

What we do – our business model

LSEG is a global financial markets infrastructure business that operates a number of leading businesses serving a global customer base including:

- A global multi-asset index business with US\$15 trillion in AUM and US\$765 billion ETF AUM benchmarked to our indices
- A global OTC clearing house with over US\$1.2 quadrillion of notional value cleared in 2019
- European trading venues with over £435 billion average daily value traded in 2019

The Group plays a vital economic and social role within the global economy by enabling companies to access funding for growth and development and allowing investors to make informed investment decisions and manage financial risk, supporting the generation of wealth and the creation of jobs.

Headquartered in the UK, the Group has significant operations around the world including France, Italy, North America, Romania and Sri Lanka employing approximately 5,000 people.

From January 2020, we aligned our Post Trade businesses in one division. The new Post Trade division includes LCH Group, CC&G, Monte Titoli and UnaVista, our trade reporting business that previously sat within Information Services. For the purposes of this report, reviewing 2019 performance, UnaVista's results are included within Information Services.

How we add value

LSEG operates through three main interconnected business divisions (i) Information Services (ii) Post Trade and (iii) Capital Markets, each supported by Technology Services which provides technology solutions to both the Group and customers around the world. Our presence across the financial markets value chain enables us to provide a platform for serving customers across multiple activities, meeting a wide range of their needs.

Information Services

Creates global and multi-asset class indices, analytics and data solutions, which support clients' investment and capital allocation decisions, trading and valuations

Post Trade

Provides clearing, settlement and regulatory reporting services to support clients' risk and balance sheet management, regulatory reporting and capital efficiency. Enables increased trading and investment activity

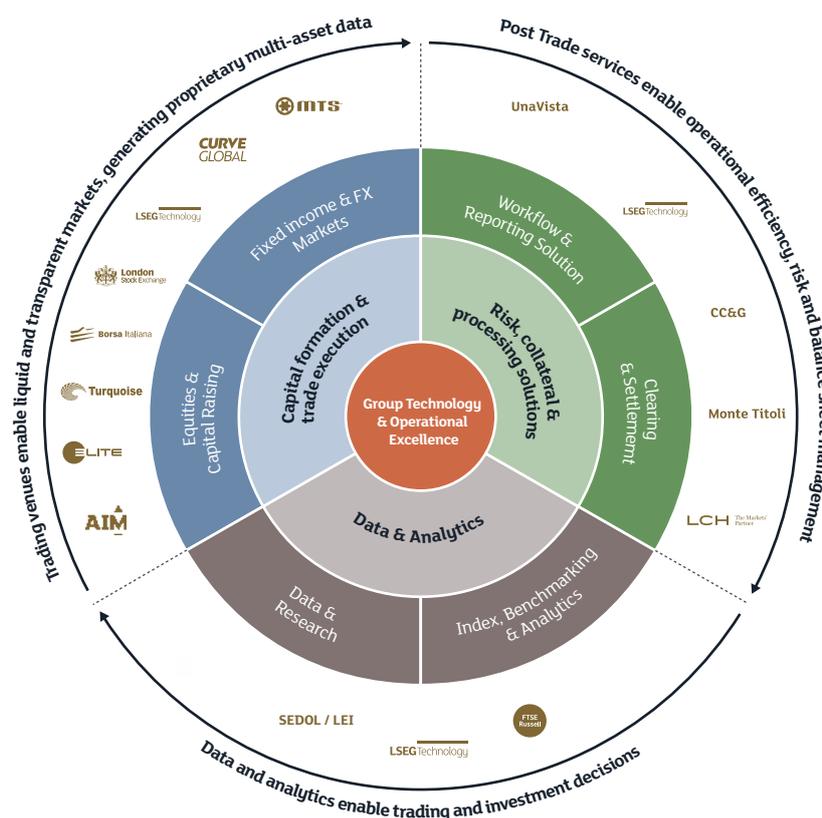
Capital Markets

Operates a broad range of international equity, ETF, fixed income and derivatives markets, which connect businesses and investors with access to capital markets and enables companies to grow and develop. Our secondary markets provide liquid and deep access to financial securities to enable improved price formation, transparency and trading efficiency

Technology Services

Delivers financial markets infrastructure IT to various businesses within the Group. This IT comprises resilient, secure, and high performing trading platforms, post trade platforms, real time market data, hosting and other infrastructure products and services. It also provides these services to third parties around the world.

