# Parameta Solutions Investor Seminar

Presentation Transcript

12 October 2021

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# 1.0 Introduction & Highlights

## Nicolas Breteau, Group CEO

Good morning everyone, and welcome to the Parameta Solutions Investor Seminar. My name is Nicolas Breteau, and I am the Group CEO of TP ICAP.

Last year we held TP ICAP Capital Markets Day, where we profiled all lines of business, including TP ICAP Data & Analytics. On that day we reiterated our electronification and diversification strategy. We are very pleased by strategic progress to date, including, after only a few months post-acquisition, our launch of our Liquidnet primary markets offering, making us the first broker to electronify the full lifecycle of a bond and already covering $41bn of bond issuances in just a few weeks.

The Group also continues to deploy technology across our Broking divisions. And has also benefited from an improved Q3 trading environment, which has helped to narrow the gap in year to date revenues, versus the prior year.

At the Capital Markets Day a key request from attendees was that they wanted a follow-up investor seminar on Data & Analytics, which we are pleased to do today.

Data & Analytics is best served from having a more distinct identity in the market. In April this year, we launched Parameta Solutions, combining both Data & Analytics and Post Trade Solutions under one new exciting brand.

Parameta Solutions is an engine for growth for TP ICAP. It provides strong revenue growth alongside high, but stable contribution margins. It is the fastest growing division in TP ICAP with the highest margins and a key driver in the Group's strategy.

I will now introduce you to some members of the exceptional Parameta Solutions Executive Team.

Eric Sinclair is the CEO, Parameta Solutions, reporting to me. Eric was previously President of the Market Insights division of the Toronto Stock Exchange. His prior experience includes working for Reuters for 16 years. Eric will introduce the business, and cover the global market data, and Post Trade Solutions Industries.

Chris Dearie is the Deputy CEO and has been with TP ICAP for 15 years. Chris joined TP ICAP from Reuters. Chris will cover the Product Strategy for Data & Analytics.

David Perkins is the Head of Post Trade Solutions. Perky has been with the firm for 14 years, in a variety of roles including Head of Electronic Markets at TP ICAP. His prior experiences include ABN AMRO and Goldman Sachs. Perky will be presenting the Product Strategy for Post Trade Solutions.

Jonathan Cooper is the Chief Revenue Officer. JC joined us from S&P Global Platts, has worked at FTSE Russell and spent 14 years at Bloomberg. JC will present the distribution and client strategy, including feedback from clients.

After the formal presentation, Eric Sinclair and Robin Stewart, Group CFO, will lead the question and answer session.

How does Parameta Solutions fit into the Group structure?  TP ICAP is composed of four business divisions, Global Broking, Energy & Commodities, Agency Execution, and Parameta Solutions, a high growth, high margin business, which includes both Data & Analytics and Post Trade Solutions.

The Data & Analytics division benefits enormously from being part of the world's largest IDB, a producer of high-quality, scarce, neutral, OTC content.  Post Trade Solutions also enjoys this connection as it offers electronic FinTech solutions to our clients.

Parameta Solutions businesses includes data assets and electronic transaction businesses. These businesses, under the Parameta Solutions brand benefit from their own distinctive identity.

So, what is the investment case for Parameta Solutions?  This morning will hear about industry trends and growth drivers that create immense opportunities to apply our competitive advantage, having unique OTC data on a scale that no one else has, to provide solutions to our clients.

We are executing a disciplined and focused strategy in areas of high growth, specifically in the OTC space.  Parameta Solutions is highly valuable.  Data & Analytics continues to experience double digit revenues, and a contribution margin of 49%.  It is growing at double the rate, of the highly valuable financial market data industry.

Post Trade Solutions is a FinTech business with a contribution margin of 52%.  These services provide high value to clients.  This in turn, will add value for our shareholders.

Thank you for joining us this morning.  I am extremely excited about the success and bright future of Parameta Solutions.  I will now turn it over to Eric Sinclair and his team to explain why Parameta Solutions is so valuable.

# 2.0 Industry Overview
## Eric Sinclair, CEO

Thank you, Nico, and good morning, everyone.  I will provide you an introduction to our business, and the industries we operate in.

As Nico referenced Parameta Solutions is aligned with TP ICAP's strategy of electronification, aggregation and diversification.  The Data & Analytics business is based on providing electronic financial information, and Post Trade Solutions is pure electronic.  Data & Analytics aggregates and applies analytics to the broking data across all our brands globally.  Post Trade Solutions aggregates client positions for optimisation, and Parameta Solutions has a large and diverse client base with an added focus on the buy-side

TP ICAP is the world's largest IDB, Data & Analytics is also the world's leading provider of scarce, neutral OTC content.  We are a provider of essential content for price and liquidity discovery. Without taking positions in the products we broker; we are a trusted source of unconflicted quality data.  We cover over half a million instruments, have over a thousand clients, with over 200 staff around the globe.

Given the nature of the OTC markets, OTC content is scarce and therefore valuable, and we are the providers of the greatest breadth and greatest depth available, and covering as shown here, all major OTC Asset classes.

The quality and breadth of our products, combined with our high client service, is why we are growing at double digits, which is double the rate of the market data industry, and why we have been voted by our clients, the Best Broker Data Provider by Inside Market Data for 10 consecutive years.

Most of our sales are generated from 2-year rolling license agreements.  This drives a high quality, reliable, predictable revenue stream, where over 94% of our revenues are recurring. Over 98% of our license agreements renew when the license agreement matures.  It is the combination of extremely high recurring revenues, and an extremely high renewal rate, that make our revenues so sticky, and yielding high quality earnings.

And while we benefit from access to the data sourced from our broking divisions, the value of our OTC content is based on its scarcity and how important it is for our clients, and not based broking transaction volumes.  In illiquid markets, our data forms a critically significant role in capital formation and price discovery.

We continue to achieve the targets set out at last year's Capital Markets Day, including achieving double digit revenue growth, combined with operating leverage, driving a growing contribution margin from 49% today to 53% in the medium term, and an operating profit from 41% today, to 48% in the medium term.  This enhanced profitability is based on the operating leverage we gain as we grow.

There is a modest level of seasonality in Data & Analytics revenue. We typically enjoy higher revenues in H2, when clients subscribe to one time licenses for historical data, before their in-year budgets lapse.

You will notice in the H1 results, that Data & Analytics had 11% revenue growth. Adding in Post Trade Solutions, we are over 8% of Group revenues and 27% of Group EBIT.

So, let's introduce you to Post Trade Solutions.

The Post Trade Solutions group was combined with Data & Analytics, at the beginning of the year. Post Trade refers to services that occur after trade execution. These include our current Fintech services built around resetting, compression, and repo.

Resetting is the cleaning up of residual fixing risks in trader's portfolios, switching positions up and down the curve. Matchbook is the name of our established service, and it offers forward rate-based resetting in FX and Rates products. Matchbook Rates generates circa 65% of Post Trade Solutions revenues.

Matchbook Rates has faced a number of headwinds in 2021 including a flat yield curve, low volatility and the disruption of the cessation of LIBOR. However, new risk-free rate-based products may ultimately replace some of the current LIBOR ones, providing new instruments that may potentially require reset hedging. Matchbook would also benefit from increased volatility and curve movement.

