

# Acquisition of BidFX

29 June 2020

Singapore Exchange

# SGX is the largest and fastest growing FX futures exchange in Asia

	Size of Market 	Singapore 	SGX 
<b>Currencies</b>	<ul style="list-style-type: none"> <li>▪ Largest financial market globally with US\$6.6 trillion traded OTC daily</li> <li>▪ Asian NDFs is a US\$153 billion market that has potential to be futurised</li> <li>▪ Regulatory trends favour shift to on-exchange clearing</li> </ul>	<ul style="list-style-type: none"> <li>▪ Largest FX center in Asia Pacific, third largest globally</li> <li>▪ US\$640 billion traded OTC daily</li> <li>▪ Leading global trading venue for key Asian currencies</li> </ul>	<ul style="list-style-type: none"> <li>▪ Diverse Asian currency suite of 22 currency futures and options contracts</li> <li>▪ &gt;80% market share in USD/CNH and &gt; 60% market share in INR/USD</li> <li>▪ Innovative FlexC FX futures feature</li> </ul>

## Key SGX Highlights

**147%**

Total Volume CAGR (Nov 13 – May 20)

**US\$9.2Bn**

Open Interest (May 20)

**~US\$3.8T**

Volume traded since Nov 2013

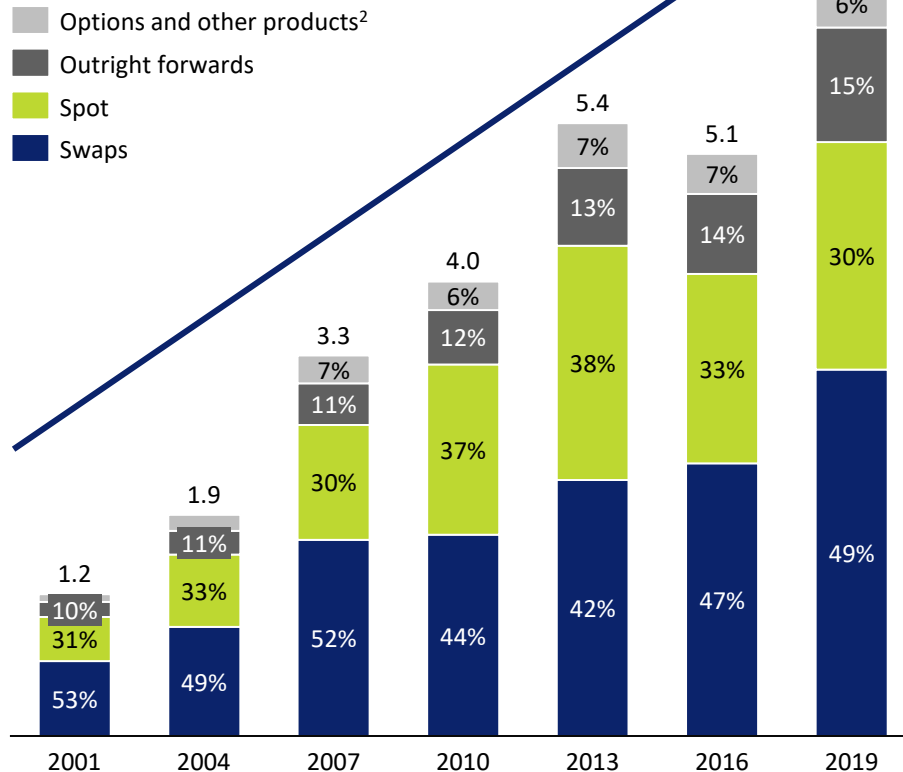
**Exchange-traded currency futures volume is 2% the size of OTC currency trading**

Source: BIS Triennial Central Bank Survey 2019 and SGX estimates

# Fast growing electronically-traded global OTC FX market

## Industry FX Volume<sup>1</sup>, by product:

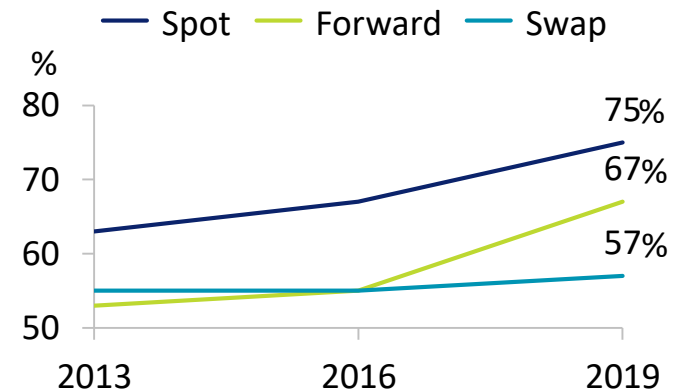
\$ Trillion ADV, 2001-2019



## Landscape:

- Global OTC FX market grew at 10% CAGR between 2001-2019
- ~60% are traded electronically
- >75% of Spot FX are traded electronically, followed by 67% for FX Forwards

