

# 2021 Annual Report

## Letter from the CEO

- 2021 was an exceptional year for EuroCCP and one during which we achieved several major milestones, in spite of the ongoing uncertainty as a result of the Covid-19 pandemic.
- In 2021, we underscored EuroCCP's position as a leading cash equity clearing house in Europe by beating our own record – we cleared 1.24 billion trades during the year, compared to a record-breaking 1.12 billion in 2020, a further increase of 11%. Our venue coverage increased to 47, with new connections to Euronext Oslo Growth, Icap and Tradeweb markets. We saw continued growth on Euronext markets via preferred clearing, with our client volumes increasing by 150% year on year. We also cleared our first trades on Borsa Italiana, introducing clearing competition to the Italian market for the first time. We expect to see further acceleration of the volumes via the preferred clearing model this year, including trades on Deutsche Borse. We also became the first CCP in Europe to clear ETFs traded off-exchange on the primary market, following the launch of clearing for Tradeweb in December. The most significant milestone for the year was our diversification into equity derivatives clearing in support of Cboe Europe Derivatives (CEDX), a significant moment for EuroCCP which further transforms our business and accelerates our journey to becoming a truly multi-asset clearing house. CEDX, which successfully launched in September 2021, is a new pan-European equity derivatives marketplace which enables participants to access a vibrant derivatives market through a single access point. CEDX is initially offering futures and options on six key Cboe Europe indices, including the Cboe Eurozone 50, Cboe UK 100, Cboe Netherlands 25 and Cboe France 40 – all calculated using Cboe market data. This innovative marketplace provides participants with efficiencies by offering the ability to clear a broad range of pan-European index futures and options at a single CCP, through portfolio margining. We are excited to support the expansion of CEDX's product set, which includes futures and options on additional Cboe Europe country indices this year, subject to regulatory approvals.
- In the area of risk management, we went live with our new margin risk system in April meaning clients now benefit from an improved risk management infrastructure and a risk model that provides more transparent, predictable and efficient margining. The model covers both our cash equities and equity derivatives business.
- 2021 truly was an unprecedented and challenging but ultimately a very successful year for EuroCCP and I would like to thank all our clients who supported us during this time. With our focus on

partnership and innovation, I believe we can do even more to advance financial markets in Europe this year. I would like to extend my sincere thanks to all our employees for their efforts and contributions made to EuroCCP success throughout the year.

**Cécile Nagel**

Chief Executive Officer

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## About us

European Central Counterparty N.V. (EuroCCP) provides post-trade services to stock exchanges, multilateral trading facilities (MTFs) and for OTC equities trades.

EuroCCP centrally manages counterparty risk after a trade has been executed. EuroCCP will deliver securities or make payment to clients at the price agreed at trade execution, even if the original counterparty to the trade has defaulted on its obligations. In 2021, EuroCCP provided central counterparty (CCP) protection for an average of EUR 42.9 billion of value on a daily basis. Through the process of netting, EuroCCP eliminated 71%, or EUR 30.6 billion, of the value that required settlement on average each day. EuroCCP also reduces settlement costs and operational complexity for clients. Regardless of how many trades a client has executed in the same security on multiple platforms on a given day, EuroCCP nets the trades across all platforms into a single settlement obligation. In 2021, over 99% of trades were netted into single settlement obligations.

Headquartered in Amsterdam, EuroCCP was formed in December 2013 following the combination of European Multilateral Clearing Facility N.V. (EMCF) and European Central Counterparty Limited (ECCP Limited), both of which were incorporated in 2007. On 1 July 2020, Cboe Worldwide Holdings Limited, an affiliate of Cboe, acquired 100% of the EuroCCP business as of which date EuroCCP became part of the Cboe group.

EuroCCP provides central counterparty services for 47 trading platforms in Europe as of the end of 2021. The securities traded on these platforms and cleared by EuroCCP include equities, depositary receipts and ETFs across 19 national markets and settle in 20 (I)CSDs. In addition, EuroCCP started clearing equity derivatives for Cboe Europe Derivatives (CEDX) in September 2021.

As of December 2021, EuroCCP services 153 firms that trade on platforms it clears for and has 48 active Clearing Participants with headquarters in 11 jurisdictions in Europe.

CCPs are highly regulated financial market infrastructures. EuroCCP's home regulators are De Nederlandsche Bank (DNB, the Dutch Central Bank) and Autoriteit Financiële Markten (AFM, the Dutch Authority for Financial Markets).

The European Market Infrastructure Regulation (EMIR) governs the CCPs operating in the European Union and requires them to meet common risk management, governance and capital adequacy standards. EuroCCP received regulatory authorisation under EMIR from DNB in April 2014.

EuroCCP is a participant in the UK Temporary Recognition Regime for non-UK CCPs, which allows it to continue to offer cash equity clearing to UK Clearing Participants and UK trading venues while it seeks permanent recognition under the UK regime.

EuroCCP is recognized as a foreign central counterparty in Switzerland, which allows it to provide services to Swiss clearing participants and SIX Swiss Exchange AG.

**47 platforms and trade sources cleared as of December 2021**

Aquis Exchange Europe	Aquis Exchange Plc
Euronext Amsterdam	Instinet Blockmatch
Equiduct	CBOE Europe BXE
CBOE Europe CXE	CBOE Europe DXE
CBOE Europe Derivatives	Euronext Dublin Atlantic Securities Mkt
Euronext Brussels	Euronext Dublin Enterprise Securities Market
Euronext Trading Facility Brussels	Euronext Access Brussels
Euronext Access Lis	Euronext Access Paris
Euronext Blocks	Euronext Dublin
Euronext Expand Oslo	Euronext Growth Brussels
Euronext Growth Dublin	Euronext Growth Lisbon
Euronext Growth Paris	Borsa Italiana MTF
Borsa Italiana ETF Plus	Borsa Italiana MTA
Euronext Oslo	Euronext Growth Oslo
London Stock Exchange	Nasdaq Copenhagen
Nasdaq First North Stockholm	Nasdaq Helsinki
Nasdaq Stockholm	Sigma X Europe (EU)
Sigma X Europe (UK)	SIX Swiss Exchange
TP ICAP EU MTF	TP ICAP UK MTF
Tradeweb Direct LLC	Tradeweb BV MTF
Tradeweb Europe Ltd	Traiana
Turquoise Europe	Turquoise UK
UBS MTF	Deutsche Borse
Euronext Paris	

**19 markets covered**

Austria	Netherlands
Belgium	Norway
Czech Republic	Poland
Denmark	Portugal
Finland	Spain
France	Sweden
Germany	Switzerland
Hungary	United Kingdom
Ireland	United States
Italy	

**5 cash accounts with Central Banks**

De Nederlandsche Bank	Euro
Danmarks Nationalbank	Danish krone
Norges Bank	Norwegian krone
Sveriges Riksbank	Swedish krona
Swiss National Bank	Swiss franc

**Direct member of 17 (international) Central Securities Depositories settling across 20 settlement locations / markets & asset types**

Austria	OeKB
Belgium	Euroclear Belgium
Denmark	VP

France	Euroclear France
Finland	Euroclear Finland
Germany	Clearstream Banking Frankfurt
IDRs / International ETFs	Euroclear Bank /
IDRs / International ETFs	CBF International
Ireland	Euroclear UK & Ireland
Portugal	Interbolsa
Italy	Monte Titoli
Netherlands	Euroclear Nederland
Norway	VPS
Spain	Iberclear
Switzerland	SIX SIS
Sweden	Euroclear Sweden
United Kingdom	Euroclear UK & Ireland

EuroCCP uses settlement agents in the markets Czech Republic, Poland and Hungary.

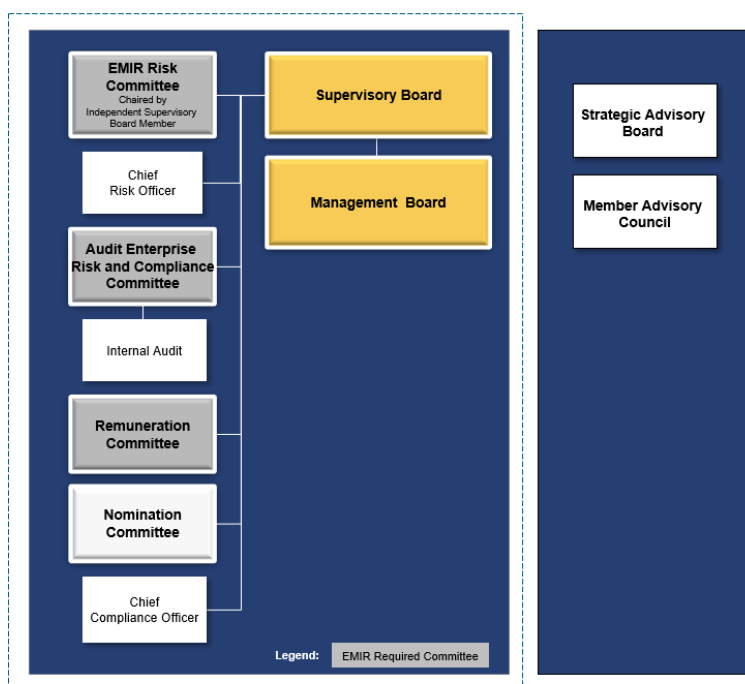
# Governance and organisation

## Governance structure

The governance structure of EuroCCP reflects the requirements of EMIR. EuroCCP has a two-tier board structure under Dutch corporate law.

In addition, the governance structure is designed to enable stakeholders – both Clearing Participants who pay for services and platforms which give EuroCCP access to their trade feeds – to advise management of their service requirements.

EuroCCP governance structure overview as at 31 December 2021.



EuroCCP's Chief Risk Officer and Chief Compliance Officer have a direct reporting line to the Supervisory Board, while the Head of Internal Audit reports to the Audit Enterprise Risk and Compliance Committee of the Supervisory Board.

## Supervisory Board

The Supervisory Board oversees the Management Board, supervises the general affairs of the company and its associated business and provides advice to the Management Board.

In compliance with the EMIR requirement that independent members comprise one third of the board, the Supervisory Board consists of five members: two independent members and three members nominated by Cboe as 100% shareholder.

As of 31 December 2021, the Supervisory Board consisted of the following members:

- David Howson, Chairman, Chief Executive Officer of Cboe Europe Ltd.
- Stephanie Renner, member, Chief Financial Officer Cboe Europe Ltd.
- John Deters, member, Chief Strategy Officer, Cboe Global Markets Inc



- Peter Bezemer, independent member, former member of the Executive Committee of Euronext; currently a financial services consultant.
- Clotilde Bouchet, independent member, former Deputy CEO of Credit Immobilier de France; currently independent consultant.

As of 31 December 2021, the Supervisory Board had three committees:

- The Audit Enterprise Risk and Compliance Committee advises the Supervisory Board on the effectiveness of the company's internal audit function (financial accounting, the role and functioning of the internal auditor and the appointment of the external auditor) and on the effectiveness of the company's enterprise risk management and compliance with regulatory obligations.
- The Remuneration Committee oversees the Company's remuneration strategy and principles for members of the Management Board. It reviews the policies and general principles on which the Company's compensation plans are based. The Remuneration Committee performs its task in preparation for decision-making by the Supervisory Board.
- The Nomination Committee makes recommendations for the appointment of independent members of the Supervisory Board.

