FLOW TRADERS

Flow Traders Full Year Results 2020

Friday, 12th February 2021

Transcript produced by Global Lingo
London – 020 7870 7100
www.global-lingo.com

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Jonathan Berger: Good morning and thank you for joining Flow Traders' fourth quarter and full year 2020 results call. As you will have no doubt already seen, we released our results first thing this morning.

I am joined here on the call by Flow Traders CEO, Dennis Dijkstra as well as Chief Trading Officer, Folkert Joling who will run through the results presentation. Afterwards, they will be happy to take any questions you may have.

Before we begin, let me draw your attention to disclaimer on page two. Please be advised that if you continue to listen to this presentation, you're bound by this disclaimer. Also, please note, the results we will disclose in this presentation are unaudited.

With the formalities out of the way, I would now like to hand over to Dennis for his opening remarks.

Dennis Dijkstra: Thanks, Jonathan. Good morning, and thank you all for joining this call, where we will provide additional colour on our fourth quarter and full year 2020 results.

As perhaps was not immediately visible from the monthly market data published on our website, Q4 saw heightened levels of market activity on the back of the US elections and COVID developments. Crucially, this saw strategic reallocations by investors and corresponding true in and outflows.

ETP market value traded for 2020 as a whole was 48% higher than in 2019 as the markets and investors reacted to economic, political and social events throughout the year. Indeed, the entire ETP ecosystem demonstrated considerable resilience throughout 2020.

Talking about 2020, I would like on behalf of the Management Board, also to take the opportunity to pay a big tribute to the professionalism, resilience and loyalty of all our colleagues globally this past year during exceptional and challenging circumstances. Everyone, and I really mean everyone, has contributed to the considerable operational and strategic achievements and successes over the past year.

2020 saw record ETP value traded versus last year, which in itself was a record for our business. The growth in our ETP value traded outperformed the broader market both in Q4 and in 2020, as we gain market share. This, once again, is a statement of our market presence and leading global footprint.

Consequently, the market environment, along with Flow Traders' pricing knowledge hedging and risk management capabilities, translated into a net trading income of €130.3 million in the fourth quarter of 2020 compared to €78.3 million in the third quarter of 2020 and €46.1 million in the fourth quarter of 2019.

This contributed to a record year for Flow Traders by some distance, with a net trading income of €933.4 million. And we saw clear outperformance in all regions and across all our asset classes. We demonstrated strong operational leverage with an EBITDA margin of 69% in the third quarter, with an EBITDA of €90.5 million. It is worth noting that this does reflect the positive impact of the accounting treatment for the variable remuneration share plan. I will cover this in greater detail later.

Overall for 2020, EBITDA was €586.6 million with a margin of 63%. The fourth quarter 2020 net profit amounted to €66.2 million with an earnings per share of €1.48. Ultimately, we reported a net profit for 2020 of €464.5 million, with an earnings per share of €10.26. Taking all of this into account, Flow Traders proposes a final dividend for 2020 of €2.5, implying a €6.5 total dividend for the full year 2020 and a 63% pay-out ratio. This will be paid shortly after our 2021 AGM.

It is also worth highlighting once again that our business and operations functioned as normal during the fourth quarter, following the continuant – continued activation of our business continuity plan and we were able to continuously provide liquidity and pricing to the financial markets on a global basis.

Despite the strong operational focus required through much of 2020, we also have continued to execute our growth strategy in terms of broadening our ETP footprint, as well as enhancing coverage of fixed income crypto and currency trading. The investments we have made in growing our non-ETP activities are starting to pay-off and are positively contributing to the top line.

Now let's take a closer look at the market developments as well as a deeper dive into Flow Traders' performance and accomplishments. Firstly, we will review recent ETP market dynamics on the next slide.

As shown on the top left-hand side of this slide, ETP market value traded was essentially flat in the fourth quarter of 2020 compared to the third quarter. Clearly, Q1 and Q2 were both hugely more active from an ETP market value traded. Implied volatility also remained broadly flat quarter-on-quarter. However, this quarter trend masks the evidence spikes seen in November.

