personnel are contained in its financial report.

During the year no compensation was made to key management personnel in relation to the Company.

**NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2019 (CONTINUED)****19. EVENTS AFTER THE BALANCE SHEET DATE**

The Company has performed an evaluation of events that have occurred subsequent to 31 December 2019 through to 23 April 2020, the date the financial statements were available to be issued.

In response to the UK government's stay at home orders related to COVID-19, the Company's parent, CEL, enacted a work from home plan for its associates in light of COVID-19. In addition, CEL designated a COVID response team that meets at a minimum daily and provides regular updates to staff on its COVID response plan. The directors also continue to assess the impact of COVID-19 on CEL's forecasts, projections and its financial position. At date of writing no indicators of impairment or adverse financial impact have been identified which might affect the 2019 financial statements of CEL and therefore Chi-X Europe.

No other subsequent events have occurred during such period that would require disclosure in, or adjustment to, the financial statements as of and for the year ended 31 December 2019.