Compression is the process of replacing multiple offsetting derivative contracts with fewer deals of the same net risk to reduce the notional value of the portfolio. ClearCompress is the name of our compression service, and although early stage, it has had success at launching new products this year in collaboration with its clients.

Repos are repurchase agreements, a form of short-term funding for dealers in government securities where both parties commit to repurchase the same asset at a future date. Our repo service is known as eRepo, and it has enjoyed significant growth in traded volume year-on-year.

Our FinTech, Post Trade Solutions services can be characterised as being pure electronic, client driven, operating in the wholesale space. And now positioned within Parameta Solutions to benefit from cross selling data and analytics opportunities.

Post Trade Solutions are high value and high margin businesses, with a contribution margin of 52% and an operating profit margin of 29%.

And now a high-level overview of the Financial Market Data Industry.

As mentioned by Nico, and to help you understand why Parameta Solutions is so valuable, we would first like to give you an understanding of the industry, the exciting growth opportunities, and why we are well placed to capitalise on them.

Getting into the detail - the financial market data Industry is large, at almost $40B dollars per year in revenues, that is modestly growing at 5%. For simplicity, we have broken down the industry into 2 main roles, content generators and data aggregators, or redistributors.

The content generators enjoy revenues of about $7bn per year and includes the Parameta Solutions Data & Analytics business. Other content generators include, other IDBs, exchanges, research and news organisations such as Dow Jones News.

Data aggregators enjoy revenues of over $32bn per year, and over 80% of industry revenues. The financial market data industry serves a diverse global client base. We have over a thousand clients, and a list of client types as shown here, including sell-side banks, and a growing list of buy-side clients. And of increasing strategic importance, benchmark and index providers.

The user base shown here include front, middle and back office. Two high growth areas of users are data scientists and quants, and the valuation control groups at both our sell-side and buy-side clients.

And what about Parameta Solutions and its direct competitors? The IDBs represent less than one percentage of the financial market data industry, with key direct IDB competitors including, BGC's FENICS division, Tradition Data, and Marex Spectron.

The IDB market data growth rate is higher than the industry at 8%, while Data & Analytics enjoys double digit growth. We have several competitive advantages, including, providing the most comprehensive set of IDB data, having the largest sales force, covering all major markets and deploying an industry leading sales methodology, a global product management team with extensive experience and knowledge in the highest growth segments of the industry, the largest number of direct client relationships, providing a valuable source for feedback on new products.

Parameta Solutions has its own dedicated, agile, technical team to respond to market opportunities. We have also grown our data partnerships to include over a dozen third party data sources, and a global team of over 200, we have a critical mass of experts, providing us operating leverage for growth, and that is why we are usually first to market with new products and services.

While there are opportunities competing with the IDBs, there are larger targeted opportunities for us to develop our potential further, providing more value for our clients, providing targeted products in categories such as, evaluated pricing, benchmarks and indices, regulatory products, and trade analytics.

This is the real prize, as this will result in higher levels of profitable revenues and mean we are able to compete for a piece of the financial market data industry spend, outside of the traditional IDB sector.

And now let's look at some of the growth drivers. A key business driver is the need for neutral OTC data. Clients need an objective source that is not underwriting or taking positions in the securities being priced. This drives demand for our high-quality data.

Increased regulation is creating opportunities in areas like evaluated pricing, benchmarks and indices, and regulatory products, as standards for fair pricing require our order and trade data. The scarcely available price and liquidity discovery content that we have, is uniquely qualified to provide additional opportunities.

Cloud Technologies are disrupting the legacy distribution model of financial market data and allow clients much greater agility. We will be meeting our clients in the cloud to share access to our content and allow for a much lower total cost of ownership for our clients. This is highly attractive for data scientists and quants. JC will go into more detail on this later.

In Post Trade Solutions, there is a growing need for secondary risk management solutions, including balance sheet relief. The growing number of clients using our services, produces an exponential effect, that makes revenue growth faster than client acquisition growth, due to higher optimisation opportunities.

Now, let's turn to the high growth sectors. On the left you will see a more detailed size-up of the market data industry by sector. Pricing, reference and valuation data includes evaluated pricing. Evaluated pricing has revenues of $3.8bn per year and enjoys an 8% CAGR.

The benchmarks and indices sector is served by index providers, data aggregators, and in the OTC space there are still some legacy dealers who manage indices. It is a high margin business with sticky revenues and a CAGR of 11%.

The inter-dealer brokers are only 0.8% of the financial market data industry, and is grouped together on the chart, in the IDB and Other Sector.

From this starting point, we believe we have excellent growth potential, growing well beyond the traditional IDB data business. We will achieve this by being surgically precise in pursuing opportunities where we have a competitive advantage and targeting a sub-set of the sectors that make up $9.5bn of the financial market data industry.

Our strategy is to pursue growth opportunities where we can leverage our scarce, neutral OTC data in sectors of the industry that are growing faster than the mean, such as evaluated pricing, and benchmarks and indices. There are opportunities in the other sectors, providing regulatory products and trade analytics with greater demand being driven by increasing regulatory changes, and analytics that help clients gain insights from data.

Let's look at further into one high growth sector, evaluated pricing. When I started out in this industry in the mid '80s, I sold evaluated pricing services, competing with scores of other vendors who had regional content for specific asset classes. In the OTC space you relied on a confidential side deal with a dealer, to distribute their hand priced, evaluated pricing data on a non-disclosed basis. In fact, many of the established players still rely on these legacy data sourcing arrangements.

The industry has grown to $3.8bn a year in revenues and gone through enormous consolidation, with Bloomberg, ICE and LSEG/Refinitiv collectively having 88% market share.

Improved risk management and regulatory requirements are driving higher standards in OTC evaluated pricing, including, documented procedures for producing evaluated pricing, transparency on pricing data and its source, deployment of observable order and trade data which obtains a higher-ranking value in the pricing waterfall, and the industry's preference for pricing based on transactions versus modelled.

These client requirements play to our strengths and create an opportunity for Parameta Solutions.

And what about the benchmarks and indices Sector. The benchmarks and indices sector continues to grow at double digit rates, with the three largest index providers being best known for their equities indices, such as the MSCI World Index, the S&P 500, and the FTSE 100. Collectively they earn about 68% of yearly revenues.

We will not compete with the established index providers in equity indices. The fastest growing part of the index business is in OTC markets, including fixed income, and ESG. These are opportunities supported by trends in the industry that positions us to execute our strategy. This includes, passive investing continuing to grow, requiring specialist benchmarks, increasing regulation and industry standards require neutral OTC data, without the conflicts that dealers face in managing OTC indices. And there is increasing demand for structured products referencing OTC data, including rates, and energy products.

Chris Dearie will cover off our strategy for Evaluated Pricing and Benchmarks and Indices, later in the presentation.

Let's take a look at Post Trade Solutions. We will now give you an understanding of the Post Trade Solutions business. The term Post Trade is a bit of a catch-all for various processes including activities such as clearing, settlement and post trade messaging. It is a broad and fractured landscape, with large established incumbents competing, both with each other, and with an increasing number of start-ups, in a myriad of services.