Moreover, realised volatility across multiple asset class increased throughout. Accordingly, we saw market volatility velocity increasing in EMEA and APAC with US remaining flat. From an ETP assets under management perspective, we again saw significant increases in fixed income, ESG and commodity ETFs. As a key part of the ETP ecosystem, Flow Traders facilitated trading in these ETP asset classes. In summary, it is fair to say that the outlook for ETPs remains very strong.

Now I will hand over to Folkert, who will review our or Flow Traders' regional performance in greater detail on the next slide.

Folkert Joling: Thank you, Dennis, and good morning all. On this slide, we present an overview of some of the key performance indicators for the fourth quarter and for the full year 2020 on a regional basis.

As Dennis mentioned earlier, we are seeing strong performance in Q4. Heightened market activity and the disciplined execution of Flow Traders growth strategy, resulted in a meaningful growth in ETP value traded and in the NTI of Q4.

In Europe, we reinforced our position as the leading liquidity provider in ETPs both on and off-exchange by gaining market share in EMEA year-on-year. We also took the number one position off-exchange in fixed income ETFs and now hold top position in equity, fixed income and commodity ETPs as well.

There was strong trading performance not only in the core ETP business but also a positive NTI contributions from non-ETP trading as recent assessments are paying off. Moreover, much of the exits in the quarter occurred during European trading hours, which traded outperformance in the region. Positive proof points around trading other asset classes include our continued presence as a top three market maker on major FX ECNs in spot metals.

We are also the number one market maker in cryptocurrency ETPs in Europe, active on 15 exchanges globally, providing 24/7 liquidity, as well as being a leading spot OTC liquidity provider.

Moving to the Americas. There was an improved trading performance with continued market share gains with Flow Traders ETP value traded materially outperforming market ETP value traded in Q4. We also gained market share overall in the Americas in 2020. There was also a further expansion of the counterparty base, which we successfully onboarded – where we successfully onboarded two large institutional counterparties in Q4.

Lastly, we supported the global growth of the ETP ecosystem by expanding our footprint in Latin America.

Lastly, with respect to APAC, this region saw the largest regional percentage increase in ETP value traded in 2020 with record volumes across numerous exchanges. There was also a strong growth in off-exchange both in terms of number of counterparties and value traded through the trading of global products in the APAC time zone. Flow Traders also strengthened its partnerships in the region with key stakeholders. This includes the partnership with the Hong Kong Exchange to be the lead market maker in their MSCI futures and a number of new successful ETF listings across the region.

I will now hand over to Dennis for the next slide, where we'll cover the cost base in greater detail.

Dennis Dijkstra: Thanks, Folkert. The main drivers of the 8% year-on-year increase and indeed a 7% quarter-on-quarter increase in fixed operational expenses related to technology investments to support diversification and initiatives and efficiency improvements, as well as the impact of new hires.

We have incurred €3.4 million of additional one-off expenses in the third quarter, which relates to the ongoing activation of the business continuity plan and a further donation to our foundation. In total, we incurred €11.4 million of one-off expenses for the full year. Our headcount increased by 8% versus the end of 2019 with a focus on technology and development hires to support growth in product coverage, asset classes and the trading platforms we are active on.

We have also seen a positive impact of the accounting treatment of the new share plan on the fourth quarter 2020 and full year 2020 EBITDA margins. It is evident that the business has demonstrated a high degree of operational leverage. In order to accelerate diversification and support the ever-increasing growth in product coverage, asset classes and trading platforms, we have revised guidance to a maximum growth of fixed operating expenses of about 15% for 2021.

On the next slide, I will explain the new updated variable remuneration share plan. We have updated our remuneration policy for all staff to further align with current and also future regulatory requirements as well as to create additional alignment of employees with other stakeholders. It is important to note that the variable remuneration pool remains at 35% of our operational profit. As you can see on the left-hand side of the page, we have introduced share-based compensation along with deferral periods. This plan replaces the FCIP, which has been in operation previously.

There is a different accounting treatment on the IFRS for this plan, given a greater proportion of variable remuneration is awarded in shares and the fact that share award expenses are deferred to future years along with a service condition. On the right-hand side of the page, you can see how the off-balance share commitments reduced the theoretical variable remuneration pool based on 35% of the operational profit. Accordingly, the post expenses line items including EBITDA, net profit of EPS have been have been flattered in FY20.