## **EMIR Risk Committee**

The EMIR Risk Committee is an EMIR-required advisory committee composed of three representatives from Clearing Participants, three representatives from clients of Clearing Participants, and one independent member of the Supervisory Board, in compliance with EMIR requirements. Peter Bezemer is the chair of the Risk Committee since 1 July 2020. The Chief Executive Officer and the Chief Risk Officer attend the EMIR Risk Committee meetings. The EMIR Risk Committee held four meetings during 2021 and discussed the following subjects:

### **Credit/Market risk framework**

- Changes to the risk framework/new margin model
- Model validation
- Stress test policy and scenarios
- Criteria for accepting clearing members
- Default handling procedure
- Collateral haircuts

### **Other**

- Liquidity management framework
- Investment policy
- Review of outsourced functions
- Recovery and resolution
- Brexit
- Risk tolerance statements
- Settlement efficiency
- Impact of the Covid-19 crisis period
- New product initiatives

At each meeting, reports concerning the performance of the risk framework were reviewed by the EMIR Risk Committee.

The most material risks faced by EuroCCP are described in the Risk Management section on page 30.

## **Advisory board and council**

The Strategic Advisory Board is composed of five Clearing Participants who provide input to and validation of EuroCCP product and business strategy, as well as advice on market and regulatory developments. The Advisory Board met three times in 2021.

EuroCCP also established a Member Advisory Council, which is responsible for providing advice on operational matters and supporting the work from the Strategic Advisory Board.

## **Management Board**

As of 31 December 2021, the Management Board consisted of 3 members:

- Cécile Nagel, Chief Executive Officer, joined from the London Stock Exchange Group (LSEG) where she held a number of senior positions across the organisation, including Head of Strategic Planning for the Group and Global Head of Equities and Commodities at LCH, LSEG's multi-asset clearinghouse. Prior to joining EuroCCP, she was Head of LSE Markets Global Product Development and LSE Exchange Traded Products.
- Arnoud Siegmann, Chief Operating Officer, joined EMCF in 2008. He was Chief Risk Officer at EuroCCP from 2013 to March 2021 and prior to joining EuroCCP, he was Head of Risk at Fortis Clearing Americas between 2001 and 2008, and had risk-related roles at Object+ BV and Extra Clearing BV.
- Edward Hughes, Chief Technology Officer, joined EuroCCP in 2019, initially to manage its expansion into equity derivatives. He previously held change, technology and operations roles at LCH.

## **Internal Audit**

The internal audit function provides independent, objective assurance and consulting services designed to add value and improve EuroCCP's operations. The internal audit function has a direct reporting line to the chairman of the Audit Enterprise Risk and Compliance Committee and administratively reports to the Chief Executive Officer. Internal Audit, the Audit Enterprise Risk and Compliance Committee and the external auditor have regular contact to share information, discuss and consult on specific risk and control topics. In the meetings of the Audit Enterprise Risk and Compliance Committee, risk analysis, audit plan, and findings and resolutions are presented and discussed. As of 1 January 2020, the internal audit function has been performed by PricewaterhouseCoopers.

## **Organisation**

EuroCCP has 83 employees on its payroll as of 31 December 2021.

Most of the critical functions from a regulatory perspective, apart from the CEO function, are located at the company headquarters in Amsterdam. Client-facing functions, consisting of 15 employees, are located in London.

## **Remuneration policy**

Remuneration is based on a fixed and a variable component.

The fixed component is set on an individual basis with regards to the market salary of the position, relevant professional experience, and organisational responsibility.

The variable component, which is discretionary, considers both individual performance and the overall results of the company and its shareholder against relevant, pre-determined and measurable criteria linked to EuroCCP's corporate goals and financial performance. Certain employees are entitled to stock-based compensation through awards of restricted stock units in Cboe Global Markets Inc.

For control functions (such as risk management, compliance and internal audit), variable remuneration is based on goals linked to their department, independently of the business' performance.

# Report from the Management Board

## Service development

In 2021, we cleared 1.24 billion trades during the year, compared to 1.12 billion in 2020, an increase of 11%. Volumes in preferred clearing, which enables market participants to benefit from increasing netting and lower costs, have continued to accelerate significantly, with almost 9 million trades cleared via preferred clearing in 2021 as opposed to 3.5 million in 2020, an increase of 157%. Furthermore, we cleared our first trades on Borsa Italiana.

2021 was significant in terms of expanding EuroCCP's offering across products and services. First, we started clearing equity derivatives in support of Cboe Europe Derivatives (CEDX), a new pan-European equity derivatives marketplace which enables participants to access a vibrant derivatives market through a single access point, creating efficiencies in trading and clearing. Second, we became the first CCP in Europe to clear ETFs traded off-exchange on the primary market, following the launch of clearing for Tradeweb in December.

Brexit contingency planning has continued to be a key part of our work, with EuroCCP supporting clients to ensure a smooth transition of trading activity from the UK to the EU in January 2021. We also successfully supported the switch from Euroclear UK & Ireland to Euroclear Bank for the settlement of Irish securities on Euronext Dublin, where EuroCCP is sole CCP, in March 2021. As an EU-based clearing house, EuroCCP will be looking to continue to help clients address the challenges of Brexit.

2021 also saw the implementation of our new risk system for cash equities in April, subsequently rolled-out to derivatives in September. Alongside this we have continued to enhance our liquidity framework and prepared for CSDR.

## Technology

EuroCCP's technology continues to support straight-through processing of millions of transactions per day for cash equities (tested to 30m per day) and is well positioned to support the continued growth of the derivatives service. Trade capture, multilateral netting, settlement and risk management applications form the core of EuroCCP's information technology infrastructure, with high availability and robust operational processes being a priority.

During 2021, significant effort was focused on our new margin risk system, as well as the development of our equity derivatives clearing service which included the implementation of a number of new technologies / capabilities. Additional areas of work included enhancements to control and governance, processing capacity, integration activities related to Cboe's acquisition, such as the implementation of Sarbanes Oxley (SOX), migrations of some SWIFT messaging and support for cyber resilience.

The technology department is growing to support the long term goals of EuroCCP and continues to use and develop agile methods and associated working practices (such as test driven development and automated testing) that increase delivery capability as well as the protection of existing services.

## Financial results

For the year ending 31 December 2021, EuroCCP made a profit before tax of EUR 1.2 million, which is EUR 0.8 million lower compared to the prior year.

This decrease in gross profit was primarily due to the recognition of a full year of commitment fees for our syndicated loan facility and higher compensation and benefits expenses, as we increase headcount to continue to strengthen the organisation, offset by strong revenue growth for 2021.

The company's core revenues continued to expand favourably compared to the previous year. As a result of the continued stock market volatility during

the year, particularly towards the end of the year, net fee income increased by almost 30%. The largest components contributing to the net fee increase were clearing fees, net settlement fees, and fail fees. Market conditions also led to a continuation of higher cash collateral levels, which had a positive impact on net interest compared to the previous year.

Total operating expenses of EUR 29.5 million were EUR 2.2 million or 8% higher than prior year's EUR 27.3 million.

Total capital as at year-end 2021 was EUR 69 million, well above the capital of EUR 33.5 million required by EMIR.

Detailed figures are disclosed in the financial statements and in the notes to the financial statements.

## **Outlook**

Over the coming year we will continue to work on consolidating our position as the leading cash equities CCP in Europe by growing our client base, further accelerating the uptake of the preferred clearing model and continuing to innovate.

We are looking to further expand into equity derivatives clearing. Following the successful launch of CEDX last year, EuroCCP is supporting the expansion of CEDX's product set into additional Cboe Europe country indices this year, subject to regulatory approvals.

With an estimated 70% of ETF trades in Europe not cleared and following the initial uptake seen in 2021, EuroCCP will continue to advocate for more clearing in this market. This will ultimately lead to more transparency, as well as reducing costs from netting and settlement efficiencies.

Finally, we expect the changing regulatory environment to continue to have a major impact on the way we do business, presenting both challenges and opportunities. We will continue to work closely with our clients to grow, innovate and address their needs, as well as to continue to invest and enhance risk management and organisational resiliency.

**Amsterdam, 26 April 2022**

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Cécile Nagel

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Arnoud Siegmann

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Edward Hughes

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# Report of the Supervisory Board

The Supervisory Board held four board meetings in 2021 in the presence of the Management Board and other members of senior management.

The Management Board provided the Supervisory Board with information on a regular basis on business operations and on financial and strategic developments. The Supervisory Board was involved in all key decisions. Risk management is a standing agenda item at every Supervisory Board meeting.

The Supervisory Board recognises the significant work undertaken by the EuroCCP management team to not only develop the business commercially, but also to strengthen the organisation's risk management and its operational and technical resilience. The Supervisory Board would also like to recognise the continued hard work and contribution of the employees as EuroCCP continues to grow its presence in Europe and diversify into new asset classes.

On behalf of the Supervisory Board,

**David Howson**

Chairman

# Financial statements for 2021

## Statement of financial position as at 31 December 2021

Before proposed profit appropriation (x EUR 1,000)

<b>Assets</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	1	720,018	704,901
Due from banks and due from customers	2	989	1,440
Property and equipment	3	1,059	1,434
Intangible assets	4	6,156	4,516
Tax receivables	5	1,554	768
Other assets	6	8,729	9,145
<b>Total assets</b>		<b>738,505</b>	<b>722,204</b>

<b>Liabilities</b>			
Due to banks	7	367,365	367,174
Due to customers	8	291,758	296,432
Tax payables	9	421	110
Other liabilities	10	9,915	8,768
<b>Total liabilities</b>		<b>669,459</b>	<b>672,484</b>

<b>Shareholders' equity</b>	11		
Share capital		7,500	7,500
Share premium		23,392	5,392
Retained earnings		24,488	25,703
Other reserves (EMIR)		6,824	4,994
Legal reserve for internally developed software		5,962	4,265
Other reserves		-	(93)
Result for the year		880	1,980
Other comprehensive income for the year		-	(21)
<b>Total shareholders' equity</b>		<b>69,046</b>	<b>49,720</b>
<b>Total liabilities and shareholders' equity</b>		<b>738,505</b>	<b>722,204</b>

<b>Contingent assets</b>	12	<b>763,025</b>	<b>847,491</b>
<b>Contingent liabilities</b>	13	<b>301,320</b>	<b>293,970</b>

**Statement of profit or  
loss for 2021**

(x EUR 1,000)

<b>Statement of profit or loss</b>			
	<b>Note</b>	<b>2021</b>	<b>2020</b>
Negative interest on liabilities		11,361	10,611
Interest expense		(157)	(218)
Negative interest on assets		(5,487)	(5,436)
Net interest income (expense)	14	5,717	4,957
Commission and fee income		46,993	37,173
Commission and fee expense		(14,728)	(12,315)
Net fees and commissions	15	32,265	24,858
Syndicated loan fees	16	(10,371)	(5,950)
Other revenue	17	3,094	6,192
<b>Revenue</b>		<b>30,705</b>	<b>30,057</b>
Personnel expenses	18	(12,763)	(9,865)
Other expense	19	(15,309)	(16,513)
Depreciation and amortisation	20	(1,445)	(974)
<b>Total expenses</b>		<b>(29,517)</b>	<b>(27,352)</b>
Profit before tax		1,188	2,705
Income tax expense	21	(308)	(725)
<b>Net profit/(loss)</b>		<b>880</b>	<b>1,980</b>

