

LMAX Exchange announces record high profitability in 2016

London, May 2017 – Today, LMAX Exchange, one of UK's fastest growing financial technology firms and the leading MTF for FX trading, is pleased to announce record high profitability with reported annual EBITDA of £5.6m in 2016. This marks the company's strongest financial performance to date and demonstrates its rapidly expanding footprint in the global FX market – particularly remarkable in the face of a difficult period for the spot FX industry, which has seen a volume decline of 19% over the last 3 years.

2016 highlights include:

- **EBITDA of £5.6m, up 300% year-on-year**
- **Gross profit of £20.8m, up 33% year-on-year**
- **Strong growth in the institutional segment, volumes up 52% year-on-year**
- **Completion of global exchange infrastructure with the addition of a matching engine in New York**
- **Continued leadership in the campaign to eradicate practices open to market abuse**

Five year annually compounded growth results (2012-2016) demonstrate:

- **Gross profit: 61% annual growth**
- **Notional volumes: 44% annual growth**
- **Client funds: 30% annual growth**

The above performance has been delivered following a significant investment in technology, geographical expansion and product diversification which created a greater breadth of services and a wider addressable market in 2016:

- The completion of the bilateral clearing project has enhanced the company's presence in the institutional segment and has led to a 52% increase in volumes from this customer segment, which remains the core growth focus for the firm into 2017;
- The September 2016 launch of the North American matching engine in New York (NY4) was a key strategic geographical move. This new liquidity pool for institutional spot FX trading, enabled North American clients to trade on LMAX Exchange with unique, no 'last look' limit order liquidity;
- The continued investment in building market presence in AsiaPac, including growth of the Tokyo-based exchange (launched in 2015), has led to a 55% growth in volumes for the region.

David Mercer, CEO of LMAX Exchange commented,

"2016 was a good year for LMAX Exchange. We were able to build on our technology investments in 2015, continue our strong growth and expand our capabilities to new markets. In addition, we were able to deliver for the institutional marketplace and drive volumes in Asia.

This was all achieved against the backdrop of market uncertainty and volatility that we were well positioned to benefit from. Finally, we continued to champion transparency and fairness in the global FX industry as a fundamental belief of the business.

Looking forward through 2017, we are seeing sustained volume growth and significant institutional uptake in all markets.”

In the broader industry context, LMAX Exchange continued to campaign for the need to rid the market of practices open to abuse, such as ‘last look’ and ‘pre-hedging’, in order to increase transparency and regain customers’ trust following a few scandal ridden years. In addition to the regularly published thought leadership reports¹ and the ongoing dialogue with BIS FXWG and the FEMR Working Group representatives from the Bank of England, FCA and HM Treasury, LMAX Exchange recently became the first organisation to publicly commit to the upcoming Global Code of Conduct.

Looking ahead, LMAX Exchange is aiming to lead the development of the Transaction Cost Analysis (TCA) methodology for foreign exchange. This work will see the company launch a whitepaper in May 2017 proposing a comprehensive, new set of metrics for analysing execution quality and trading costs on firm and ‘last look’ liquidity. Highly anticipated industry research, this white paper is intended to contribute to an industry-wide debate on how to conduct TCA in a way that benefits the customer, provides a fair comparison for liquidity providers and creates genuine transparency: one that enables choice and aids quality decision making.

– ENDS –

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Notes to Editors

About LMAX Exchange:

Recognised as one of the UK’s fastest growing technology firms for three consecutive years (2015, 2014 and 2013 Sunday Times, Tech Track 100), LMAX Exchange is the leading MTF for FX, authorised and regulated by the FCA. Servicing retail brokers, funds, corporates, asset managers and banks, LMAX Exchange delivers a unique vision for global FX trading - a transparent, neutral, level playing field for all market participants, regardless of status, size or activity levels.

The LMAX Exchange OPEN order book is driven by streaming, no ‘Last Look’ limit order liquidity. LMAX Exchange offers a range of key products, including spot FX, precious metals, commodities and equity indices, with complete pre and post-trade transparency and order execution where no ‘last look’ is standard. Orders are executed in strict price/time priority.

¹ <https://www.lmax.com/pdf/restoring-trust-report.pdf> (2015)
<https://www.lmax.com/pdf/Road-To-FX-Reformation-Report.pdf> (2016)
<https://www.lmax.com/pdf/TCA-white-paper-preview.pdf> (2017)

LMAX Exchange – the emerging benchmark for global FX.

Awards:

Recognised by the most prestigious technology and business awards

Financial technology awards

2017 Best FX trading venue, Fund Technology & WSL Awards

2016 Best trading & execution venue, HFM US Technology Awards

FX industry awards

2016, 2015, 2014, 2013 Winner, Profit & Loss Readers' Choice Awards

2016, 2015, 2014, 2013 Winner, WSL Institutional Trading Awards

Business growth awards

2016, 2015 Winner, Deloitte UK Technology Fast 50

2015, 2014, 2013, Winner, The Sunday Times Tech Track 100

2016, 2015 Winner, Deloitte EMEA Technology Fast 500

2015 Winner, Tech City UK Future 50

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