Now, I will take a close look at Flow Traders' capital position on the next slide. We show our required Core Tier 1 capital levels on the top left-hand part of the slide. After accounting for the final dividend, Flow Traders' capital buffers have remained strong and remain comfortably above our requirements under CRR.

Our own fund requirements increased to €280 million at the end of December from €181 million at the end of September. This reflects higher level of trading. We had a CET1 of €438 million at the end of December 2020, which is net of the proposed final dividend and announced share repurchase plan. On the top right-hand side of the slide, you can see that our solvency ratio with the prime brokers at 31st December decreased compared to the end of the third quarter reflective €772 million of accumulated trading capital, as well as overall trading activity levels. Again, we are comfortably above our prime broker requirements.

Looking forward, IFR/IFD comes into force in June this year. Our IFD/IFR impact expectations remain unchanged. There should be some capital relief given that incoming requirements should be more tailored to Flow Traders specific risk profile. This relief is anticipated to be partially offset by new business activities.

Considering all these developments, Flow Traders has set the 2020 final dividend €2.5 per share, implying a €6.5 total dividend for the full year 2020 and a 63% dividend pay-out ratio. The cash return to shareholder since IPO now amounts to €13.58 including the 2020 final dividend and the share buyback.

Now I will hand over to Folkert again to discuss our strategy and medium term growth focus areas.

Folkert Joling: Thank you, Dennis. Our growth focus areas remain very much as we outlined the time of our Q2 results. Developments during the past year have further confirmed our growth strategy and the pace of the change with respect to electronification of trading has only intensified. Seeking to enlarge our global ETP footprint means that we can align ourselves with the continuing structural growth in passive investments.

This has been particularly evidence in fixed income and ESG, which have seen strong growth over recent quarters and has translated into increased trading activity in those areas. Moreover, the attractiveness of ETPs for investors, both retail and institutional, remains as strong as ever. Our goal is to remain market leader in Europe and seek to be top three in the US and APAC.

In terms of enhancing our coverage of fixed income, we want to build on the fact that fixed income is the fastest-growing ETP asset class by becoming the global top three liquidity provider in fixed income ETPs. This will be done through promoting and driving markets electronification, which will create a more level playing field.

From a currency training perspective, we are leveraging our global infrastructure to provide liquidity to currency pools and counterparties. Our aim is to be a top 15 FX liquidity provider on Euromoney. We want to grow commodities by leveraging our top five rank on ECNs for spot metals.

Lastly, we will further develop our crypto business by unlocking additional liquidity pools and maintaining our number one market maker position in crypto ETPs. These growth focus areas have the ultimate goal of driving structural NTI growth.

Now I will turn to the final slide of the presentation and review our strategic progress in 2020 and focus items for 2021. As Dennis mentioned earlier in the presentation, despite the strong operational focus, which was necessary in 2020, we have nonetheless made good progress in all three focus areas.

Non-ETP trading activities made a positive NTI contribution in Q4 and will deliver additional progress during 2021. In 2020, Flow Traders built on our leading global ETP liquidity provider position and grew our presence in all regions. We also increased the value traded in all regions and we traded with more counterparties on a large array of venues.

In 2021, we will focus on further expansion of our counterparty base as well as increasing and deepening product coverage and connecting additional countries and venues. We have enhanced coverage of fixed income in the past year to expanding our infrastructure, broadening our broker setup as well as increasing our market share in fixed income ETFs. Progress for 2021 is on further enhancing our pricing capabilities as well as accessing more liquidity and increasing volumes.

From a currency commodities and crypto perspective, we are now consistently trading more than €5 billion a day. We have also upgraded our technology suite and we have expanded our time zone coverages, as well as our spot metals trading, where we are now among the top three market makers on major FX ECNs.

Work will continue in 2021 on building bilateral connectivity, expanding trading hours, increasing product coverage and broadening our prime broker base.

I will now hand back the call to Jonathan.

Jonathan Berger: Thanks, Folkert. This now concludes the formal part of our presentation. We'd now like to open up the floor for any questions you may have. Operator?