**Statement of total  
comprehensive income  
for 2021**

(x EUR 1,000)

<b>Statement of total comprehensive income</b>			
	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>Net profit/(loss)</b>		<b>880</b>	<b>1,980</b>
<b>Other comprehensive income</b>			
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation reserve		-	(27)
Income tax relating to other comprehensive income		-	6
<b>Other comprehensive income/(expense)</b>		<b>880</b>	<b>(21)</b>
<b>Total comprehensive income for the year</b>		<b>880</b>	<b>1,959</b>



**Statement of changes in  
shareholders' equity** (x EUR 1,000)

	Share capital	Share premium	Retained earnings	Other reserves EMIR	Other reserves	Other reserves - legal reserve	Result for the year	Total 2021
Opening balance as at 1 January 2021	7,500	5,392	25,703	4,994	(93)	4,265	1,959	49,720
Total comprehensive income	-	-	-	-	-	-	880	880
Profit appropriation	-	-	1,980	-	-	-	(1,980)	-
Change in other reserves EMIR	-	-	(1,830)	1,830	-	-	-	-
Change in other reserves -legal reserves	-	-	(1,697)	-	-	1,697	-	-
Change in other reserves*	-	-	332	-	93	-	21	446
Issue ordinary shares	-	-	-	-	-	-	-	-
Share premium	-	18,000	-	-	-	-	-	18,000
Dividends	-	-	-	-	-	-	-	-
<b>Closing balance as at 31 December 2021</b>	<b>7,500</b>	<b>23,392</b>	<b>24,488</b>	<b>6,824</b>	<b>-</b>	<b>5,962</b>	<b>880</b>	<b>69,046</b>

	Share capital	Share premium	Retained earnings	Other reserves EMIR	Other reserves*	Other reserves - legal reserve	Result for the year	Total 2020
Opening balance as at 1 January 2020	7,500	5,392	24,254	4,787	(123)	2,861	3,090	47,761
Total comprehensive income	-	-	-	-	-	-	1,959	1,959
Profit appropriation	-	-	3,071	-	-	-	(3,071)	-
Change in other reserves EMIR	-	-	(207)	207	-	-	-	-
Change in other reserves -legal reserves	-	-	(1,404)	-	-	1,404	-	-
Change in other reserves*	-	-	(11)	-	30	-	(19)	-
Issue ordinary shares	-	-	-	-	-	-	-	-
Share premium	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
<b>Closing balance as at 31 December 2020</b>	<b>7,500</b>	<b>5,392</b>	<b>25,703</b>	<b>4,994</b>	<b>(93)</b>	<b>4,265</b>	<b>1,959</b>	<b>49,720</b>

\* employments benefits and currency translation

**Cash flow statement for  
2021**

(x EUR 1,000)

	2021	2020
<b>Cash flows from operating activities</b>		
Profit before tax	1,188	2,705
<i>Adjustment to reconcile profit to net cash generated by operating activities:</i>	1,959	925
Depreciation and amortisation	1,445	974
Effect of foreign exchange rate	57	(60)
Other	457	11
<i>Changes in operating assets and liabilities</i>	(2,469)	132,398
Due from banks and due from customers	451	7,694
Due to banks	191	118,954
Due to customers	(4,674)	10,463
Net changes in all other operational assets and liabilities	1,563	(4,713)
<b>Cash generated by operating activities</b>	<b>678</b>	<b>136,028</b>
Income taxes paid	(416)	(273)
<b>Net cash from operating activities</b>	<b>262</b>	<b>135,755</b>
<b>Cash flows from investing activities</b>		
Acquisition of property and equipment	(386)	(252)
Acquisition of intangible assets	(2,404)	(1,495)
<b>Net cash flow generated by investing activities</b>	<b>(2,790)</b>	<b>(1,747)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of share capital	-	-
Proceeds from share premium contribution	18,000	-
Dividend paid	-	-
IFRS 16 adjustment - lease liabilities	8	21
Finance charges - lease liabilities	1	(3)
Repayment of lease liabilities	(367)	(329)
<b>Net cash from financing activities</b>	<b>17,642</b>	<b>(311)</b>
<b>Net decrease (-) / increase (+) in cash and cash equivalents</b>	<b>15,114</b>	<b>133,697</b>
<b>Cash and cash equivalents – as at 1 January</b>	<b>704,901</b>	<b>571,204</b>
<b>Cash and cash equivalents – as at 31 December</b>	<b>720,018</b>	<b>704,901</b>
<b>Supplementary disclosures of operating cash flow information</b>		
Interest received	17,405	16,454
Interest paid	(11,341)	(11,138)

**General**

EuroCCP was incorporated on 28 February 2007, with its registered office in Amsterdam, the Netherlands.

EuroCCP is registered as a UK establishment of an overseas company at UK Companies House, with the office located in London.

On 1 April 2014, EuroCCP was granted authorisation under European Market Infrastructure Regulation (EMIR) by the National Competent Authority, De Nederlandsche Bank N.V. In addition, EuroCCP is regulated by the “Autoriteit Financiële Markten”.

On 1 July 2020, Cboe Worldwide Holdings Limited, an affiliate of Cboe Europe Limited - one of the prior shareholders of EuroCCP - acquired 100% of the shares of EuroCCP, becoming the sole shareholder of the company.

EuroCCP provides post-trade services to stock exchanges, multilateral trading facilities (MTFs), other equities trading platforms, OTC equities trades, exchange traded funds (ETFs) and equity derivatives.

The assets and liabilities of the London office are included in these financial statements; they are initially denominated in Pounds Sterling and then translated into euro, EuroCCP's functional currency.

**Basis of preparation**

These financial statements are prepared by EuroCCP's Management Board on 26 April 2022, in accordance with IFRS, as adopted by the European Union, and with Title 9 of Book 2 of the Dutch Civil Code. All amounts in the tables of these financial statements are denominated in thousands of euros, unless otherwise stated.

**Changes in accounting policies****Amended IFRSs**

Amendments resulting from improvements to standards did not have a significant impact on the accounting policies, financial position or performance of EuroCCP during this financial year.

The amendments relevant to EuroCCP, effective for annual periods beginning on or after 1 January 2021, are listed below:

Amendments in Interest Rate Benchmark Reform – Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) offer more clarity to entities in continuing to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flow from hedging instruments are based will not be modified as a result of interest rate benchmark reform. The adjustments on IFRS 9, IAS 39, IFRS 7 and IFRS 4 are not applicable to EuroCCP. Moreover, there is no significant impact from the adoption of the adjustments to IFRS 16 (i.e. remeasurement of the lease liability, by using a revised discount rate that reflects the change in interest rate).

The amendment to IFRS 16 endorsed in June 2020 provides relief from the standard's guidelines on the lease modification for rent concessions that are a consequence of the Covid-19 pandemic. As a result of the Covid-19 pandemic, concessions in the rental were granted to lessees, in different forms, from payment holiday to delay of lease payments. EuroCCP did not receive any rent concession since the beginning of the Covid-19 pandemic. The amendment has no impact of EuroCCP's financial statements.

Annual Improvements to IFRS Standards contain amendments to IAS 1, IAS 8, IAS 39, IFRS 3, IFRS 7, IFRS 9, IFRS 11 and IFRS 16 with effective date

beginning on or after 1 January 2020. No significant impact occurred in EuroCCP's financial statements from the application of these amendments.

### **New and amended IFRSs not yet effective**

EuroCCP is in the process of assessing the impact on the financial statements of the following standards, that will become effective for the company for annual periods beginning on or after 1 January 2022:

Amendments to IAS 37 Provisions, contingent liabilities and contingent assets specify the costs an entity should consider in assessing whether a contract will be loss making. It is expected that the adjustments are not applicable to EuroCCP.

Annual Improvements to IFRS Standards 2018-2020 contain amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 with effective date beginning on or after 1 January 2022 and are expected not to be applicable to EuroCCP. The IFRS 1 amendment simplifies the application of the standard for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent. The IFRS 9 amendment relates to the '10 per cent test' for derecognition of financial liabilities. The amendment to IFRS 16 relates to lease incentives. Overall, IAS 41 *Agriculture* is not linked to EuroCCP business activity.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) clarifies that sale proceeds are no longer deducted from the cost of property, plant and equipment before its intended use, together with additional disclosure requirements for sales proceeds and related production costs. Moreover, testing the functioning of PPE means assessing its technical and physical performance. It is expected that the adjustments will have limited impact on EuroCCP financial statements.

Amendments to IFRS 3 *Business Combinations* with reference to the Conceptual Framework are expected not to be applicable to EuroCCP.

Amendments to IAS 1, IAS 8, IAS 12, IFRS 17 will have an effective date beginning on or after 1 January 2022. EuroCCP is currently reviewing the impact on the financial statements from the application of these amendments.

## Principles

### Functional currency

The financial statements are stated in euros, the functional currency of EuroCCP.

### Foreign currency translation

Foreign currency transactions are accounted for using the exchange rate at the date of transaction.

Outstanding balances in foreign currencies at year end are translated at year end exchange rates for monetary items.

Translation of non-monetary items depends on whether the non-monetary items are carried at historical cost or at fair value. Non-monetary items carried at historical cost are translated using the historical exchange rate that existed at the date of the transaction. Non-monetary items that are carried at fair value are translated using the exchange rate on the date that the fair values are determined.

The resulting exchange differences are recorded in the statement of profit or loss as foreign currency gains (losses) except for those non-monetary items whose fair value change is recorded as a component of shareholders' equity.

The statement of profit or loss and the cash flow statement of entities whose functional currency is not denominated in euro are translated into the presentation currency (the euro) at the exchange rate at the date of the transaction and their balance sheets are translated using the exchange rates prevailing at the balance sheet date. Translation exchange differences are recognised in the currency translation reserves within the shareholders' equity.

### Trade date and settlement date accounting

All purchases and sales of financial assets requiring delivery within the period established by regulation or market convention are recognised on the settlement date, which is the date on which the instrument is delivered to or by EuroCCP.

### Accounting estimates

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying these accounting principles. Therefore, actual results may differ from these estimates and judgemental decisions. Estimates are reviewed on an ongoing basis.

Judgements and estimates are principally made in the following areas:

- estimation of present obligations resulting from past events in recognition of provisions;
- key assumptions underlying the estimation of the recoverable amount of intangible assets in the context of annual impairment test. The recoverable amount of the intangible asset is calculated using the estimated future cash flows based on approved forecasts. If the estimated recoverable amount is lower than the carrying amount, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized in the period in profit or loss.
- determination of the expected useful life of intangible assets and amortization method applied;
- income taxes for the current year are recognised within the statement of profit or loss, based on estimations; actual income tax might differ from it, based on the applicable tax/fiscal laws in each jurisdiction and

are available upon the tax return forms filed with and accepted by local tax authorities.