On this slide we are showing just the services we operate in and earlier we have already described what they are and why clients use them. The main competitors for each service is shown here.

In terms of the addressable markets we estimate that, resetting has an addressable market of approximately $70m per year. With the LIBOR headwinds we expect this business to be under some short-term downward pressure, until we establish which of the new indices become the preferred replacements, and if they then require a curve hedging solution.

Compression in the dealer-to-dealer space has an addressable market of approximately $140m. ClearCompress - as a very new entrant has significant upside with market share growth.

The $35m addressable market in repo refers specifically to the Electronic Euro Government market. eRepo has increased its traded volume year on year, in a market that has the ability to grow, with Government bond new issuance potentially increasing; new products being launched and the potential over time for the electronification of longer dated instruments.

That concludes the Industry Overview, and I will now turn it over to Chris Dearie, to present the Data & Analytics Product Strategy.

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# 3.0 Data & Analytics Production Strategy
## Chris Dearie, Deputy CEO & Chief Strategy Officer

Many thanks Eric and many thanks to you all for attending today.

Eric has just explained to you the amazing growth opportunities that are available to us. We will now explain how our strategy positions us to capitalise on them.

Our medium-term strategy has three prongs; building and delivering new products that provide higher value to clients in new, addressable markets. Expanding our distribution, via direct delivery solutions, whilst increasing the breadth of our channels to market. And finally, leveraging these new solutions and distribution methods we have restructured our sales team to diversify and grow our client and user base.

Perky and I will now focus on the first prong - our product strategy. How are we building products and services that enable Parameta Solutions to access new addressable markets? Our approach is precise. Resources are valuable and we want to ensure we deploy them where they have greatest impact to our revenues.

As Eric has mentioned, we have targeted adjacent, high growth sectors where our products will be differentiated from existing services because of our unique position in the market as the world's largest IDB, with the most comprehensive suite of scarce, neutral OTC content.

We engage clients at an early stage of product ideation to understand the issues and deficiencies of current offerings and where our expertise will add value to the client's experience or improve their workflows.

Our data underpins our product roadmap. To ensure efficient deployment of resources, we split product development into discrete components, with each component adding value to a client and capable of generating revenue.

Taking a specific asset class we can use it to create an evaluated pricing which underpins the next product, trading analytics such as Post Trade and Predictive Analytics. We repeat the process for a new asset class.

The agile component development approach improves time to market for each new asset class and allows us to pivot focus on a specific product if client demand dictates.

Data is the building block of our strategy; it remains an important area of growth for us and accounts for the vast majority of our existing revenues. We connect to the systems our brokers use in 27 countries across the globe, facilitating transactions in hundreds of OTC sub asset classes. We capture and record their interactions with clients.

These systems use proprietary analytics that are fed by the client activity to generate indicative data.

Clients use this data for live market colour as part of price discovery. It is also used by the middle and back office functions of buy and sell-side clients for their daily mark-to-market and market risk management processes.

In both cases, clients need consistent pricing for all tenors for a given instrument. OTC markets can be illiquid. It is in these illiquid markets that accurate pricing is so scarce and therefore has the most value to our clients.

As the largest interdealer broker with the greatest global market share, we have the most comprehensive and timely source of pricing and insight of any data provider in these illiquid markets.

Rigorous oversight, data normalisation, processing and quality assurance means our data can be efficiently used by our clients in a range of display terminals and applications.

The initial focus of our strategy was to accelerate our delivery of data products and we have launched 21 since 2019, when previously we launched 3 or 4 per year.

Data continues to be a source of new opportunity as you can see from the examples of recent products, launched in response to new market themes. Our Oil Market data feed is an aggregated, multi brand feed of real-time oil data that can be easily fed into client risk management systems. Clients need this as their market moves to intraday position keeping and risk management.

ESG is growing in prominence and our experience is no different. TP ICAP is ideally positioned to help clients with their transition from higher carbon assets. This year we launched an environmental package of data including biofuels, carbon credits and renewable energy certificates and green bonds.

Risk Free Rates or RFRs, refer to the new alternatives rates to LIBOR that have been mandated by regulators across the globe. As the leading interest rates broker in the world, we have unparalleled insight to the impact these new rates are having on the market as our clients transition from LIBOR to these new rates. RFR is one of the 21 new products that we have released.

As you can see from the chart, we began concerted marketing of our comprehensive package of RFR pricing in early 2019. Client demand has been strong. We now have over 180 subscriptions to the service generating over $4m in new annualised revenues. As RFR adoption increases so too will our ability to sell to buy-side and mid-tier banks.

The momentum and impact new services such as RFR have on generating high margin subscription revenues is significant.

Our suite of data products will continue to be an important source of growth. But our focus has expanded to include leveraging the rich and unique source of transactions data that we generate as the world’s largest interdealer broker.

We will now turn to evaluated pricing and as Eric mentioned, market trends in this sector play directly to Parameta Solutions’ strengths. Clients voice concern about the quality and lack of coverage of OTC derivatives transactions pricing in some of the existing services.

Regulations require clients to prove fair value of their assets in their risk management processes. Independent, neutral data is essential. Observable trades and orders have greater weight and therefore greater value than modelled prices.

The evaluated price service adds context to the raw indicative and transactions data we generate to create a content rich information service for our clients.

We started with bonds, a discrete and manageable data set to prove the proposition and an important component of our other product opportunities I will come to later on.

In H1 of this year we delivered the first component of our FX evaluated pricing service which now includes Forwards, NDFs and Options which we have worked on with Tier 1 dealers.

As you can see illustrated by the chart, for a given instrument we identify whether the price is a trade, an order or an indicative price. This is known as the observability of the price and this level of insight is only possible because of our unique position in the market as the worlds most connected intermediary.

With FX evaluated pricing we are at the start of our development roadmap to build out derivative coverage. Clients tell us OTC derivatives transactions data are poorly represented in current offerings which rely on modelled data. We know this is of value because the current providers are seeking our transactions data to improve their services.

Our evaluated pricing service will enable sell-side and buy-side institutions to more accurately manage their risk.

Turning now to benchmarks and indices, which is a fast-growing market, particularly indices in fixed income and OTC markets for buy-side participants seeking to diversify from Equities. The benchmarks and indices sector presents a range of revenue opportunities that we can exploit because of our leading position as a neutral, non-conflicted intermediary and aggregator of liquidity in a wide range of markets.

We produce 19 key benchmarks in interest rates derivatives from our leading Interest Rate broking business. Clients use them as reference rates in cash products such as pricing bonds, and also structured products.

We contribute data from iSwap, our leading electronic Rates platform to critical benchmarks such as the ICE SWAP Rate. We played a key role in the Bank of England working group on sterling risk-free reference rates and are a major provider of data to both LSEG Refinitiv and ICE's term SONIA Rates.

Benchmark regulations focus on the importance of data governance and oversight, which is critical for data used in indices. Our rigorous governance and oversight of the venues we operate gives clients the comfort to rely upon our data as an index or to create their own indices from our data.

We now license clients to use our benchmarks and our data to create indices that they market and sell to their downstream clients. This is now driving revenue. Since 2020 we have licensed 10 different benchmark and index providers, including the big 3, and a number of banks.