Questions and Answers

Operator: As a reminder, if you would like to ask a question or make a contribution on today's call, please press star one on your telephone keypad. You will be advised when to ask your question. Star one on your telephone keypad now. We have a first question coming from the line of Albert from ING Bank. Albert, you are unmuted. Please go ahead.

Albert Ploegh (ING): Yes. Good morning all. I hope you can hear me well. This is Albert Ploegh from ING. Yeah, first of all, of course, congratulations on, what I believe, a record Q4 and clearly a record year. My first question is basically maybe not surprisingly on current trading. Can you say anything or, let's say, what you've experienced so far in January? And is it somewhat similar to probably November, December, because I guess October in the quarter was still pretty much similar to the third quarter? And yeah, how much of the positive drivers, let's say, in the later part of Q4, do you think could be even recurring going into 2021 in general?

And my second question is related to, let's say, the capital return decision. You proposed a nice round €2.5 of your final dividend which is a nice number and a nice yield. But yeah, if I'm a little bit critical, yeah, you could say the overall pay-out ratio is 63% lower than you did in the past. So to understand a bit you're thinking around this. And should I read into that decision also that you want to keep the capital inside the firm as you actually see good trading momentum continuing. So with related to the first question. Thank you.

Folkert Joling: Thank you for the question. So I can answer on the current trading. We're not going to do a lot of comments on our activities there. Obviously, you can look at the statistics in the market where in Q4 of last year, the market volumes in November were slightly higher than in December and October. And if you compare those to January, it's a short part of the quarter. But it is slightly more constant over the days than maybe you could see in Q4. On the trading activities, I'm not going to comment.

Dennis Dijkstra: Relating to Folkert's comment, we did see the first payoff of the non-ETP trading in the fourth quarter last year as well. They're starting to yield all the investments we've done in the past. Almost naturally we expect that to continue.

On your second question about the capital and the dividend. 2020 has shown and confirmed that a strong capital base both from a regulatory and a trading capital perspective does yield. The 63% pay-out ratio is well above the dividend policy of 50%. So our thinking is, and confirming our philosophy that any excess capital will be returned and part of it is via dividend, part of it is via share buybacks.

We've seen that a strong capital base is important. So we want to retain part to facilitate growth. And also with IFD/IFR or new capital requirements coming into force later this year, which are almost finalised. So there's still some uncertainty. Although, we do expect it to be slightly or markedly favourable, it's no tipping stone. So it might feel a bit conservative. But again, it is there to support our trading and to make sure we do not have a problem with any uncertainties or surprises.

Albert Ploegh: Okay. Thank you. Maybe I understand you do not want to comment on current trading. But maybe a bit more general, let's say, what we're seeing basically in Q4, the sector rotation within an outflows. And I think a lot of creation redemption activity that clearly has been helpful. But understand a little bit what happened with the whole kind of social media driven, the short squeezes, the Robin Hoods and the Reddit platforms. How would that help Flow Traders? Is that really something that you can benefit exceptionally from, or is this the kind of flow which I believe is not necessarily clearly the retail flow that you're handling, but in general, I guess should have had a positive impact? So maybe a bit more general comment on that to be – without being very specific, of course, on January itself.

Dennis Dijkstra: So one thing for sure is that there are always strange things happening in the market, which impact the products in any asset class, and every year we see a couple of extraordinary movements happening. We're covering every different underlying asset class. So we are used to trading in exceptional situations.

In the case of these small caps, if you look at the total ETP space, for instance, the impact of these small caps is more neutral, they were part of a couple of ETPs with a small percent weight. So they moved as well. If there is movement in any financial product, it leads to more volatility, which is a good thing for our business model.

But our focus is not small caps in the US to a very high extent. So they are part of the products we trade, but we don't have a huge retail operation on the single stocks. There is not a lot to tell.

Albert Ploegh: Okay. Thank you. Clear.

Operator: Thank you, Albert. We have a next question coming from the line of Lotte Timmermans from ABN AMRO. Please go ahead.

Lotte Timmermans: Good morning. First a question on Europe results. We saw that Europe NTI was very strong. In the press release, you stated partly was explained by non-ETP products. Could you give some colour or even a ballpark number on what the share of ETP products in other asset classes was? And what – can we conclude that this partly drove the higher implied revenue capture, and which asset class it was specifically strong in Q4? Thank you.