### **Offsetting**

Financial assets and liabilities are offset, and the net amount reported on the balance sheet if there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. Assets are recorded net of any accumulated provision for impairment loss.

### **Cash flow statement**

The statement of cash flows, based on the indirect method of calculation, gives details of the source of cash and cash equivalents which became available during the year and the application of these cash and cash equivalents over the course of the year. The cash flows are divided into cash flows from operating activities, investing activities and financing activities.

The net result is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

Given the nature and the short-term character of the funding, cash flows from funding activities are recognised under cash flows from operating activities and not as cash flows from financing activities. Interest received and interest paid are presented as cash flows from operating activities in the cash flow statement. Dividends received are classified as cash flows from operating activities.

Investing activities are comprised of acquisitions/disposals of property and equipment and intangibles.

Dividends paid are classified as cash flows from financing activities.

### **Classification and measurement of financial assets and liabilities**

EuroCCP classifies financial assets and liabilities based on the business purpose of entering into these transactions.

All maturities were shorter than three months. If this is not the case, they are separately disclosed in the notes to these financial statements.

### **Financial assets**

Financial assets comprise cash and cash equivalents, loans (due from banks and due from customers) and receivables (other assets). Their objective of business model for the purpose of IFRS 9 is to hold in order to collect the contractual flows rather than selling the assets in order to realize the changes in the fair values. The characteristics of the cash flows refer to solely payments of principal amount and interest on the principal amount outstanding, on specified dates.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

The measurement and income recognition in the statement of profit or loss depend on the IFRS classification of the financial assets being:

- cash and cash equivalent; or
- loans and receivables.

Cash and cash equivalents are recognised and measured at nominal value.

Loans and receivables are recognised on the date at which they are originated and are initially measured at fair value (transaction price) plus any directly attributable transaction costs. Subsequently, they are measured at

amortised cost using the effective interest method, with the periodic amortisation recorded in the statement of profit or loss.

### **Measurement of impaired assets**

Financial assets are impaired using the expected credit loss model and based on the characteristics of the CCP business model and the risk mitigation measures in place. Expected credit loss is the probability-weighted estimate of the credit loss. Expected credit loss is measured either as the present value of all cash shortfall for the financial assets that are not credit-impaired at the reporting date or as the difference between the gross carrying amount and the present value of estimated future cash flows for the financial assets that are credit impaired at the reporting date.

A non-financial asset is impaired when its carrying amount exceeds its recoverable amount. The carrying amount of impaired assets is reduced to the net present value of its estimated recoverable amount and the change in the current year is recognised in the statement of profit or loss.

### **Financial liabilities**

Financial liabilities comprise within the books of EuroCCP of amounts due to banks and amounts due to customers (demand deposits).

Financial liabilities are recognised on the date at which they are originated and are initially measured at fair value (transaction price). They are subsequently measured at amortised cost using the effective interest method, with the periodic amortisation recorded in the statement of profit or loss.

## **Statement of financial position**

### **Financial assets**

#### **Cash and cash equivalents**

Cash and cash equivalents comprise freely available balances with central banks and other credit and financial institutions, with original maturity of three months or less, and subject to insignificant risk of changes in value.

#### **Due from banks and due from customers**

Due from banks and due from customers includes loans originated by EuroCCP by providing money directly to the borrower or to a sub-participation agent.

#### **Other assets**

Other assets arising from the normal course of business and originated by EuroCCP are initially recorded at fair value (transaction price) plus any directly attributable transaction costs and subsequently measured at the amortised cost using the effective interest method, less provisions for impairment.

### **Non-financial assets**

#### **Property and equipment**

Fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction. Depreciation is recognised as expense in the statement profit or loss account and it is calculated on the straight-line method to write down the cost of such assets to their residual values over their estimated useful lives. The residual value and the useful life of property and equipment is reviewed at each financial year-end.

At 31 December 2021, EuroCCP's fixed assets include leasehold improvements, right of use asset for the rental of the office premises located in Amsterdam, equipment and motor vehicles and IT equipment.

Subsequent expenditure on fixed assets is capitalised only when it increases the asset's future economic benefits.

Repairs and maintenance expenses are charged to the statement of profit or loss when the expenditure is incurred. Expenditures that enhance or extend the benefits of fixed assets beyond their original use are capitalised and subsequently depreciated.

The useful life for EuroCCP's property and equipment is set at either three or five years.

#### **Intangible assets**

An intangible asset is an identifiable non-monetary asset without physical substance, controlled by the entity as a result of past events and from which future economic benefits are expected to flow. When initially recognised, an intangible asset is measured at cost (reliably measured).

At 31 December 2021, EuroCCP's intangible assets represented acquired software and software under development. Software for computer hardware that cannot operate without that specific software, such as the operating system, is an integral part of the related hardware and it is treated as property and equipment.

The acquired software is stated at cost less accumulated amortisation and accumulated impairment losses. It is amortised using the straight-line method over the estimated useful life of three years.



Amortisation is recognised as expense in the statement of profit or loss on a straight-line basis over the estimated useful life, from the date the software is available for use. Amortisation methods, useful lives and residual value are reviewed at each financial year-end.

Subsequent expenditure on software is capitalised only when it increases the asset's future economic benefits.

Software under development include mostly core application software in course of development. For year ended 2021, software under development is stated at cost and it consists mostly of licences and software development work acquired from external parties for the replacement of the cash equity and derivatives risk management system.

### **Impairment of non-financial assets**

Property, equipment, acquired software (that is not an integral part of the hardware) and software under development are assessed at each balance sheet date or more frequently if necessary, in order to determine whether there is any indication of impairment. If such indication exists, the assets are subject to an impairment review. Intangible assets not available for use at the end of the reporting period are also subject to an impairment review annually. An impairment loss is recognised whenever the carrying amount of an asset that generates largely independent cash flows, exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset.

Impairment losses are recognised in the statement of profit or loss as a component of depreciation and amortisation expense. Impairment losses are reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

During 2021, no impairment loss was recognised relevant to non-financial assets.

### **Financial liabilities**

#### **Due to banks and due to customers**

Due to banks and due to customers are amounts on demand.

Demand deposits are initially measured at fair value (transaction price) and subsequently measured at amortised cost using the effective interest method, with the periodic amortisation recorded in the statement of profit or loss.

Balances with clearing members (clearing fund) are included in due to banks and due to customers upon initial recognition.

#### **Other liabilities**

Other liabilities arising in the normal course of business are recognised and recorded at cost.

#### **Defined contribution pension plan**

A defined contribution plan is a pension plan under which EuroCCP pays fixed contributions. EuroCCP has no legal or constructive obligations to pay further contributions if the assets are not sufficient to pay the employee the benefits relating to employee service in the current and prior periods. The risk that benefits will be less than expected (actuarial risk) and the risk that assets invested will not be sufficient to meet the expected benefits (investment risk) fall on the employee.

EuroCCP's contributions to defined contribution pension plan are charged to the statement of profit or loss in the year to which they relate.

## **Share Based Payments**

The grant date fair value of equity-settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity (reserve included in Retained Earnings), over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

## **Provisions**

Provisions are liabilities with uncertainties in the amount or timing of payments. Provisions are recognised if there is a present obligation to transfer economic benefits (such as cash flows), as a result of past events and a reliable estimate can be made at the balance sheet date. Provisions are estimated based on all relevant factors and information existing at the balance sheet date.

## **Contingent assets and liabilities**

Contingent assets and liabilities are those uncertainties where an amount cannot be reasonably estimated.

A contingent asset is disclosed where economic benefit is probable as a possible asset arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain events. When the realization of the asset becomes virtually certain, the related asset is not a contingent asset anymore and the asset is to be recognized in the statement of financial position.

A contingent liability is disclosed where there is a possible obligation depending on an uncertain event taking place in the future or a present obligation whose payment is not probable that payment will be required to settle the obligation.

Contingent assets and liabilities are not recognised in the statement of financial position.

## **Transactions with related parties**

In the normal course of business, EuroCCP enters into various transactions with related companies. Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operating decisions.

Within the context of these financial statements and until 1 July 2020, related parties were ABN AMRO Clearing Investments B.V. in Amsterdam and its group companies, Cboe Europe Limited and its group companies, DTCC Global Holdings B.V. and its group companies, Nasdaq AB and its group companies, Euronext N.V. and its group companies and the members of the Management Board and Supervisory Board of EuroCCP.

As of 1 July 2020, related parties are Cboe Worldwide Holdings Limited and its group companies and the members of the Management Board and Supervisory Board of EuroCCP. No other changes occurred in 2021.

EuroCCP operates at arm's length from related party companies. EuroCCP's transactions with related party companies are subject to normal market contracts and relate mainly to some of its funding, clearing, settlement and securities borrowing.

The amounts receivable or payable to related companies are disclosed in the notes to the financial statements.

## **Shareholders' equity**

### **Share capital**

Incremental costs directly attributable to the issue of new shares, other than on a business combination, are deducted from equity net of any related income taxes. Other elements recorded in shareholders' equity are related to foreign currency translation effect.

## **Statement of profit or loss**

### **Interest income and expense**

Interest income and interest expense are recognised for all interest bearing instruments in the statement of profit or loss on an accrual basis, using the effective interest method based on the actual purchase price, including direct transaction costs. When calculating the interest income and expense, the effective interest rate is applied to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. The effective interest rate is the rate that discounts estimated future cash payments or receipts over the expected lives of the financial instruments to the gross carrying amount of the financial asset or the amortized cost of the financial liability.

In the context of negative interest rates environment in the last years, the interest charged by EuroCCP on financial liabilities is disclosed as negative interest on liabilities while the interest paid by EuroCCP on financial assets (cash and cash equivalents deposited with credit institutions) is disclosed as negative interest on assets.

Interest amounts paid by EuroCCP for the use of credit lines, directly related to EuroCCP's settlement needs in different markets are disclosed as interest expense.

### **Realised and unrealised gains and losses**

Realised and unrealised gains and losses represent foreign exchange transaction differences, from translation of monetary and non-monetary items. For further accounting treatment, refer to foreign currency transactions.

### **Fees, commission income and transaction costs**

Fees earned on services provided are recognised as revenue in the period the services have been provided to the clients (when the trades are novated and settlements are performed), based on the performance obligation and delivery of the services. The transaction price is allocated to the relevant service on a clearly addressed selling price. The transaction price does not contain any variable amount.

Clearing fees, which include settlement fees, represent fees charged for meeting the point-in-time performance obligation for transactions cleared and settled by EuroCCP. Clearing fees can be variable based on trade volume tiered discounts; however, as all tiered discounts are calculated monthly, the actual discount is recorded on a monthly basis

The specific settlement and fail fees charged by settlement agents are passed on to the clients, provided that revenue and costs are measured reliably.

Fees and commission expenses are recognised as cost in the period in which the services are provided to EuroCCP. These include fees and commissions paid mainly to settlement agents, CSDs, brokers and liquidity providers.