We will launch our own proprietary indices, in markets and instruments where we have a critical mass of liquidity representing the economic reality of that market. Clients will use these indices to gain exposure to markets, or hedge exposure in the underlying assets.

We are actively working on indices in Interest Rates, US Treasuries and Energy and Commodities which have the potential to become products tradeable on the venues TP ICAP operates.

Regulation is another target sector we are well positioned to support. Solutions addressing specific regulations have created extremely high client demand. TP ICAP is the largest operator of MiFID venues, across the full range of applicable instruments. Clients are asking us to support their MiFID II reporting and record keeping obligations. We are doing so with our order and trade recap services.

Recaps are daily files aggregating a client's order and trade activity to enable them to efficiently report their activity to regulators.

A related area of growth comes from market abuse regulations. Regulators want clients to have oversight and surveillance of their own trading activity on venues. Failure to demonstrate adequate oversight and controls has led to the imposition of significant fines for market participants.

We have started to support individual clients to aggregate their global activity to enable them to undertake the required supervision. We will expand the range of our coverage and the support we can provide.

The imminent impact of the Fundamental Review of the Trading book - a prudential risk regulation delayed due to the pandemic but due to come into force in 2023 is driving client and vendor demand.

As part of liquidity risk modelling, clients need to show real and observable prices for the instruments they hold in order for them to be deemed liquid and therefore reducing the capital they are required to hold against them.

Our unique view of illiquid OTC markets is exactly what has most value for clients. Evaluated pricing identifies orders and trades providing the necessary flags to support FRTB internal model calculations.

From the starting point of our comprehensive data inventory we are building a range of Information products that address similar themes but support existing, and new clients in a range of different ways. The context we add to enhance our underlying data is in demand from current providers of services in these areas.

Delivering client specific insight is what defines a knowledge solution. Integrating client data with Parameta Solutions data tailors the service for a specific client for a specific use.

Our Trading Analytics platform does exactly that and today we are delighted to be able to announce the launch of our Transaction Cost Analysis, TCA, service for bonds. Founded in regulatory requirements, in this instance best execution, and based on evaluated pricing the product will allows users to review the quality of their transactions against a variety of objective benchmarks and other statistical metrics.

The TCA component is specifically focused on the buy-side and forms an important part of our client diversification strategy. Integrating the client data increases the stickiness of our product.

Delivering TCA is a key milestone on our trading analytics roadmap and has been possible through the efforts of our data science team including our colleagues who joined us from Liquidnet.

As we build out the product to cover Derivatives, we will have a strong, differentiated offering in the market delivering greater client value.  We would now like to show you a demo of the platform.

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**Product Demo**

**Male**
Parameta Solution's Trading Analytics platform is a web-based solution, hosted in the cloud, that allows firms to gain deeper insights into the performance of their executed trades.  The platform utilises Parameta's indicative market pricing as well as transactions from TP ICAP venues alongside client data and will help users to create possibilities by anticipating and explaining the conditions within the microstructure of a given asset class.

The platform is designed to be used by both buy and sell-side clients.  Typical use cases include traders seeking to benchmark their execution performance against independent and objective sources of pricing compliance professionals surveying trading activity and data scientists or quantitative analysts who may require historical trading performance data to optimise market making or alpha generating strategies.

Flexibility is key and users are able to upload content through files require minimal specification but allow the system to identify the security and the basic economics of the trade.  API connectivity will be added to help automate the process in the future.

Once content is uploaded users can begin exploring almost instantaneously.

Summary dashboards provide an overview of trading activity and are designed to match specific user personas.  Users quickly gain insights into global flow activity, trading behaviours and individual and team performance.

Detailed dashboards allow users to drill into the specifics and provide a range of derived metrics which allow the client to perform execution analysis at a more granular level.  This includes transaction cost analysis, profitability scores and a range of other execution metrics.

Reports can be downloaded or scheduled to be delivered either through email or utilising cloud based or other secure file transfer protocols.

The service is currently available for fixed income securities and specifically covers government, corporate agency, and supranational bonds.  We are actively working with clients to design a roadmap that includes coverage for FX and interest rate derivatives being added next.

Our access to indicative, evaluated and transaction data across all other asset classes however means the service can easily be extended.

Pre trade order book analytics, including volume and volatility forecasting are also in scope and will enrich the suite of tools available to those seeking to optimise trading and execution strategies in the future.

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**Chris Dearie, Deputy CEO & Chief Strategy Officer**

Having seen the demo I wanted to take a minute to explain to some of the choices we have made on the technology underpinning the platform.

Security and competitive concerns have meant financial services firms traditionally build their own proprietary solutions inhouse. It is a costly way of building and maintaining technology and often companies found their data security was lacking as many high profile examples showed.

Cloud technology providers can and do invest more than individual firms can in cyber security. They can build core functionality at scale with much greater efficiency and resilience. We live in an era where such technologies are opensource, used and proved successfully in other sectors and now available within financial services to improve workflows and the efficiency of applications in our industry with superior technology.

We use Snowflake to store the data, Google Big Query, the tech behind the most world's most powerful search tool is used to query the data and return results. These results are simply accessed using ThoughtSpot's AI system making them easy to read and interpret. Airflow, technology created and used by Airbnb allows for the data and results to be transferred quickly and efficiently around the system.

ThoughtSpot enabled the product manager to build the screens and displays without having to use a developer. This no-code capability is both cost effective and helps position us to generate revenues sooner because of the shortened development cycle.

This means we can bring the solution to clients more quickly so much so that we are launching the TCA component nearly 18 months ahead of our original schedule.

This is a prime example of the agile, component based development approach I referred to earlier. We combine best of breed technologies to the specific use case we are solving for rather than building the solution from scratch.

As you can see from our friends at Google, they recognise that our innovative trading analytics solution is adding value to our clients.

I would now like to hand you over to Perky who will take you through how our Post Trade Solutions services are increasing the value to their clients.

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# 4.0 Post Trade Solutions
## David Perkins, Head of Post Trade Solutions

Thank you, Chris. Resetting services have an addressable market of $70m. The number one vendor in the space is the CME RESET business, which was borne of acquisition. Matchbook has a solid 30% market share and is the number two platform, with four providers now competing in the space.

The Matchbook Rates business currently represents around 65% of our overall post trade revenues and is experiencing, as Eric described earlier, some market headwinds - a flat yield curve, low volatility, and concerns around the end of LIBOR.

We are of the opinion that the first two factors are now showing signs of improvement. There are indicators of increased volatility in the market and evidence of inflation and subsequent curve movement.

The cessation of LIBOR, however, will have a longer-term impact on the business. Some of the replacement indices to the LIBOR products will have no requirement to be hedged; and we anticipate that disruption will continue through 2022.

On the positive side, not all jurisdictions will replace their benchmarks with Risk Free Rates and will instead continue in their current form. We enjoy a strong market share in many of these non-LIBOR markets, for example the Hong Kong, Australian and the New Zealand rates markets.