Operator: Hi, Jonathan. Is the line unmuted?

Jonathan Berger: Sorry, we had the mute button on.

Operator: No problem.

Folkert Joling: So the European outperformance, obviously some of the events during the last half year, the US elections for instance, they had a very long effect. So already starting early in the year, we saw people positioning themselves based on what they expected the election outcomes would have impact on, let's say, the policies there. That build up during the year and that intensified during October and the move towards November. So that impacted those activities.

And what we saw in the last two months, actually there was a lot of activity going on in European hours. So that makes the outperformance of the European office explained to some extent. On the other hand, it's not only about equity movements. So we have diversification projects going, which are centralised usually or often in Europe as well.

The volatility in other asset classes as crypto and a bit of FX that also impacts obviously the difference between the fixed type of models and the NTI we have. So if you look at the revenue capture and just link it to the implied volatility, that model and the more we diversify, it becomes more difficult to maintain. Does it answer your question?

Lotte Timmermans: Yeah. Yes, a bit, but could you also say like, what kind of share of the NTI has roughly been? Is it significant, or is it below 5%? Or could you share anything about that?

Folkert Joling: I'm not going to comment on the exact numbers. It is growing, as we want it to grow. I'm not going to give an exact percentage.

Lotte Timmermans: Okay. Thanks. Clear.

Operator: Thank you. We have a next question coming from the line of Michael Werner from UBS. Michael, please go ahead.

Michael Werner (UBS): Thank you and congrats on the results. Just a couple of quick questions, if you don't mind. Just looking back on Q4, I was just wondering, if you can provide a little bit more colour as to how important the month of November was in terms of your NTI generation during Q4, particularly as we had the US presidential election as well as the vaccine related news coming out in a very short time frame at the beginning of that month?

And then, second, you noted that your goal is to be a top three player in the US and APAC. What does that mean from a market share perspective? What would it require in terms of market share for Flow Traders to be a top three player, either in the US or in APAC?

And then, finally, we saw a bit of a higher tax rate in Q4. Is this kind of related to kind of change in the accounting treatment of your share plan, or can you provide a little bit of guidance for '21? Thank you.

Folkert Joling: On the distribution of the NTI over the quarter. So we're focusing on the long-term growth and we're looking at KPIs on our activities and they're increasing on a steady basis. And then based on the volatility, there is more opportunity in a lot of the strategies. So the growth has been consistent over the year if you look at the KPIs, which we correct for market performance as well, so it's relative performance and they've seen steady growth.

So obviously with more volumes and more volatility, our market model that also meets an increased NTI as well, but the growth has been consistent. And on the market share part, obviously, the market share figure on itself is not per se saying everything. So what we – we have some more detailed constraints to, for instance, the market share. It also is broken down per segment internally on which products cover us, so that there is some deeper breakdown.

What top three means is the full coverage of the whole range. It's a on and off exchange specific coverage. If you look at the RFQ platforms, we want to be top two rank, top one hopefully, but some segments top two. So if you look at it different ways on the performance, we've identified a couple of sub-KPIs.

And then, sort of the rough top three means actually top two OTC and in some products top one on exchange, some products more difficult or not really our core strength. So that's broken down. So top three is the whole range.

Michael Werner: And then on the tax question?

Dennis Dijkstra: Yes. So the tax rate indeed has gone up a bit. That has to do with the tax deductibility of share plans, especially here in the Netherlands. There is a cumulative impact on the Q4 numbers, but we don't see any necessity to kind of change guidance of an effective tax rate change going forward. So it remains at 20%.

Michael Werner: Thank you. And can I just ask a quick follow-up on the market share in the top three question? Absolutely noted, I understand kind of the weighted average approach. Do you have a bit of a range as to where you currently sit in the US and in Asia Pac? Are you a top five? Are you a top ten player right now in those regions? Thank you.

Folkert Joling: Yeah. So for instance on the OTC part, we are top three. And we are slightly better ranked on fixed income side than on the equity side. It's mostly because of all those one-to-one products where the competition is different. So on the equity side market share, on exchange around 2%. There's still some growth there, we don't have 100% coverage yet. So we're building that out to all the products as well, but also in the products we already cover, we can still increase a bit.