Transaction costs are included in the initial measurement of financial assets and liabilities other than those measured at fair value through profit or loss. Transaction costs refer to incremental costs directly attributable to the acquisition or disposal of a financial asset or liability.

### **Expenses**

EuroCCP's expenses include staff expenses and other administrative expenses, charged to the statement of profit or loss in the period in which they arise.

### **Income tax expenses**

Income tax expense is recognised in the statement of profit or loss in the period in which profits arise, to the extent that it does not arise from a

transaction recognised directly in shareholder's equity. Income tax expenses comprises current and deferred tax expenses. The current tax expense takes into account the taxable and deductible amounts for the period. Differences may arise when the accounting profits differ from the taxable profits as IFRS recognition criteria for items of income and expense are different from the tax law treatment. In such situations, the differences are to be recognised in the statement of financial positions as a deferred tax asset or deferred tax liability: a tax liability is recognised in full, while a tax asset is recognised to the extent it is likely to be recovered in the future. Current tax assets and liabilities are measured at the amounts expected to be recovered from and paid to the tax authorities, based on the applicable tax laws in each jurisdiction.

The tax effects of income tax losses available for carry-forward are recognised as a deferred tax asset if it is probable that future taxable profit will be available against which those losses can be utilised.

# Risk management

## Credit risk

EuroCCP is exposed to credit risk predominantly if a Clearing Participant fails to meet a financial or contractual obligation.

Credit risk resulting from cash exposures is negligible, as most cash is held with the central bank of the Netherlands ("DNB"). Cash not held at DNB is invested in accordance with EuroCCP's investment policy<sup>1</sup>.

EuroCCP mitigates credit risk on Clearing Participants through minimum capital requirements for Clearing Participants and by monitoring their financial health. EuroCCP collects collateral from Clearing Participants at all times to cover current and potential loss exposures in the event of a Clearing Participant default. Collateral is collected in the form of margin collateral and contributions to the EuroCCP Clearing Fund.

EuroCCP accepts both cash and non-cash collateral subject to applicable haircuts. Clearing Participants must deposit required collateral directly by means of title transfer with EuroCCP. The total value of collateral (cash and bonds after haircut) held by EuroCCP as at 31 December 2021 was EUR 759.7 million

Cash received from Clearing Participants and EuroCCP's own funds are held or invested in accordance with EuroCCP's investment policy which specifies approved types of deposit and investment transactions, eligible investment securities, eligible counterparties, and the custodians where the securities can be held. Placements of cash made pursuant to EuroCCP's investment policy are safeguarded by government securities received as collateral for the cash placements. Collateral received is subject to concentration limits as stipulated in EuroCCP's investment policy. Collateral is used to secure intraday credit from DNB and/or to support credit arrangements with commercial banks.

EuroCCP also exposed to Clearing Participants when open positions fail to settle on the intended settlement date. To mitigate this risk, EuroCCP charges a fail-fee to discourage late settlements. This fee covers EuroCCP's costs but also acts as a deterrent as required by Regulation (EU) No 236/2012 on short selling, together with certain aspects of credit default swaps. If an open position still fails to settle after a certain period, EuroCCP will start its buy-in process, the costs of which are borne by the failing Clearing Participant. For more detail, refer to EuroCCP's Regulation Buy-in<sup>2</sup>.

## Offsetting financial assets and liabilities

The financial assets and liabilities of EuroCCP do not generally meet the criteria for offsetting in the statement of financial position and are shown gross.

The financial assets and liabilities are subject to the agreements in place, as part of the company's day to day activities. The agreements create a right to offset of recognised amounts, enforceable only following an event of default, insolvency or bankruptcy of the other party to the contract.

## Liquidity risk

EuroCCP is exposed to liquidity risk – the risk that the company is unable to meet its payment obligations when due. EuroCCP operates a liquidity risk framework to identify, measure and monitor its settlement and funding flows.

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<sup>1</sup> <https://cdn.cboe.com/euroccp/resources/Regulation-Investment-Policy.pdf>

<sup>2</sup> Regulation Buy-in is available on our website: [www.euroccp.com](http://www.euroccp.com).

Liquidity is mainly required for securities settlement. The payment and settlement obligations at EuroCCP stem from its function as a Clearing House: shares are bought and sold by Clearing Participants on a trading platform or OTC, and netted to settle two business days later. During the settlement, the actual payment for and delivery of the shares take place; this process requires intraday liquidity. If counterparties, which receive shares against payment, are unable to settle, an overnight liquidity need arises. This overnight liquidity need is usually limited and very short term - no more than a few business days at most.

EuroCCP operates a liquidity program that is designed to identify and mitigate liquidity risks. The foundation of this program consists of methodologies, policies and procedures that enable EuroCCP to mitigate for the risk referred to earlier.

The tables below set out the maturities of the company's financial assets and liabilities, as at 31 December 2021:

<b>Financial assets</b> (x EUR 1,000 )	<b>Less than one month</b>	<b>Between one and three months</b>	<b>Between three and six months</b>	<b>Between six and twelve months</b>	<b>Between one and two years</b>	<b>Between two and five years</b>	<b>Between five and ten years</b>	<b>Total</b>
Cash and cash equivalents	720,018	-	-	-	-	-	-	720,018
Due from banks and due from customers	989	-	-	-	-	-	-	989
Other assets	4,954	2,237	1,245	213	55	25	-	8,729
<b>Total</b>	<b>725,961</b>	<b>2,237</b>	<b>1,245</b>	<b>213</b>	<b>55</b>	<b>25</b>	<b>0</b>	<b>729,736</b>

<b>Financial liabilities</b> (x EUR 1,000 )	<b>Less than one month</b>	<b>Between one and three months</b>	<b>Between three and six months</b>	<b>Between six and twelve months</b>	<b>Between one and two years</b>	<b>Between two and five years</b>	<b>Between five and ten years</b>	<b>Total</b>
Due to banks	367,365	-	-	-	-	-	-	367,365
Due to customers	291,758	-	-	-	-	-	-	291,758
Accrued interest, expenses and other liabilities	5,705	2,363	-	-	472	-	-	8,540
<b>Total</b>	<b>664,828</b>	<b>2,363</b>	<b>-</b>	<b>-</b>	<b>472</b>	<b>-</b>	<b>-</b>	<b>667,663</b>

Other assets and accrued interest, expenses and other liabilities have maturities up to one month. All other financial assets and financial liabilities have maturities up to 7 days, unless otherwise mentioned.

## Market risk

EuroCCP is exposed to market risk if a Clearing Participant defaults and the market prices of the securities in the open positions of the defaulter have moved adversely so that EuroCCP can only close out the Clearing Participant's obligations at a loss.

To mitigate market risk, EuroCCP collects margin collateral from Clearing Participants to cover for the potential loss during normal market conditions, together with contributions to the Clearing Fund to cover potential losses

during extreme, but plausible, market conditions. An appropriate haircut is taken on the collateral to withstand extreme, but plausible, adverse market conditions. Adverse movements in exchange rates affecting the value of obligations and collateral are accounted for in the applicable haircut.

EuroCCP calculates margin requirements with respect to net open positions in each Clearing Participant portfolio based on the maximum potential loss at a 99% confidence level and a three-day liquidation horizon. In this calculation, the dominant factor is the price risk for each security; however, other risk factors such as currency risk are also considered. Daily, back tests are performed to assess the adequacy of the margin model. In 2021, this process demonstrated that EuroCCP did not need to make any adjustment to the parameters of the model. The outcome of these back tests is reported to EuroCCP's national competent authority.

For intraday calculations, EuroCCP recalculates the margin requirement continuously, using the current positions and market prices. EuroCCP has the authority and the operational ability to demand additional collateral at first notice, whenever there is a significant intraday collateral deficit.

EuroCCP provides a real-time cleared trade feed to Clearing Participants to enable them to also perform intraday or real-time risk management in respect of their clients.

The collateral required to cover for extreme, but plausible, market conditions is placed in the Clearing Fund. The amounts and percentages of the respective contribution per Clearing Participant are stipulated in the Regulation Clearing Fund, available on our website.

Daily, stress tests are performed where portfolios are stressed under various scenarios. These stress tests can be as extreme as anticipating a market move of 40% across the whole portfolio of equities. The results of the stress tests are used to confirm that the EuroCCP risk framework is adequate at all times. The outcome of these stress tests is reported to EuroCCP's national competent authority.

EuroCCP is exposed to currency risk where receipts and payments take place in non-euro currencies, such as invoices received from settlement agents and CSDs. This exposure is handled monthly, buying relevant currency amounts using spot transactions.

EuroCCP does not take significant interest rate risk on the cash part of margin and clearing fund deposits it holds since EuroCCP passes on the interest income / charges including costs. EuroCCP interest margin is not directly impacted by fluctuations in interest rates and net interest income (expenses) are primarily driven by the balance of margin and clearing fund deposits.

Investment risk is the risk that invested cash is reduced in value upon maturity. This risk is mitigated through the strict application of the investment policy of EuroCCP.

EuroCCP does not run other price risk (the risk that fair value of future cash flows of the financial instruments will fluctuate due to changes in the market prices, other than those arising from interest rate risk or currency risk). The required Clearing Fund size of EuroCCP Clearing Fund as at 31 December 2021 stood at EUR 149.1 million.

## **Operational risk**

Operational risk is monitored and controlled by the operational risk and control team within the risk management department (hereinafter OR&C).

OR&C is responsible for the maintenance of the entire control framework, including policies, processes and procedures, business continuity management, operational risk events including operational errors. Within all



processes and procedures, (key) risk indicators and (key) performance indicators are defined, being used in daily and monthly monitoring. OR&C reports monthly to the Management Board on the status of the control framework, with separate detailed report sent to all department heads. Additional reporting is sent to the Supervisory Board, Audit Committee, and the Risk Governance Board. These reports may include an overview of framework compliance (policies, processes, and procedures), business continuity, operational losses, risk tolerance statements, open audit findings, issue, and action management.

EuroCCP did not incur any material operational loss in 2021.

Cyber & Information Security risk is managed as a key component of the control framework by the information security department. The department is responsible for the monitoring, logging, and auctioning of cyber risks. EuroCCP has based its cyber and information security strategy and framework on the NIST Cybersecurity framework, the CPMI-IOSCO Guidance on cyber resilience for financial market infrastructures and ISO 27001/2.

Fraud risk is managed as part of the Control Framework with Business Conduct, Whistleblowing, and vendor due diligence policies in place. Internal Controls are in place to mitigate fraud risk in several business procedures including the processing of settlements and payments. Fraud risk is considered as part of the review of Information Security risk completed by management.

Employees are expected to act in accordance with EuroCCP's Employee Business Conduct Rules Policy. This policy details the principles for business conduct that the EuroCCP Management Board has adopted and expects its employees and representatives to uphold at all times. This policy is applicable to all EuroCCP employees whether permanent, fixed term or temporary, including interns, trainees, consultants, contractors, and seconded staff. Periodic attestation by employees is required.

COVID-19 continues to impact economic activity worldwide and the health and safety of the global population. When assessing the impact of COVID-19 on the financial performance of EuroCCP and its stakeholders, EuroCCP considered possible events and conditions that may affect the current and future business, looking into a 12-months period after end of the reporting period as well as the period up to 12 months after the date of these financial statements. EuroCCP and its stakeholders continue to perform well operationally, and we see no reason to assume that this will develop negatively in the coming period.