## “Electronification” of FX trading



1. Excludes exchange-traded FX derivatives

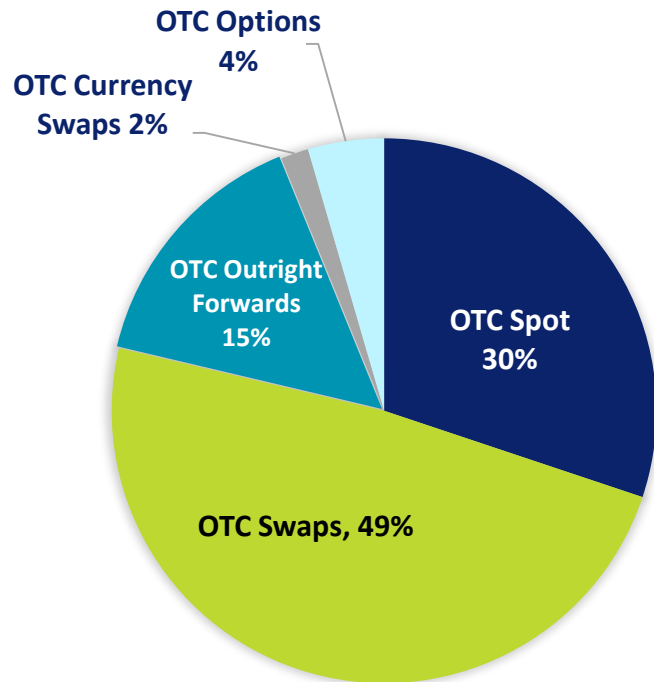
2. The category “other FX products” covers other currency swaps, highly leveraged transactions and/or trades whose notional amount is variable and where a decomposition into individual plain vanilla components was impractical or impossible

Source: BIS Triennial Central Bank Survey 2019

# Acquisition of BidFX provides SGX opportunity to target a larger OTC FX market

OTC FX Trading in 2019: US\$6.6 trillion traded daily  
 Exchange-traded FX derivatives 2019: US\$0.16 trillion traded

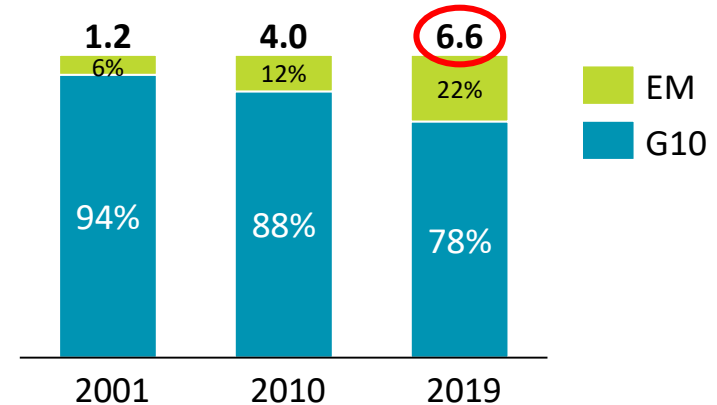
## Global OTC FX Trading in 2019 – by instrument type



## Synergistic opportunities from BidFX’s strengths:

- Asian NDF
- G10 Spot & Swaps
- International footprint

## OTC FX: Increasing growth of EM currencies<sup>1</sup> US\$ Trillion ADV, 2001-2019



Source: BIS Triennial Central Bank Survey 2019 and SGX estimates

1. EM currencies are defined by BIS as EME currencies, which include non-EM currencies such as SGD and HKD even though these are not classified as “emerging” economies. Adjusted for local and cross-border inter-dealer double counting (i.e. net-net basis). Excludes exchange-traded derivatives.

# Acquisition Rationale

## Advances SGX's global ambition to offer end-to-end FX platform and solutions

### Elevates SGX FX proposition

- Establish SGX as a 'one-stop' platform for an integrated OTC FX and Futures offering.
- Provides an entry point into the Global OTC FX market and bring together the growing and mutually-reinforcing pools of liquidity in OTC and Futures.
- Enhances SGX's multi-asset capabilities

### Attractive business model with strong track record

- Asset light and scalable, which provides high operating leverage
- Average Daily Volume CAGR of 57% (2017-2019) to > US\$30 billion in May 2020
- Revenue CAGR of > 60%, EBITDA positive (2017-2019)

### Potential synergies

- More than 25% of ADV in Asian currencies, complementing SGX's FX Futures offering
- Leverage on common client distribution with joint sales efforts
- Leverage BidFX's technology and capabilities to roll-out new solutions

# Transaction Summary

## BidFX

- BidFX is a cloud-based OTC FX trading platform for Institutional Investors
- UK-incorporated with > 75 employees in Australia, Hong Kong, Italy, Singapore, UK and US
- Leading Multi-Dealer FX platform with > 100 Institutional clients