We do enjoy some competitive advantages. Our curve pricing is enabled by Parameta Solutions leading OTC data and analytics team, and our optimisation technology is designed and built by our own specialist Matchbook dev team. We are leveraging this tech capability to provide clients with a smarter, more targeted, and intuitive service.

These clients are all sell-side entities, and we have over 1000 active users across the Matchbook business. They pay for our service via transaction fees, based on the volume size Matchbook manages to reset within the submitted portfolio.

So, what are our growth opportunities? Well, we see organic growth from increasing our market share in some key products, for example Asian NDF market. We will also increase our product offering including the new RFR based ones, and through adding more Rates currencies, such as Korean Won, which we just launched in September.

We have a target list of incremental products to add to the service, such as Inflation instruments, that are not at all LIBOR related but lend themselves to the electronic matching protocols of the Matchbook platform.

Meanwhile our technology team continue to enhance our algorithms to optimise results to increase matching levels, which in turn means incremental trades and revenues from the same size order sets. We have recently started to increase our regional sales capacity and have pivoted to a more localised sales model. All aimed at further developing our client base globally.

With our optimisation businesses the acquisition of new clients is particularly important as our matching levels increase exponentially as we add more users and orders. Unlike most intermediary businesses where this relationship between client participation and revenue is linear, these optimisation services could, for example, generate 30% more trades in a session if we can add just 10% more orders.

Moving on now to the ClearCompress business. ClearCompress, was a pre-revenue FinTech acquisition we made in 2019, as a result of our analysis of the compression market landscape, and our ambitions to diversify our Post Trade offering. We estimate that the addressable market for dealer-to-dealer compression is significant, at around $140m.

Since the acquisition we have been actively embedding the business, onboarding clients, and developing new products. Today it offers several client driven solutions including cross currency and interest wate swap compression, as well as Emerging Market FX settlement optimisation.

ClearCompress have recently designed another service, once again driven by regulatory change, which is a LIBOR to RFR portfolio transition platform, which we are launching in Q4 this year. So, whereas the cessation of LIBOR is a challenge for us in our Matchbook business, it is a revenue opportunity for ClearCompress.

We are confident that we have some competitive advantages. We have an active working group with 27 dealers to help us innovate and solve for these latest evolving regulations. Such engagement is rare and valuable.

We are agile enough to deliver the required bespoke solutions, we have developed our EM FX product and the LIBOR service as a direct consequence of direct client requests. This approach no doubt helped ClearCompress win the award for Best Post Trade Business 2021, at the European Markets Choice Awards, which was voted for by the clients.

ClearCompress still enjoy many of the benefits of being a FinTech, agility, flexibility, innovative technology, but also now are able to leverage being part of the broader Parameta Solutions business, which provides access to its corporate service resources, its network, and its global client and vendor relationships.

A real-life example of this is the tactical allocation of data scientists from the Liquidnet team within Parameta Solutions into the ClearCompress business, in order to maximise potential revenue from a time-critical project.

So how do clients pay us for our services? Our fees are results based to align incentives with the interests of our clients. Broadly speaking this means that the fee is based on the nominal amount of the portfolio we manage to compress or migrate.

Moving on, let's discuss growth opportunities. With ClearCompress there is an obvious significant addressable market for us to penetrate. We will begin to increasingly monetise our services in Q4 2021. We'll expand our current offering, launch our LIBOR transition service, and continue to help structure innovative solutions in areas of the market where our clients are currently offered inefficient services, or no service, at all.

The LIBOR transition project and its dedicated industry working group attracted a significant number of banks who were not previously clients of ClearCompress. This has resulted in many new banks now being onboarded, which increases the scale of the LIBOR Transition service, and importantly will have significant benefits in terms of increasing the pool of banks ClearCompress is able to work with across its entire product range.

To manage the increased client base, we will invest in our specialist sales capacity, especially in regions outside of EMEA, where all of the team are currently based.

Moving now onto the eRepo business. The eRepo platform has increased in popularity this year with traded volume up 84% H1 '21 versus '20. Our revenue market share is at 10% which is an encouraging start and provides us with further upside.

It's worth noting that our traded volume market share is higher, in German Governments, for example, we estimate it to be now closer to 20%.

We have a competitive fee schedule when compared to our peers, with the new subscription option appealing particularly to the larger liquidity providers. We are keen to continue the deployment of this subscription model as we have ambitions to transfer some of the post trade revenues into data like re-occurring ones. The current split for eRepo is 65% from traded volume-based transaction fees and 35% from multi-year monthly subscriptions.

Access to the platform is for LCH clearing members only, which is made up of the larger European and International bank dealer names. There are further growth opportunities with eRepo. We will increase the products offered on the platform to further improve its appeal which in turn will help us develop the client base and our market share. Earlier this year for example we added Slovenia and Slovakia products to the platform.

As per our other platforms we are continually looking to improve our technology, its functionality, and the client workflows and experience. We have recently made an additional sales hire to help drive client onboarding and relationship management.

And now moving on I'm going to summarise the Product Strategy for both Data & Analytics and Post Trade Solutions.

At the core of this growth strategy is our data and our unique position as the world’s leading interdealer broker. Our product strategy has been developed in a way leverages these core strengths; building on them to allow us to target logical, adjacent markets.

However, we remain responsive in addressing immediate market trends for new services, an example being the successful agile commercialisation of the RFR data product, explained earlier by Chris.

We have a reputation for working collaboratively with our clients, an example being the ClearCompress working group, as we help to solve for their ever-evolving data requirements and their regulatory driven trading, cost and funding issues. Our clients, and existing service providers, tell us they need our transactions-based data to support this wide range of different but connected use cases.

We are increasing the scope and range of sectors we operate in and by extension accessing larger addressable markets. Our ability to access, enhance and develop our OTC data efficiently and at scale and with focus, differentiates us from our competition.

We will expand on our initial offerings by building out components on an incremental basis. This allows us to prove our capability in the new area, generate revenues throughout the product’s evolution and deliver greater value to our clients. Our Trading Analytics Product, which leverages evaluated pricing, is a good example of this. We will work with our partners to continue to reduce our time to market.

Post Trade Solutions benefits from being part of Parameta Solutions. For example, by leveraging their data and analytics excellence to improve the performance of its own solutions. In turn the Post Trade business brings new revenues to Parameta Solutions, helping to diversify their offering with pure electronic, high margin businesses, which also generate new data themselves.

Thank you very much for your time. I am now going to hand over to JC, our Chief Revenue Officer who will update you on our distribution and client Strategy.

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# 5.0 Distribution and Client Strategy

## Jonathan Cooper, Chief Revenue Officer

Thank you Perky. We are now going to focus on the second prong of our strategy, distribution. I want to start by providing a brief overview of the landscape.

The major market data vendors included Bloomberg, ICE and LSEG/Refinitiv continue to dominate the provision of market data in financial services. However, given the low growth rates in this sector, we are seeing further consolidation with the merger of S&P Global and IHS Markit.

This has created a concentration of power amongst the big 4 market data vendors. We will need to continue building strong relationships with these vendors to leverage their scale.

There are a number of challengers to the big 4 market data vendors including FactSet and Morningstar. These challengers tend to aim away from sales and trading users, focusing instead on research and analysts. In fact, traditional connectivity firms such as BT Radianz and Colt are becoming increasingly focused on content transport, blurring the lines between the types of channel partners. This competition creates diversification and potentially reduces our revenue concentration with the major market data vendors.