## **Fair value measurement**

Fair value reflects the price that would be received on selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The transaction is considered to take place either in the principal market for that asset/liability or in the most advantageous market where no principal market exists.

Fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that they act in their own economic best interest.

### **Fair value of financial assets and liabilities**

Financial assets and liabilities are valued using the hierarchy below, to determine their fair value:

- level 1: unadjusted quoted prices for identical assets or liabilities in active markets;
- level 2: inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability; and
- level 3: unobservable inputs for the asset or liability, which include management's own assumption about the assumptions market participants would use in pricing the asset or liability, including assumptions about risk.

The assumption used in the measurement is that the liabilities would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date.

When a quoted price for the transfer of an identical (or a similar) liability or entity's own equity instrument is not available, and that identical (or similar) item is held by another party as an asset, the measurement of the fair value is performed from the perspective of a market participant that holds the identical item as an asset at the measurement date, by:

- using the quoted price in an active market for the identical item, or if not available;
- using other observable inputs, or if not available;
- using another valuation technique (i.e. income approach, or market approach).

Financial assets and financial liabilities are recognised on the date at which they are originated and are initially measured at transaction price. Subsequently, they are measured at amortised cost using the effective interest method, with the periodic (monthly) amortisation recorded in the statement of profit or loss.

As at 31 December 2021, there were no material differences between the carrying value of the financial assets and financial liabilities and their estimated fair value, as all financial liabilities are short-term.

Disclosure of the contingent assets as at 31 December 2021 is presented below:

<b>Contingent assets</b> (x EUR 1,000 )	<b>Value</b> <b>(market</b> <b>value)</b>	<b>Quoted</b> <b>market</b> <b>prices in</b> <b>active</b> <b>markets</b> <b>(level 1)</b>	<b>Valuation</b> <b>techniques -</b> <b>observable</b> <b>inputs</b> <b>(level 2)</b>	<b>Valuation</b> <b>techniques -</b> <b>significant</b> <b>unobservable</b> <b>inputs</b> <b>(level 3)</b>	<b>Net amount</b>
Non-cash contribution to clearing fund (bonds)	36,900	36,900	-	-	36,900
Non-cash deposits to interoperability fund (bonds)	81,678	81,678	-	-	81,678
Non-cash mandatory collateral deposits (bonds)	253,001	253,001	-	-	253,001
Collateral received (bonds)	18,258	18,258	-	-	18,258
<b>Total</b>	<b>389,837</b>	<b>389,837</b>	<b>-</b>	<b>-</b>	<b>389,837</b>

EuroCCP does not have any economic interest in the contingent assets.  
Details of the contingent assets are presented in note 11.

# Notes to the statement of financial position as at 31 December 2021

(x EUR 1,000 )

## ASSETS

	2021	2020
<b>1. Cash and cash equivalents</b>	<b>720,018</b>	<b>704,901</b>
This item comprises cash on hand, freely available balances with central banks and credit and financial institutions ("other banks") with less than three months maturity from the date of acquisition.		
From the total balance, EUR 129 million relates to the clearing fund balance of participants available only pursuant to the rules of the clearing fund.		
The table below shows the components of cash and cash equivalents at 31 December.		
Cash and cash equivalents with central banks	703,895	692,721
Cash and cash equivalents with other banks	16,123	12,180
<b>Closing balance as at 31 December</b>	<b>720,018</b>	<b>704,901</b>
Components of cash and cash equivalents:		
Own cash	61,866	43,034
Cash and cash equivalents, related to business operations	658,152	661,867
<b>Closing balance as at 31 December</b>	<b>720,018</b>	<b>704,901</b>
Cash and cash equivalents related to business operations consists of cash required for settlement funding and cash received from clients to meet the collateral requirements.		

	2021	2020
<b>2. Due from banks and due from customers</b>	<b>989</b>	<b>1,440</b>

This item consists of accounts receivables from participants, both credit and non-credit institutions, that relate to business operations. Due from banks and due from customers are fully collateralised by securities and do not belong to cash and cash equivalents. They reflect the value of transactions for which securities are delivered to EuroCCP in exchange for cash compensation. The securities are to be further delivered by EuroCCP to participants versus agreed cash compensation.

Due from banks and due from customers have an expected credit loss close to nil. When assessing this, EuroCCP considered the CCP business model and the risk mitigation measures in place (for which we refer to the risk management chapter in this document).

EuroCCP collects margin collateral from participants to cover for potential loss during normal market conditions, together with contributions to the Clearing Fund to cover potential losses during extreme, but plausible, market conditions. The total value of the collateral (cash and bonds after haircut) as at 31 December 2021 was EUR 759.7 million.

						2021	2020
<b>3. Property and equipment</b>						<b>1,059</b>	<b>1,434</b>
	Right-of-use asset	Leasehold improvement	Furniture and fixture	IT equipment	Under construction	2021 Total	
Cost at 1 January 2021	1,485	583	483	2,746	-	5,297	
Accumulated depreciation at 1 January 2021	(825)	(311)	(392)	(2,335)	-	(3,863)	
<b>Net book value as at 1 January 2021</b>	<b>660</b>	<b>272</b>	<b>91</b>	<b>411</b>	<b>-</b>	<b>1,434</b>	
Additions	-	-	2	194	190	386	
Disposal	(53)	(10)	(39)	(209)	-	(311)	
Depreciation	(255)	(97)	(21)	(77)	-	(450)	
<b>Net book value as at 31 December 2021</b>	<b>352</b>	<b>165</b>	<b>33</b>	<b>319</b>	<b>190</b>	<b>1,059</b>	
Cost at 31 December 2021	1,296	583	160	1,240	190	3,469	
Accumulated depreciation at 31 December 2021	(944)	(418)	(127)	(921)	-	(2,410)	

	Right-of-use asset	Leasehold improvement	Furniture and fixture	IT equipment	Under construction	2020 Total	
Cost at 1 January 2020	1,391	583	471	2,505		4,950	
Accumulated depreciation at 1 January 2020	(544)	(214)	(347)	(2,060)		(3,165)	
<b>Net book value as at 1 January 2020</b>	<b>847</b>	<b>369</b>	<b>124</b>	<b>445</b>		<b>1,785</b>	
Additions	115		12	241		368	
IFRS 16 adjustment	(21)					(21)	
Disposal							
Depreciation	(281)	(97)	(45)	(275)		(698)	
<b>Net book value as at 31 December 2020</b>	<b>660</b>	<b>272</b>	<b>91</b>	<b>411</b>		<b>1,434</b>	
Cost at 31 December 2020	1,485	583	483	2,746		5,297	
Accumulated depreciation at 31 December 2020	(825)	(311)	(392)	(2,335)		(3,863)	

The leasehold improvement is depreciated over 6 years (Amsterdam office premises, based on existing contract). Most of the furniture and fixtures are depreciated over 5 years. The IT equipment is depreciated over 3 years.

Under construction mainly refers to the leasehold improvement related works for the new premises of the Amsterdam offices starting 2022 (refer to Post-balance sheet date events).

The depreciation periods of the right-of-use assets correspond to the lease periods relevant to each asset.

As per 31 December 2021, EuroCCP identified one lease which is subject to IFRS16. This refers to the office premises located in Amsterdam (World Trade Center building). For this lease, an agreement is in place which is effective since September 2017 for a minimum period of five years.

For year ended 31 December 2021, EuroCCP has no impaired fixed assets.

	2021	2020
<b>4. Intangible assets</b>	<b>6,156</b>	<b>4,516</b>

The intangible assets consist of acquired software (that is not an integral part of the hardware) and software under development. The acquired software is amortised over a period of 3 to 6 years.

The software under development (not yet in use) consists of licenses, development and customization services for the new risk software covering stress testing and daily calculation of margin requirements, extended during the previous and the current year to include also the expansion of EuroCCP's business into equity derivatives clearing. This risk management software for cash equities and derivatives is the single asset which generates the cash flow.

For year-end 2021, software under development (not yet in use) amounted to EUR 0.5 million, as an additional EUR 2.3 million was capitalized during the year, while intangible assets amounting to EUR 6.1 million were finalized and capitalized during 2021.

EuroCCP conducted an impairment indicators review to assess whether or not there is any indication that the intangible asset may be impaired. For this purpose, both internal and external sources of information were used, for example: significant changes in the use of the asset that would have an adverse effect on the entity, net cash flow or operating profits compared to budget, changes in market rates, decline in market value or an adverse change in technology, changes in the economy or laws.

The result of the analysis performed for this reporting period is consistent with the result of the impairment test performed during prior period, the management of EuroCCP concluding that no impairment incurred for the software under development as at 31 December 2021.

As of end of April 2021, EuroCCP started to use the improved risk software license for the cash equity business and in September 2021, this risk software was enhanced to include functionalities applicable to equity derivatives, as mentioned in the *Report from the Management Board* section.

The tables below show the breakdown of intangible assets at 31 December.

	Intangible assets under development	Intangible assets	2021 Total
Cost at 1 January 2021	4,265	4,128	8,393
Accumulated amortisation 1 January 2021	-	(3,877)	(3,877)
<b>NBV at 1 January 2021</b>	<b>4,265</b>	<b>251</b>	<b>4,516</b>
Additions	2,262	164	2,426
Transfer	(6,063)	6,063	-
Disposals	-	(47)	(47)
Amortisation	-	(739)	(739)
<b>NBV at 31 December 2021</b>	<b>464</b>	<b>5,692</b>	<b>6,156</b>
Cost 31 December 2021	464	7,278	7,742
Accumulated amortisation 31 December 2021	-	(1,586)	(1,586)

	Intangible assets under development	Intangible assets	2020 Total
Cost at 1 January 2020	2,861	4,037	6,898
Accumulated amortisation 1 January 2020	-	(3,605)	(3,605)
<b>NBV at 1 January 2020</b>	<b>2,861</b>	<b>432</b>	<b>3,293</b>
Additions	1,404	91	1,495
Transfer	-	-	-
Disposals	-	-	-
Amortisation	-	(272)	(272)
<b>NBV at 31 December 2020</b>	<b>4,265</b>	<b>251</b>	<b>4,516</b>
Cost 31 December 2020	4,265	4,128	8,393
Accumulated amortisation 31 December 2020	-	(3,877)	(3,877)



	2021	2020
<b>5. Tax receivables</b>	<b>1,554</b>	<b>768</b>
The table below shows the components of other assets at 31 December:		
Corporation tax receivable	1,472	676
Deferred tax asset	82	92
<b>Closing balance as at December 31</b>	<b>1,554</b>	<b>768</b>

Deferred tax asset arise as a result of the difference between the carrying amounts of assets for financial reporting purposes and the amounts used for taxation purposes.

	2021	2020
<b>6. Other assets</b>	<b>8,729</b>	<b>9,145</b>
The table below shows the components of other assets at 31 December:		
Fees receivable from clients	211	584
Prepayments and accruals	8,423	8,161
Other	95	400
<b>Closing balance as at December 31</b>	<b>8,729</b>	<b>9,145</b>

Prepayments and accruals consists of payments made in advance to providers of services and goods (according to commercial agreements in place). This line also includes the fees receivables from clients accruals for the month of December 2021, as the invoicing process takes place after the end of the month.