## Structure

- SGX to acquire remaining 80% stake in BidFX for USD128 million from Trading Screen and BidFX employees
- SGX first acquired a 20% stake in BidFX in March 2019. With the proposed acquisition, BidFX will become a 100% owned subsidiary of SGX

## Financing

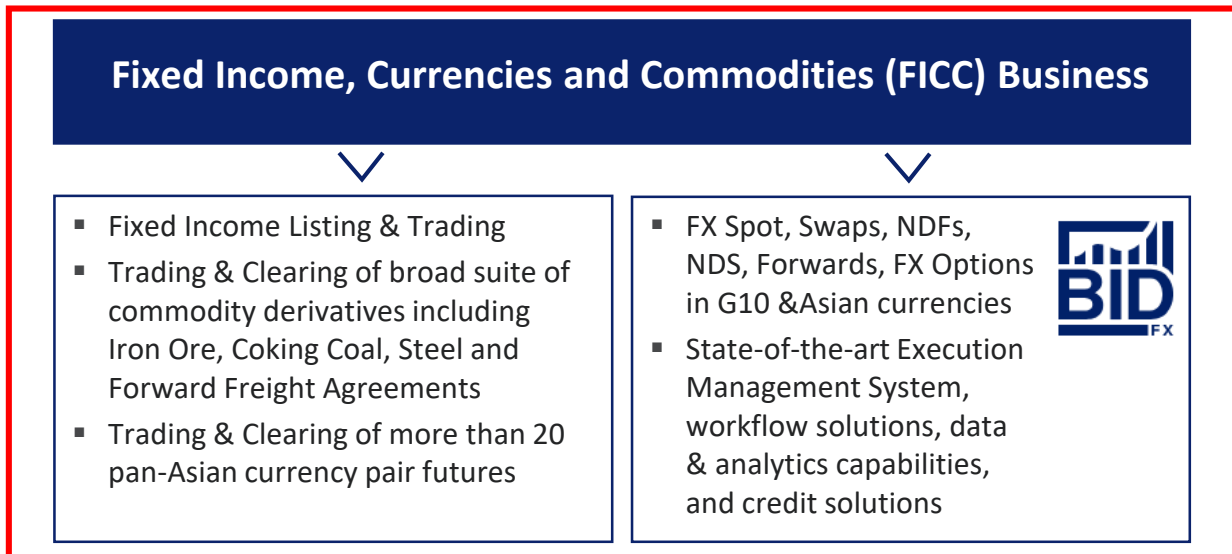
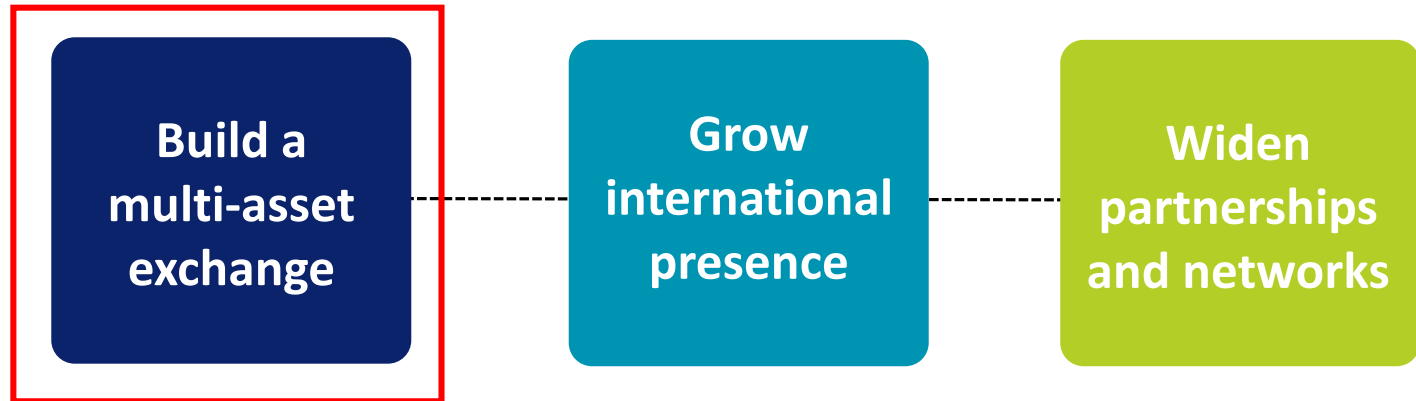
- Funding will be from external borrowings

## Financial impact

- Not expected to have a material impact on SGX's financial results in FY2021
- EPS accretive from FY2021

# Committed to our Multi-asset strategy

**Our strategic priorities**



# SGX – A diversified growing business

- Strong combination of cash-generative and high-growth businesses
- Synergies derived from complementary capabilities of different businesses working together
- More diversified revenues





# Questions

# Thank You

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