The final segment are the public cloud providers. They are the most significant disruptors to the market data industry. The main providers, Amazon Web Service, Google Cloud Platform and Microsoft Azure all have their unique strengths. However, what they all have in common is agility and a business model aimed at reducing the client's infrastructure costs.

Providing a suite of flexible delivery solutions underpins client adoption and drives advocacy. Parameta Solutions has three simple pillars, direct delivery, channel partners and the public cloud.

Direct delivery allows our clients to connect without the need for a dedicated vendor or channel partner. We offer data feeds, internet display and a webstore. Direct delivery is the fastest route to generating subscription revenue. For our clients, it is the lowest possible cost option to access our data products.

Channel partners provide scale with instant access to a global network of professional users. They complement our direct offering by extending our salesforce, adding geographical reach and providing access to client segments aligned with our growth strategy.

The public cloud providers drive innovation and create new revenue streams. The on-demand compute afforded by the cloud providers reduces key infrastructure costs. We will continue to establish new distribution partnerships that create a platform of growth for sales.

Next, I would like to share with you how cloud technologies are fundamentally changing the financial market data landscape, in terms of distribution and how it is empowering our clients.

Traditional methods of accessing and consuming data are being radically disrupted by cloud technologies. This is leading to new methods of distribution for content sources like Parameta Solutions. This new way of distributing our data is allowing clients to source our content in a cost-effective fashion.

A specific example that is generating new revenue opportunities for us, is Parameta Solutions Data Share. The most common legacy way content sources like Parameta Solutions delivers its content to clients, is via a multi-stage process. This would usually involve an intermediary such as a channel partner. Data Share simplifies this process significantly.

Parameta Solutions loads its content directly into a data sharing system, we are utilising Snowflake for this. The client then directly accesses our Snowflake instance. Another benefit for the client is that they can repeat this with multiple content sources using the Data Share platform.

Data Share allows us to control the breadth and frequency of data that the client can access. We manage the process directly with the client, establishing a dialogue with the end user to assist them in instantly accessing, reviewing and gaining insight from our data. Scenarios may include testing trading strategies or performing historical analysis. This process has opened up our content to new users such as quants and data scientists.

The platform is live, and we are seeing good traction. We are working with one of the world's largest sovereign wealth funds, speaking directly to their quant team to review our data as part of their investment strategy. They are able to test and prove the value of the solution, and we can control the amount of data they access. This accelerates the sales process in a more dynamic way.

Finally, let me turn to the third prong of our strategy, the client. We have focused global sales for success, updating our processes and structure. It is important that we better align with the clients buying journey, providing expert knowledge, becoming more of a trusted advisor.

Last year we introduced our own proprietary sales methodology, Pentagon, that delivers a consistent client experience and importantly, results. In fact, we have already shortened the average sales cycle, down from 16 months to 9 months. A new regional leadership team has been established to support scale and drive growth. Lastly, we are adding resource to grow in strategically important segments and better support our clients. These include the buy-side, Energy & Commodities, strategic, accounts, client success and specialist sales.

This strategy will enable us to create new and deeper relationships with asset owners and asset managers, establishing the possibility of many more cross-sell opportunities. In Energy & Commodities, we can help our clients execute their transition strategy. We are partnering with the world's largest financial institutions to help them achieve their goals, whilst driving adoption of our new products and maintaining our high retention rates.

Earlier Chris described how the new Oil Market data feed is helping Energy & Commodities clients to manage their risk. In terms of executing the strategy, we have doubled the average monthly subscription revenue generated from Energy & Commodities clients.

As we systematically target new client segments, I want to touch upon our subscription model. Our commercial approach is commensurate to the value a client derives from the service. We differ from the exchanges in that we do not count the number of screens or individual access points. Our approach is more expansive, addressing the client's workflow requirements including locations, business functions and the need to redistribute our data.

As Nico highlighted in his opening remarks, the resulting solution is a 2-year recurring subscription that delivers a contribution margin of 49%. I would now like to share a video of support from one of our clients, Sparta Commodities in Switzerland.

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**Video Played**

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**Jonathan Cooper Chief Revenue Officer**
Thank you, Felipe. To finish I would like to share some comments from our clients.

Boris Molls, Head of Markets at BT Pension Fund comments “Their innovative and collaborative approach to product development is helping to shape future trading possibilities.”

BFAM Partners, a Hong Kong based hedge fund notes “With the help of Parameta Solutions, we can commit to delivering high-quality outcomes to our funds.”

And finally, Balyasny Asset management, a Chicago based hedge fund comments “We are extremely optimistic about Parameta's innovation in cloud delivery".

These comments demonstrate progress on our three pronged strategy - product, distribution and client.

I shall now hand back to Eric, thank you.

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***Concluding Remarks***

**Eric Sinclair, CEO**
Thank you, JC. As Nico mentioned at the very start, we are deploying a strategy that focuses on select OTC opportunities in the broader financial market data industry and increased products, and increased market share in post trade solutions.

We are confident in achieving our targets as previously stated at Capital markets day last December.   And how are we progressing with Key Financial Targets?   We re-affirm Data & Analytics revenue CAGR of 11% in the medium term with a contribution target of 53% and operating margin of 48%.  The slight drop in contribution margin in 2023 is the result of profitable investments in growing the team.

While Matchbook Rates faces some short-term headwinds, we may benefit in the long run from replacement products, increased volatility and curve movement.  ClearCompress and eRepo are early-stage services, enjoying triple digit revenue growth.  We have a strong pipeline for new post trade services and see opportunities for market share growth in all three of our existing services.

And how is our progress against strategy?  We will continue to progress on our expansion objectives.  Our launch of new products creating new revenue streams continues.  In H1 we launched the FX Evaluated Pricing service.  You just saw a brief demonstration of our new Trading Analytics product.  Over a third of our net new sales are from new products.  And for distribution, we have secured the first of many clients using our cloud based Data Share service, and we have added 3 new channel partners.

We are focused on diversifying the client mix and added over 30 new buy-side clients in H1, and over 40% of net new sales have come from non- sell-side clients.

And, to revisit the investment case, Nico opened with the investment case.  We will capitalise on industry trends and growth drivers that capture the immense opportunities to leverage our long list of competitive advantages, including having scarce, neutral, OTC data on a scale that no one else has.  These advantages allow us to create unique data solutions.

Our expanding distribution capabilities includes more market data vendors, carriers and cloud providers.  We will leverage cloud technologies to provide unique delivery solutions.  There are select opportunities outside of the traditional IDB space.  Our focused strategy pursues high growth OTC sectors.  The focused strategy also includes managing secondary risk in resetting, compression and repos.

Data & Analytics produces extremely high-quality double digit revenue and earnings growth, with 94% recurring revenues, and a renewal rate of over 98%.  These measures are what makes our revenues so sticky.

Post Trade Solutions provide FinTech Services that are pure electronic, with a contribution margin of 52% and an operating profit margin of 29%.  There are opportunities to expand products, services and market share.