Breakdown of other assets:		
Other assets (accruals) related parties	29	244
Other assets third parties	8,700	8,901
<b>Closing balance as at 31 December</b>	<b>8,729</b>	<b>9,145</b>

The other assets related party balance is not interest-bearing.

## LIABILITIES

	2021	2020
<b>7. Due to banks</b>	<b>367,365</b>	<b>367,174</b>

This item includes, among others, balances of those clearing participants which are banks in the Clearing Fund (EUR 67 million) and mandatory collateral deposits (EUR 300 million).

There are no deposits due to related parties.

	2021	2020
<b>8. Due to customers</b>	<b>291,758</b>	<b>296,432</b>

This item comprises balances of non-bank clearing participants (customers) in the clearing fund (EUR 63 million) and mandatory collateral deposits (EUR 229 million).

The demand deposits are all due to third party customers.

	2021	2020
<b>9. Tax payable</b>	<b>421</b>	<b>110</b>
EuroCCP settles its tax obligations directly with the tax authorities in the relevant jurisdictions (the Netherlands and the UK).		
As at 31 December the breakdown of tax payables is as follows:		
Corporate tax payable	108	-
VAT payable	313	110
<b>Closing balance as at 31 December</b>	<b>421</b>	<b>110</b>

	2021	2020
<b>10. Other liabilities</b>	<b>9,915</b>	<b>8,768</b>
As at 31 December the breakdown of other liabilities is as follows:		
Accrued interest charges	981	749
Payables	1,149	63
Accruals	3,986	4,941
Employment related payables	2,933	2,042
Lease liability	394	761
Other	472	212
<b>Closing balance as at 31 December</b>	<b>9,915</b>	<b>8,768</b>

The accruals item consists of cost reservations for services performed by third party suppliers to EuroCCP for which invoices are not yet received. Most of these accruals relate to costs incurred in December 2021, relevant to both core business and administrative activities of EuroCCP.

The business operations liabilities constantly change in accordance with the fluctuations of settlement value per day. These fluctuations can result in relatively large differences in the statement of financial position at year-end.

The value of total disbursements made out throughout the year are reflected in note 16. As at 31 December 2021, the SEIF provision value is nil.

The breakdown of other liabilities is as follows:

Other liabilities related parties	422	65
Other liabilities third parties	9,493	8,703
<b>Closing balance as at 31 December</b>	<b>9,915</b>	<b>8,768</b>

The above-mentioned lease liability amounting to EUR 394 thousands, calculated using the following assumptions:

**Office premises Amsterdam (WTC building)**

Lease term:	72 Months
Interest rate:	0.25% (marginal lending rate)
Annual increase:	2.00% (linked to index rate)

The interest rate applicable at the date of initial application was 0.25%, there have not been a change to this rate subsequently therefore the liability has not been restated.

The underlying right-of-use asset is disclosed in note 3.

The following table shows the maturity of the lease liability at 31 December 2021:

<b>Maturity of lease liabilities</b>				
	<b>Within 12 Months</b>	<b>More than 1 year but less within 5 years</b>	<b>More than 5 years</b>	<b>Total</b>
Lease liabilities	277	117	-	394

	2021	2020
<b>11. Shareholders' equity</b>	<b>69,046</b>	<b>49,720</b>
At year-end 2021, EuroCCP has 7,500 ordinary shares in issue. The authorised share capital amounts to EUR 15 million distributed over 15,000 ordinary shares, each having a nominal value of EUR 1,000.		
Share capital	7,500	7,500
Share premium	23,392	5,392
Retained earnings	24,488	25,703
Other reserves EMIR	6,824	4,994
Legal reserve for internally developed software	5,962	4,265
Other reserves	-	(93)
Proposed result of the year	880	1,980
Other comprehensive income for the year	-	(21)
<b>Shareholders' equity</b>	<b>69,046</b>	<b>49,720</b>

As at year-end 2021, the capital required by EMIR is EUR 33,542 thousands.

*Other reserves EMIR* consist of dedicated own resources, as are required by Regulation (EU) no. 648/2012 and Regulation (EU) no.153/2013. Other reserves (legal reserve) – incurring since 2018 as a requirement under Title 9 of Book 2 of the Dutch Civil Code - are in relation to the replacement of the risk management system.

Legal reserve for internally developed software consists of reserves as required by article 2:373 paragraph 4 of Book 2 of the Dutch Civil Code in relation to software under development as disclosed in note 4 of these financial statements.

Other reserves consist of employment benefits and currency translation.

Other comprehensive income comprises the impact of the currency translation differences arising on consolidation of the London Branch, net of tax.

The main movement in equity was additional paid in share premium. In 2021 there were three additions to the share premium amounted to EUR 18 million. The reason for additional capital was optimisation of capital requirements.

	2021	2020
<b>12. Contingent assets</b>	<b>763,025</b>	<b>847,491</b>
The details of contingent assets at 31 December are presented below.		
Non-cash contribution to clearing fund (bonds)	36,900	56,856
Non-cash deposits to interoperability fund (bonds)	81,678	142,862
Cash deposits to interoperability fund	373,188	308,594
Non-cash mandatory collateral deposits (bonds)	253,001	326,981
Collateral received	18,258	12,198
<b>Total contingent assets</b>	<b>763,025</b>	<b>847,491</b>

These amounts are not reflected in the consolidated balance sheet, as EuroCCP does not take economic ownership of these balances.

Contingent assets comprises of bonds and cash received from clients in the account of EuroCCP and bonds received under treasury agreements in vigour by end of the year, as follows:

The non-cash contribution to the clearing fund is governed by the rules of the Regulation Clearing Fund<sup>3</sup>.

Interoperability fund deposits are comprised of cash and non-cash deposited by clearing participants of EuroCCP, according to the Regulation Interoperability Fund<sup>4</sup>.

Mandatory collateral deposits are subject to the Regulation Collateral.

The collateral received is relevant for and subject to the Regulation EuroCCP Investment Policy, that safeguards the cash provided by the clearing participants as clearing fund contributions and mandatory collateral deposits. EuroCCP does not have any economic interest in the collateral.

As per 31 December 2021, EuroCCP did not have any contingent assets received from related parties.

<sup>3</sup> Regulation Clearing Fund is available on our website: [www.euroccp.com](http://www.euroccp.com).

<sup>4</sup> Regulation Interoperability Fund is available on our website: [www.euroccp.com](http://www.euroccp.com).



	2021	2020
<b>13. Contingent liabilities</b>	<b>301,320</b>	<b>293,970</b>
Guarantee given	301,320	293,970
<b>Total contingent liabilities</b>	<b>301,320</b>	<b>293,970</b>

The *Guarantee given* represents collateral pledged by EuroCCP on 31 December 2021 to the other interoperable CCPs, to cover margin calls EuroCCP received from other interoperable CCPs under reciprocal collateral arrangements in place with Clearstream Banking. This allows the co-operating CCPs to provide collateral to each other to meet the interoperable CCPs' margin obligations. For EuroCCP, the assets used to provide collateral are deposited by the Clearing Participants in the interoperability fund designated account.

There are no contingent liabilities arising from post-employment obligations.

# Notes to the statement of profit or loss for 2021

(x EUR 1,000)

	2021	2020
<b>14. Net interest income</b>	<b>5,717</b>	<b>4,957</b>
Negative interest on liabilities	11,361	10,611
Interest expense	(157)	(218)
Negative interest on assets	(5,487)	(5,436)
<b>Net interest income</b>	<b>5,717</b>	<b>4,957</b>

Negative interest on liabilities comprises of interest charged by EuroCCP for the financial liabilities to its clients, as a result of negative interest rates.

The breakdown of negative interest on liabilities is as follows:

Negative interest on liabilities related parties	-	1,763
Negative interest on liabilities third parties	11,361	8,848
<b>Negative interest on liabilities</b>	<b>11,361</b>	<b>10,611</b>

The amount above mentioned as negative interest on liabilities related parties for year 2020 incurred before 1 July 2020. After this date, as a result of the change in EuroCCP's ownership, no additional negative interest on liabilities related parties incurred.

Interest expense comprises of interest amounts paid by EuroCCP for use of credit lines, directly related to EuroCCP's settlement needs in different markets).

The breakdown of net interest expense is as follows:

Interest expense related parties	-	68
Interest expense third parties	(157)	150
<b>Interest expense</b>	<b>(157)</b>	<b>218</b>

The amount disclosed as interest expense related parties for year 2020 incurred before 1 July 2020. After this date, as a result of the change in EuroCCP's ownership, no additional interest expense related parties incurred.

Negative interest on assets include interest amounts paid on financial assets - cash and cash equivalents deposited with credit institutions, part of treasury arrangements - as a result of negative interest rates

Negative interest on assets can be split in:

Negative interest on assets related parties	-	(87)
Negative interest on assets third parties	(5,487)	(5,349)
<b>Negative interest on assets</b>	<b>(5,487)</b>	<b>(5,436)</b>

The amount disclosed as negative interest on assets related parties for year 2020 incurred before 1 July 2020. After this date, as a result of the change in EuroCCP's ownership, no additional interest on assets related parties incurred.

Included in negative interest on assets third parties, the interest on lease liabilities amounts to EUR 1 thousand.

	2021	2020
<b>15. Net fees and commissions</b>	<b>32,265</b>	<b>24,858</b>

The Commissions and fees item can be split as follows:

Commission and fee income	46,993	37,173
Commission and fee expense	(14,728)	(12,315)
<b>Net commissions and fees</b>	<b>32,265</b>	<b>24,858</b>

The breakdown of fee and commission are:

Net commissions securities	32,353	24,953
Net commissions - other	(88)	(95)
<b>Net commissions and fees</b>	<b>32,265</b>	<b>24,858</b>

The breakdown of the net commissions and fees item is:

Net commissions and fees related party companies	-	2,716
Net commissions and fees third party customers/banks	32,265	22,142
<b>Net commissions and fees</b>	<b>32,265</b>	<b>24,858</b>

Net commissions and fees related party companies as above disclosed for the year 2020 are incurred before 1 July 2020. After this date, as a result of the change in the EuroCCP's ownership, no additional commission and fees related parties were incurred.

	2021	2020
<b>16. Syndicated loan fees</b>	<b>10,371</b>	<b>5,950</b>

As of 1 July 2020, EuroCCP secured a syndicated multicurrency credit facility of EUR 1.5 billion, whose fees totalled EUR 6 million at the end of the reporting period. This facility has been renewed on 1 July 2021 under similar conditions as previously. The facility has a term until 30 June 2022. At 31 December 2021, €1.5 billion of borrowing capacity was available for the purposes permitted and no borrowings were outstanding under the Facility. No draws were made during the year ended 31 December 2021.

The variance between the year 2021 and the year 2020 is due to the fact that in 2020 the syndicated loan has been effective for only 6 months and not 12 months like in 2021.