Our activities across the financial markets value chain



What makes us different from our competitors

Our Open Access and customer partnership approach differentiates us from our competitors, allowing our customers to engage with LSEG in a way that best suits their needs.

Open Access

- Open Access is the principle that lies at the heart of free and fair markets, and is enshrined in MiFID II
- We believe that customers should have the choice of where they place their business and therefore we do not operate a vertically integrated model. In particular, we support non-discriminatory access to trading and clearing infrastructures as we believe this provides greater market efficiencies by reducing fragmentation and barriers to service uptake
- We provide access to all our markets and products for a wide range of users, including those institutions that offer competing services to the Group. Access to our markets and products is not conditional on taking other services from LSEG
- This helps to ensure that customers have the power and transparency they require to access services most suited to their needs such as best execution and settlement requirements

Examples:

Our Post Trade businesses provide clearing and settlement services for products traded on non-Group owned venues such as BrokerTec, Euronext and Cboe Europe Equities. Similarly, there are no requirements for products traded on our venues to be cleared through our post trade venues. For example, our fixed income platform, MTS, utilises clearing and settlement businesses outside the Group.

FTSE Russell licenses its indices to several other market infrastructure businesses across the globe, such as CME, Cboe and SGX, allowing these businesses to list products based on our indices.

Customer partnership

- We have a large network of customers from across the globe whose ongoing support, trust and input into our business is essential to the generation of long term value for all of our stakeholders, enabling innovation in products which can be rapidly adopted
- A number of our businesses are owned and governed in partnership with our customers and we believe that this leads to greater innovation and enhances our ability to add value to their businesses and operations

Examples:

Group businesses such as LCH, MTS, Turquoise and CurveGlobal have customers that are also minority shareholders allowing them to participate in the governance and development of the business, its services and products.

In our FTSE Russell business we work alongside our customers and other third parties to create bespoke indices enabling them to list and trade derivatives products based on our indices.

What we need to operate our businesses and deliver value

Key aspects of our business that we continue to invest in and develop to help deliver our services and create value for our customers.

Data and analytics

Our proprietary content, IP and our data and analytical capabilities enable us to create value-add products, and the data which we generate is used by customers to improve workflow and create insight to inform risk, trading and investment strategies.

Risk management

The management of risk is fundamental to maintaining our role as a diversified global financial markets infrastructure provider in order to maintain stakeholder confidence.

Technology & operational excellence

We are committed to investing in our technology and operational infrastructure in order to enhance our stability, resilience and effectiveness as a business such as our Group-wide investment in migrating our businesses to the Cloud. Through our Technology Services, customers are reliant on the quality and resilience of our technology platform.

Regulatory expertise

Many of the markets we operate are highly regulated and subject to ongoing regulatory change. We have proven expertise in operating transparent, efficient and well governed market infrastructure in regulated markets globally, providing services that are trusted, independent and resilient.

Trusted customer relationships

Our global reach, strong reputation in the industry and relationships with regulators, governments and market participants, positions the Group as a trusted partner to customers and their interests as financial markets evolve. Our businesses, including London Stock Exchange, LCH, FTSE Russell and Borsa Italiana play a leading role in the global financial markets. For example, we have convened industry responses to debates on key global industry trends and developments such as corporate social responsibility which have resulted in initiatives such as the Green Economy Mark.

People and culture

People are the foundation of our business with both our customers and stakeholders benefiting from the expertise, commitment and innovation LSEG employees bring. The retention and nurturing of high quality talent is fundamental to delivering our strategy, as is our strong Group culture which is based on our core values of Partnership, Integrity, Innovation and Excellence. See pages 43 to 46 for details on how we support employees and build the right culture to facilitate Group-wide collaboration and drive the Group's strategy.

Group-wide opportunities

The interconnected nature of our business and our Group operating model allows us to explore new ways of creating value outside of our individual businesses. We continue to drive a number of initiatives across our Group aimed at enhancing the level of collaboration between our businesses and our overall efficiency as an organisation.

Need help?

Like any industry, global financial markets infrastructure has its own unique language. For that reason, we have included a glossary on pages 204–206.

Capital allocation framework

A description of our capital allocation framework is available on page 59.