The attractive financial characteristics of Parameta Solutions, combined with a history of successful results and a bright future, makes it Highly Valuable for our shareholders.

Thank you for joining us this morning.  We are all extremely excited about the prospects for Parameta Solutions.

We would now like to open it up to questions and answers.  As Nico mentioned, we are joined by Robin Stewart.  Group CFO.

# 6.0 Questions & Answers

**Eric Sinclair, CEO**
Thank you. I'm Eric Sinclair, I just wanted to introduce our Chief Information Officer who is also joining us today in the question and answer period and that will be Roland Anderson, who is the CIO for Parameta Solutions.

Okay, could we start with the questions please?

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**Telephone Operator**
As a reminder, if you'd like to register a question, please press * followed by 1 on your telephone keypad. If you change your mind, please press * followed by 2. And, when preparing to ask your question, please ensure your phone is unmuted locally.

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**Moderator**
Many thanks for that. So, we're also taking question online. You can submit via the webcast. And we've already had one in actually from Barney Randle from Teviot Partners. And Barney asks a question relating to Parameta Solutions' capability.

So, where does this put you relative to the competition? Presumably, your primary competitors already have the same capability/functionality, so does Parameta therefore help you try to retake market share, or do you think it might put you ahead of the pack?

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**Eric Sinclair, CEO**
Great. Okay, Barney. Thank you for the question. I'll deal with the Data & Analytics side and then I'll ask Perky to address the Post Trade Solutions piece.

So, as I presented earlier today, we have enormous for our direct competitors, but we have about two-thirds market share in the IDB data space. And that makes us over three times the size of our nearest competitor.

And, from a TP ICAP point of view, we punch way above our weight, so our market share and market data is significantly larger than the market share TP ICAP enjoys in Global Broking and Energy & Commodities Broking. So, that serves us very well.

As I mentioned in the presentation, we have a number of distinctive competitive advantages. We have the largest set of content in the OTC space where IDB OTC content is scarce. And, in the world of data, content is king. So, we have the largest set of data, which is why we punch above our weight in terms of our market share relative to the other IDBs.

So, we have the largest content set, we're the largest sales force, we have a global product team that's larger than any of our competitors, we have a critical mass team of over 200 that gives us operating leverage to operate in all three major regions which gives us enormous scale.

So, we, quite frankly, are looking at our strategy, and, as Chris articulated, it's a break-out strategy where, if we want to live up to our full potential, we need to look beyond our traditional IDB competitors and go for select opportunities within the global market data space where we have a competitive advantage. I'll turn it over to Perky on the Post Trade Solutions side.

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**David Perkins, Head of Post Trade Solutions**
Thanks, Eric. So, carrying on really the data point, I think that our Post Trade Solutions rely on the OTC data from Parameta Solutions. So, we've got a definite advantage immediately there. And we work with the most agile innovative technology, so we believe we're leaders in that field as well.

And then I think an advantage we have over other FinTech's would be that we're part of a broader group, we part of Parameta Solutions and the TP ICAP Group. So, we enjoy the relationships and the network, as I mentioned earlier on the film, and this really helps us in ways such as building a working group for ClearCompress, which is a clear advantage.

The part of the question around market share, many of our services, the early two services are very nascent, and we definitely believe we can grow market share. So, we're very optimistic of growth leaning on and relying on Parameta Solutions.

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**Moderator**
Many thanks for that. I'll now turn over to the conference call where I believe we have Gurjit Kambo with a question.

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**Gurjit Kambo, JP Morgan Chase**
Hi. Yeah, good morning. Thank you for the presentation. So, a couple of questions. Firstly, if you see the mix in your client base, I think you're looking to skew more towards the buy-side versus the sell-side going forward, you know, what does that mean for revenues and margins? Are margins better on the buy-side clients versus the sell-side? So, just, sort of, how that impacts the business going forward. So, that's the first question.

The second one is what's your, sort of, current split of distribution by, you know, direct distribution versus, you know, external vendors that you're using? So, any, sort of, thoughts around how that currently looks.

And then just lastly, on your index business, where do you see the bigger opportunity? Is it to do more licensing of data yourself or, you know, clearly, you talked about producing your own indices? Where do you see the bigger opportunity in the index business? Thank you.

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**Eric Sinclair, Chief Executive Officer**
Okay. Well, thank you for all three questions. I'll deal with the first two and then Chris can deal with the index one.

In terms of the client mix, there's no material change in our margins between the buy-side and sell-side. It really is an opportunity for us. We actually have a meaningful presence on the buy-side but the significant upside with the requirements that our buy-side clients have, and it's a growth opportunity for us, so it's really not going to have a material impact on margin.

The second issue, which I must admit I'm struggling to remember, which was regarding distribution, I'm sorry, over 90% of our revenue today is through our channel partners, and we're seeing a lot of opportunity, particularly with the data share initiative that Jonathan Cooper mentioned, as an opportunity for us to meet clients in the cloud. And that will be a growing opportunity for us, but it will be complementary to what we're already doing with our channel partners.

On the index side, I'll turn it over to our Deputy CEO, Chris Dearie.

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**Chris Dearie, Deputy Chief Executive Officer**
Thanks, Gurjit. So, I think it's fair to say that our process at the moment is much more focused on licensing the existing data that we have and allowing clients to build indices from that, but it will be a transition of revenue as we build out our own proprietary indices and I think, as we've been clear throughout the presentation, that will be very much client led. And, certainly, we think there are some key opportunities in specific marketplaces where we have, as I said, the economic relativity. We have the aggregation of liquidity that can drive the creation of new and innovative indices.

So, I think we are targeting, as we've said, the OTC and also the ESG space; they're the highest areas of growth. And, on balance, as we go through the process of building those out, we'll see a growing share of our revenues coming from the proprietary indices that we build.

I would also make the point that, you know, we're very keen to partner and are partnering with other intermediaries within the space to be bring indices to the markets in the most effective way possible.

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**Gurjit Kambo, JP Morgan Chase**
Thank you.

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**Moderator**
So, coming back to questions that have come in online, the next question is from Kim Bergoe at Numis. So, Kim asks – is the current ownership, namely 100% owned by TP ICAP, the best ownership form compared to, for example, joint ventures? How do you think about the ownership of Parameta Solutions?

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**Robin Stewart, Group CFO**
I'll take that question. Thanks, Kim. I think, as of today, with the organic growth strategy that we've outlined, being part of TP ICAP is definitely an advantage of the Group, to the Parameta Solutions Group, as it embarks on that journey continuing at 11%, or it's double-digit CAGR growth.

I think it's important to point out that, when you see the financials in the Group for Parameta Solutions, they are as if it were standalone business, and it's structured and set up as a standalone business and it acquires its data from the Group on an arm's length basis.

So, for now, I think the right thing is to maintain that as part of the overall group but to the extent that there are opportunities for a different structure going forwards. We will always evaluate those and look at the opportunity from a shareholder perspective. So, I think it's one of those ones where we will just watch this space as we go forwards, but I think, you know, it's the right time and now is the right time to maintain that business as part of the overall Group.