	2021	2020
<b>17. Other revenue (expense)</b>	<b>3,094</b>	<b>6,192</b>

Other revenue (expense) consists mainly of cost recovery items (SEIF release) related to company's initiatives for new products and settlement process enhancement.

Included in this item are also the foreign exchange differences on monetary items and the result coming from operational activity, whose net impact is a loss of EUR 105 thousand.

Details of Other revenue are presented below:

Cost recovery related to settlement efficiency improvement	-	2,531
Cost recovery Syndicated loan fees	2,888	3,624
Other revenues	206	37
<b>Total Other revenue</b>	<b>3,094</b>	<b>6,192</b>

	2021	2020
<b>18. Personnel expenses</b>	<b>12,763</b>	<b>9,865</b>

Details are presented below:

Salaries and wages	7,803	6,922
Social security charges	1,058	939
Contributions to defined contribution pension plans	735	631
Bonus expenses	2,474	1,180
Other	693	193
<b>Total staff expenses</b>	<b>12,763</b>	<b>9,865</b>

Key management personnel consist of the members of the Management Board, as follows: Cécile Nagel, Arnoud Siegmann and Edward Hughes. The total remuneration of key management personnel in 2021 was of EUR 2.1 million (EUR 1.4 million in 2020), as follows:

- EUR 1.8 million were the salary and bonus components (EUR 1.4 million in 2020);
- EUR 265 thousand represented the restricted stock cost in 2021, with no such expense incurred in 2020;
- The defined contribution pension plans amounted to EUR 31 thousand (2020: EUR 28 thousand).

The average number of full-time equivalent employees in 2021 was 80.2 (2020: 61.9).

In 2021, the remuneration of the two independent members of the Supervisory Board was EUR 92 thousand. The remuneration of the Supervisory Board was EUR 103 thousand in 2020 (including VAT), relevant to 2 members for the full year and 1 member for half a year.

The breakdown of personnel expense is as follows:

Expense related parties	-	261
Expense third parties	12,763	9,604
<b>Total personnel expense</b>	<b>12,763</b>	<b>9,865</b>

The personnel expense related parties as above disclosed for year 2020 incurred before 1 July 2020. After this date, as a result of the change in the EuroCCP's ownership, no additional personnel expense related parties were incurred.

#### Defined contribution pension plan

As at 31 December 2021, all EuroCCP employees benefited from defined contribution pension plans. The amount paid to defined contribution pension plans of employees in Amsterdam and London amounted to EUR 735 thousand in the statement of profit or loss which is comparable with the amount for 2020 (EUR 631 thousand).

#### Shared-based payment transactions

The Company operates a restricted stock program allowing employees to acquire shares of Cboe Global Markets, Inc. The Company accounts for these share-based payments as equity-settled.

The restricted stock program entitles the holder to one share of common stock upon vesting, typically vest over a three-year period, and vesting accelerates upon the occurrence of a change in control or a termination of employment following a change in control or in the event of a participant's earlier death or disability. Vesting will also accelerate upon a qualified retirement. Qualified retirement eligibility occurs once achieving 55 years of age and 10 years of service for grants awarded in and after 2017. Unvested Restricted Stock Units (RSU) will be forfeited if the officer or employee leaves the Company prior to the applicable vesting date, except in limited circumstances. The RSUs have no voting rights but entitle the holder to receive dividend equivalents.

The cost of equity-settled transactions is recognised over the period in which the service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Stock-based compensation is based on the fair value of the award on the date of grant, which is recognized over the related service period, net of actual forfeitures. The service period is the period over which the related service is performed, which is generally the same as the vesting period. Vesting may be accelerated for certain officers and employees as a result of attaining certain age and service-based requirements in the Company's long-term incentive plan and award agreements.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or event-driven condition, which are treated as vesting irrespective of whether or not the market or event-driven condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where event-driven conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

The Company utilises an equity award program for offering long-term incentives to its employees. The equity incentives have been granted in the form of restricted stock. Since the acquisition of the Company by the Parent on 1 July 2020, awards are issued under the Second Amended and Restated CBOE Holdings, Inc. Long-Term Incentive Plan (LTI Plan).

Additionally, associates can choose to participate in the Employee Stock Purchase Plan (ESPP). The plan allows associates to purchase company stock at a discount. During 2021, 2,434 shares were issued under this plan.

#### **Restricted Stock**

During 2021, 10,319 shares of restricted stock in the Parent were awarded to staff members under the LTI Plan, with a weighted average fair value of \$97.18\* per share at grant date and a vesting period of three years. The restricted shares were valued by the directors of the Company with reference to the stock price fair value on the grant date.

\* in USD

Summary restricted stock activity is presented below:

	<b>2021</b>		<b>2020</b>	
	Weighted Average Grant Date Fair Number	Value (US \$)	Weighted Average Grant Date Fair Number	Value (US \$)
	of shares		of shares	
Outstanding at 1 January	322	109.93	-	-
Granted	10,319	97.18	-	-
Vested	(158)	108.34	-	-
Forfeited	(228)	88.00	-	-
Transferred in (1)	-	-	322	109.93
Outstanding at 31 December	10,255	97.61	322	109.93

(1) Represents restricted stock of the Parent granted to employee who transferred from another subsidiary to the Company in July 2020.

The restricted stock cost recognised in the profit and loss for the year was EUR 409 thousand.



	2021	2020
<b>19. Other expenses</b>	<b>15,309</b>	<b>16,513</b>

Details of other operating and administrative expenses are presented below:

Technology and system costs	7,161	6,339
External staff	3,574	4,079
Audit, legal and compliance expenses	1,240	3,121
Consultancy	2,333	1,950
Travel and representation expenses	4	29
Rental expenses	339	220
Other	658	775
<b>Total other operating and administrative expenses</b>	<b>15,309</b>	<b>16,513</b>

The allocation of total operating and administrative expenses at 31 December 2021 was as follows:

Expenses related parties	215	1,627
Expenses third parties	15,094	14,886
<b>Total other operating and administrative expenses</b>	<b>15,309</b>	<b>16,513</b>

The related parties expenses parties as above disclosed for the year 2020 are incurred before 1 July 2020. After this date, as a result of the change in the EuroCCP's ownership, no additional related parties expenses were incurred.

Operating and administrative expenses decreased by EUR 1.2 million compared with prior year. The decrease in these costs was mainly due to the decrease in advisory and legal costs incurred for the syndicated loan and for the Cboe acquisition, which amounted to EUR 0.5 million in 2021, as compared to 1.5 million in 2020.

#### **External auditor's fee**

The remuneration to be paid to the external auditor amounts to EUR 348 thousand for the audit of the financial statements in 2021 (2020: EUR 245 thousand), out of which EUR 218 thousand is for EuroCCP's statutory audit, while the remaining 130 thousand for other audit engagements.

	2021	2020
<b>20. Depreciation and amortisation</b>	<b>1,445</b>	<b>974</b>
Details of depreciation and amortisation expense are presented below:		
Depreciation expense	450	422
Depreciation right-of-use assets (IFRS 16)	255	280
Amortisation expense	740	272
<b>Total depreciation and amortisation</b>	<b>1,445</b>	<b>974</b>

	2021	2020
<b>21. Income tax</b>	<b>308</b>	<b>725</b>

The details of the corporate income tax are presented below (“-“ is profit in this particular note):

Profit before tax	1,188	2,705
Tax	25%	25%
Current tax expense for the current period	297	676
Tax rate difference London office	11	(12)
Adjustment recognised in the period for current tax of prior periods	-	61
Deferred tax expense arising from previous period	-	-
<b>Total income tax expenses</b>	<b>308</b>	<b>725</b>
Income tax relating to other comprehensive income	-	(6)
<b>Total income tax</b>	<b>308</b>	<b>719</b>

The effective tax rate was 26% in 2021, comparable with the previous year's effective tax rate of 27%. During 2021, the corporate income tax was 25% in the Netherlands.

**Proposal for profit  
appropriation**

The Management Board proposes that the net profit for 2021 totalling EUR 0.9 million be added to retained earnings.

## Post-balance sheet date events

Some important events have occurred after the date of the reporting period of these financial statements, as disclosed below.

### **Lease agreement office premises**

Starting with February 2022, EuroCCP entered into a new lease agreement for office premises in Amsterdam, of which lease liability amounts to EUR 8.4M on a total period of 8.5 years.

### **Russia/Ukraine sanctions**

EuroCCP has considered the impact of the Russian/Ukrainian situation and the resulting imposition of sanction by various governments on the business of EuroCCP and concludes there is minimal impact to its core activity i.e., clearing of equities (and equity-like instruments such as exchange traded funds and depository receipts) and equity derivatives. Moreover, EuroCCP considers the impact of the current situation, including possible non-compliance to sanction regulation. As a conclusion of this assessment, there is no impact on the company's 2021 financial statements or on its capacity to remain a going concern.

# Legal procedures

EuroCCP is not involved in court procedures.

Amsterdam, 26 April 2022

## Management Board:

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Cécile Nagel

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Arnoud Siegmann

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Edward Hughes

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## Supervisory Board:

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David Howson

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Stephanie Renner

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John Deters

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Clotilde Bouchet

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Peter Bezemer

## Other information

### Independent auditor's report

### Independent auditor's report

To: the General Meeting and the Supervisory Board of European Central Counterparty N.V.

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

#### Our opinion

We have audited the financial statements 2021 of European Central Counterparty N.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of European Central Counterparty N.V. as at 31 December 2021 and of its result and its cash flows for 2021 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- 1 the statement of financial position as at 31 December 2021;
- 2 the following statements for 2021: the statement of profit or loss, the statement of total comprehensive income, the statement of changes in shareholders' equity and the cash flow statement; and
- 3 the notes comprising a summary of the significant accounting policies and other explanatory information.

#### ***Basis for our opinion***

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of European Central Counterparty N.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Report on the other information included in the annual report***

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code regarding the management report and the other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Management Board is responsible for the preparation of the other information, including the management report, in accordance with Part 9 of Book 2 of the Dutch Civil Code, and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

## **Description of the responsibilities for the financial statements**

### ***Responsibilities of the Management Board and the Supervisory Board for the financial statements***

The Management Board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Management Board is responsible for such internal control as the Management Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, the Management Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Management Board should prepare the financial statements using the going concern basis of accounting unless the Management Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Management Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

### ***Our responsibilities for the audit of the financial statements***

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during our audit.

Misstatements can arise from fraud or errors 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 the financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:



— identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

— obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

— evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board;

— concluding on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern;

— evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and

— evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amstelveen, 26 April 2022  
KPMG Accountants N.V.

R. Smeeing RA

**Rules on profit appropriation**

As per article 24 of the Articles of Association of EuroCCP, the authority deciding over the allocation of profits (as determined by the adoption of the annual financial statements) and making distributions is vested in the General Meeting of Shareholders, with due observance of the limitations prescribed by law. A resolution to make a distribution will not be effective until approved by the Management Board. The Management Board may only refuse to grant such approval if it knows or reasonably foresees that after the distribution, EuroCCP would not be able to continue to pay its debts as they fall due.

**Other information**

EuroCCP is registered as a UK establishment of an overseas company at UK Companies House, with the office located in London.



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