So the main KPI there is not the market share percentage, but we have some more specific ones, which will lead to a higher market share. And in APAC, it's a fragmented market there. So it's also different type of metrics per market. We want to cover all markets.

So it's depending on those local countries what exactly our spot is. Some of them we're already are number one, but want to be good in the whole range. That's why we said more or less top three. But that means for a lot of countries number one as well.

Michael Werner: Excellent. Well, thank you very much. That's very helpful.

Operator: Thank you, Michael. We have our next question coming from the line of Martin Price from Jefferies. Martin, please go ahead.

Martin Price: Good morning guys. Thanks for taking my questions. I've got two actually. The first just a follow-up question on APAC. I think historically quite a lot of flow in the market has been dominated by local banks. So I was just wondering, if you could comment on the extent to which you're now seeing flow migrating to sort of more pre-trade transparent venues such as RFP facilities?

And then the second question is on regulation. Clearly, in the US at the moment there's growing focus on the practice of payment for order flow. Whilst I appreciate this doesn't affect you guys directly as it's not something you do. But I'd just be interested in your views on how you see regulation of that practice evolving, and how this could potentially impact your competitive position in the US over the longer term? Thank you.

Dennis Dijkstra: Coming back on your APAC question, I think we always have been in our strong vocal proponents of transparent open and fair markets, so also for the OTC markets. In Europe, we've seen RFQ or electronified OTC trading even transformed into regulated trading on MTFs. And I think the whole ecosystem benefited significantly from it. So for the issuers, investors and also the platform. So that's also something we see being adopted both in APAC and in the US.

So as you can imagine, that's favourable for us. And we are a very dominant independent liquidity provider in these index products covering all underlying asset classes, issuers, global listings. So that's something that's favourable, but it needs time for a region or country to adopt to these new ways of executing their trading. So it is growing. It's becoming more electronified. We also see some exchanges kind of adopting and embracing these developments. So that's positive.

Coming back to the second question, the payment for order flow. Again, we are in favour of open, transparent kind of equal access level playing fields. We do not engage in payment for order flow in the US markets at the moment.

Well, we don't have a specific view or comment on it unless it damages the whole ecosystem. Yeah, I think that's where we – that's where – yeah, we're at.

Martin Price: Okay. That's helpful. Thanks, Dennis.

Operator: Thank you, Martin. We have last question in the queue. So as a final reminder, if you would like to ask a question, please press star one now. Our next question comes from the line of Gregory Simpson from Exane BNP Paribas. Gregory, please go ahead.

Gregory Simpson (Exane BNP Paribas): Hi. Morning. Thanks for taking my question and congrats on the results. A few from my end. The first one is, I guess, the change in remuneration policy accounting maybe means your reported earnings could become more volatile. So I was wondering if you were thinking about changing the current dividend policy and then maybe setting a floor level of dividend for example. Just any thoughts there?

The second question was in the US. You mentioned an aspiration of being top two, I think, in OTC and onboarding two of the top 20 institutional counterparties in the quarter. Just wondering how many of the kind of top 20 do you have connected now? Is there kind of more to go for or most kind of connected as things stand?

And then just lastly, the – it looks like there's been quite significant growth in fixed income ETPs and you have big aspirations to grow your market share there. Does the kind of – does it have a very different kind of hedging process that kind of asset class, because I would guess that a lot of the kind of underlying are potentially a lot less liquid than say in equity EVP. So any thoughts around the kind of hedging process and market to talk on the market risks, that would be great. Thank you.

Dennis Dijkstra: Thanks, Gregory. So the first question on kind of the change in remuneration policy and related reporting of earnings. It's not per se a big change in the remuneration policy itself because we always incentivize our employees to be a shareholder, but it's more about the mechanics.

So now as opposed to incentivizing people significantly to buy shares that we are part of the remuneration is in actual shares or share like instruments. And the accounting treatment is different.