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**Moderator**
Many thanks. Next question in online from Brendan Bradley from ipushpull. So, Brendan asks – where do you see the acquisition of Liquidnet providing greater opportunities in your datasets and will that be more focused on their bond offering rather than equities or, indeed, both?

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**Chris Dearie, Deputy Chief Executive Officer**
I'll take that one on, thanks. So, when we look at the core business of Liquidnet and that being a dark pool equities business, our view is that that marketplace for equities data is very well-served at the moment and, you know, commercially, is probably not an area of focus for us. But as the Liquidnet functionality in the markets that they enter into, including the credit space, evolve, then we will certainly seek to develop data products in relation to those activities but in a way that's in partnership with our clients and reflects the market and how the market's functioning.

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**Moderator**
Many thanks. Next question, again online, from Stuart Duncan from Peel Hunt – So, in the Compression business and opportunity, can you discuss how clients decide which service to use? Do clients use more than one company? Can you talk a little about how Liquidnet has altered the opportunity for the business? We've just covered an element of that.

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**David Perkins, Head of Post Trade Solutions**
Yeah, so the first part I can cover. The problem is - well not the problem, the opportunity is that the evolving regulatory space is creating lots of different problems for the marketplace to solve for. So, although there are a lot of compression providers in the market, there are lots of options and opportunities for us to create businesses which are adding value, and which are valuable also for the shareholders.

ClearCompress was a FinTech we made in 2019 and it solved two or three problems. We've added two more services since, and we're currently working on a project which, as mentioned in the film, where we're going to transition LIBOR based portfolios into new RFR portfolios and also do some compression along the way.

So, really what we're doing is listening to our clients and trying to help them, and that, again, comes back to the point around the working group, of being very close to clients and understanding what they want us to do, and we'll go and build those solutions for them.

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**Moderator**
Many thanks. A further question online, this time from Mark Benfield from MBSA International, and Mark asks – good to see the strategy and transition from the previous model. Is there a focus on M&A for some accelerated medium-term growth and scale which may make sense? If so, what areas?

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**Robin Stewart, Group Chief Financial Officer**
I'll take that one. We would also, in the Group, look at M&A opportunities. I think, right now though, as a corporate, having acquired Liquidnet early in the year, our focus and bandwidth is very much on digesting that and making that the most valuable opportunity that we have.

Also, it's worth noting that, in this arena, the multiples that we would have to pay to acquire businesses in the data space are extremely high, and it makes that a very expensive path to take in the context of our current share price.

So, I think, for the time being, I would say that we would not be looking at an M&A opportunity in the short term, and, in the context of the question earlier, focus on joint venture opportunities that we are already pursuing with other partners because that's a more cost-efficient way of growing.

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**Moderator**
Many thanks. The next question is from Piers Brown from HSBC. Piers says – you mentioned that contribution margin will be temporarily below the 53% mid-term target to 2023 due to investment spend. Why would investment spend become less of a headwind after 2023? What are the main risks you see to achieving the 53% target?

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**Eric Sinclair, Chief Executive Officer**
Sure. I'll take that one. Thank you. And thanks for your question, Piers. The issue for us is one of getting operating leverage, and we need to invest. We're investing in product; we're investing in the delivery side of our business and in global sales. And there's a lagging impact on the growth where we get the benefit from that.

So, through to 2023, there'll be a very minor reduction in the contribution, but then we'll see it pick up again. And, in the medium term, it'll reach 53% as we benefit from the operating leverage from investing in those people.

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**Moderator**
Many thanks. And a follow-up indeed from Piers – so, many of the synergies for Parameta being part of the TP ICAP Group seem fairly clear. Are there any obvious dyssynergies?

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**Robin Stewart, Group Chief Financial Officer**
To date, I don't think we've identified any dyssynergies in terms of the synergies that we can see. We've certainly seen some synergies on the cost side as we've integrated the Investment Analytics business of Liquidnet into the Parameta Solutions business, but no, we haven't identified dyssynergies.

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**Moderator**
Many thanks, Robin. I have no further questions online a present, so feel free to submit. And I don't believe there are any further questions on the conference call, but if you could confirm, that would be great.

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**Telephone Operator**
As a reminder, for any further questions, that's * followed by 1 on your telephone keypad.

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**Moderator**
I have no further questions online, so, in that case, I'll turn over to – hold on, live, oh no, just a confirmation. No further questions from the phones, so I'll turn it over to you, Eric, and Robin to close.

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**Eric Sinclair, Chief Executive Officer**
Great. We'll thank you very much. We appreciate the time you've taken to hear our story today. We were delighted to participate in Capital Markets Day and now fulfil the request that all of you had for a more focused presentation on Parameta Solutions. Sorry, do we have a question?

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**Moderator**
We do indeed.

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**Eric Sinclair, Chief Executive Officer**
Okay. Let me turn it back to Richard.

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**Moderator**
In fact, they're coming in quickly now. So, first one from Russell Quelch from Redburn. Thanks, Russell. So, Russell says – you noted that OTC markets are the fastest-growth subsector for indices. How have you modelled this growth going forward, please? Particularly as more Credit volumes move on exchange and away from OTC. Do you see the growing theme of self-indexing as a threat to what Parameta is trying to do in the OTC indexing space as technology brings down the cost of doing this inhouse in the medium term? Many thanks.

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**Chris Dearie, Deputy Chief Executive Officer**
I think I'll take that one, thanks, Richard. So, no, it's certainly our view on the modelling is that the OTC and fixed income space has a lot of upside, and part of that driven by our conversations with clients. And, as I said in the presentation, the ecosystem around indices is really client led. So, we're working with clients to bring those opportunities to bear, and we know that there are markets and, as I said before, interest rates, we know that US treasuries and certain energy and commodities markets are underserved by data that we currently have and indices in the markets that we operate.

Certainly, in relation to the second part of the question, self-indexing, or the move towards being able to do customisable indices, is certainly, again, not something that we feel is a barrier to our entry or, indeed, involvement in this space, and, frankly speaking, access to some of the instruments that we have in that space will be important. And, as I said before, it's not simply a case of us producing them ourselves, we will be working with partners and with index partners throughout the industry to make our data available in some of these new areas. I would note that, for example, smart beta is an area where we also see a considerable amount of opportunity and, again, we know that the fixed income and OTC markets are underserved.

So, it will be a combination of us having our own indices in those markets where we still have that activity, led by client demand, and working with partners in some of the broader aspects of distribution and creation of indices.

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**Moderator**
Many thanks, Chris. So, I think I can confirm this time we have no further questions online, so, Eric, I will turn it over to you to close, take two.

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**Eric Sinclair, Chief Executive Officer**
Okay. All right. At the risk of repeating myself, thank you again for taking the time out to hear our story. We're delighted to provide it as a follow-up to last year's Capital Markets Day, and our goal was to highlight the value that Parameta Solutions brings to the shareholders of TP ICAP and a bright future we have ahead of us where there's enormous opportunities for us to go beyond the space we're currently in and to grow in new areas where we can leverage our competitive advantages. Any other comments from you, Robin?

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**Robin Stewart, Group Chief Financial Officer**
No. No further comments from me. I think you've summed it up very well, so thank you very much.

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**Eric Sinclair, Chief Executive Officer**
Okay. Thanks again.

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