So going forward, we will take this into account in how we present our earnings to also take into account the impact from previous years or future years like we kind of tried in the presentation as well. And that's not correlated with the dividend policy, right? So there the dividend policy remains the same, and taking into account kind of a fully loaded 35% income statement. And they're at least 50%. And there again also we historically have paid out more.

Back to US and kind of the OTC counterparties we've onboarded. As said, we've added another two. We have a very significant part of the 20%, but there's the top 20, but there's still a few out there who don't use our liquidity yet, which I think they should.

But again, these are not overnight processes. So there is also the onboarding, the fine-tuning of the pricing and liquidity which takes a bit. So onboarding and actually having the benefit, there's a period between the two

And hopefully – and I know, I'm confident that we will add more. So we have a good coverage, but there are still, I would say, more than half of the OTC trading we need to onboard. So I think that's a lot of growth there.

Folkert Joling: You actually explained the reasoning behind our strategy in your question because the quality of your fixed income ETF pricing is very dependent on the price discovery and the liquidity of the bonds underneath. So you need to know where these trade. You need to have the possibility to hedge yourself.

So by adding more liquidity pools and better understanding of where these products trade, it becomes importantly and maybe essential to be a top market player in the ETPs, but that's exactly what we're doing. So we're trying to connect to as much liquidity as we can to improve these processes. So it will indeed affect the hedging better. Also we create new opportunities in these products because that leads to a higher quality pricing and execution as well. So that's indeed what we're doing.

Gregory Simpson: All right. Thank you.

Operator: Thank you. We have one last question coming from the line of Fernand de Boer from Degroof Petercam. Fernand de, please go ahead.

Fernand de Boer (Degroof Petercam): Yes. Good morning. It's Fernand de Boer calling in from Michael Roeg. Just one question on this change in remuneration accounting. Is €58 million, is that – does that mean also that actually the first three quarters have to be corrected? This kind of accrual during the year, that you have made the correction in Q4?

Dennis Dijkstra: Not per se because also they are part of the old FCIP, which was off balance sheet already. So I think it was in the first three quarters 32%, but there was kind of a catch-up in Q4 with the impact of the change from the current remuneration policy. But I think we can come back with the exact impact.

Fernand de Boer: Okay. We got to it, let's say, plus €58 million and then the FCIP correction was minus €3 million if I read your presentation correctly.

Dennis Dijkstra: So that's previous years.

Fernand de Boer: Okay. Sorry for that. Yeah. Not my main company. And then I had a question –

Dennis Dijkstra: Michael should have prepared you better than this.

Fernand de Boer: Yeah we were quite busy this morning. Then the other part was, question also on these cryptocurrencies in Europe. I believe you were not willing to give an exact number of a ballpark range on volumes, etc. But do you believe this is sustainable? And what does that mean for risk going forward on this kind of asset trading?

Dennis Dijkstra: So what we've seen in the Q4 is there has been an increased interest from institutional investors in these products. And also from regulators, who are starting to be more open to creating regulation around it. So there was a lot of inflow in the ETPs in some of the funds as well. And this also drove the prices up.

So this trend – hopefully, it will continue, because the more regulated this gets the better as well. It gets more transparent and fair as well. So these prices – so bitcoin went up from, what is it, 15 to 30 and now 40. So that shows the momentum that this asset class has.

We are a market maker in all the listings on the regulated exchanges. So in Europe, there are a lot of listings already and new ones coming up. So we are supporting those on exchange and off-exchange as well for the professional counterparties that want to trade those. So there's good vibe around it. So that's a good thing to see.

We are very adaptive to new developments around these kind of things. So we're supporting that. So we hope that this will continue.

Fernand de Boer: Okay. Thank you very much.

Operator: Thank you. There are no further questions in the queue. So I will hand it back to the hosts for closing. Thank you.

Jonathan Berger: Thank you. I'd like to thank all the analysts for participating in today's call. Please note, we'll host our next call with you guys when we release our second quarter and H1 2021 results in July. Further details will follow in due course. And as a reminder, our first quarter trading update is scheduled to be released on 20th April 2021. This now ends the call. Thanks again. Have a good day and, of course, stay safe.

Operator: Thank you for joining today's call. You may now disconnect your lines. Hosts please stay on the line and await further instruction. Thank you.

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