

Bermuda Stock Exchange Reports Record-Breaking Success for 2020

Miami International Holdings completes acquisition of BSX, creating opportunity and promise for Bermuda's domestic capital market

Highlights:

- Miami International Holdings, Inc. (MIH) acquires 100% ownership in the Exchange
- BSX demonstrates resilience in response to COVID-19 pandemic
- Another record-setting year for ILS listings
- Exchange upholds its commitment to the continuing development of Bermuda's domestic capital market

Hamilton, Bermuda and Princeton, NJ — 11 January 2021 — The Bermuda Stock Exchange (the Exchange or BSX) today released results for the year ending 31 December 2020, continuing its ongoing history of both product and technological innovation.

In making the year-end announcement, BSX President and Chief Executive Officer Greg Wojciechowski said, "It was an active and significant year for the BSX, which included its continued integration into Miami International Holdings, Inc.'s (MIH) group of securities exchanges. MIH obtained a controlling interest in the BSX in late 2019 and full ownership at the end of 2020. This acquisition will assist MIH in expanding its world-class technology, derivatives trading and regulatory expertise to address emerging markets, such as digital assets, and provide the BSX with additional support in the evolving global reinsurance risk market."

Since the launch of its first securities exchange in 2012, MIH has been a generator of technological innovation by creating the MIA Exchange Group™, a comprehensive exchange group that has challenged legacy trading platforms. MIH's three options exchanges — MIA X®, MIA X Pearl® and MIA X Emerald® are ranked 14th globally by volume.

"We have long held that the Bermuda government's commitment to fintech regulation and the country's established (re)insurance market make the BSX and Bermuda key components of MIH's global ambitions," said Thomas P. Gallagher, Chairman and CEO of MIH and BSX Chairman. "We are thrilled to complete this acquisition and have the BSX as a wholly owned subsidiary. Gallagher continued, "The future presents excellent opportunity for both MIH and the BSX, as both entities are now focused on making major investments in the BSX in 2021 and 2022, including the opening of new executive offices, marketing and training facilities in downtown Hamilton, and substantial upgrades to the Exchange's technology infrastructure."

Looking back on an eventful 2020, Mr. Wojciechowski stated, "Benjamin Franklin once said, 'Out of adversity comes opportunity.' As the 'World's Risk Capital,' Bermuda is familiar with this sentiment. For more than 70 years, Bermuda companies have provided insurance coverage and paid claims for disasters around the world, thereby not only helping communities and businesses recover from adversity, but also providing resilience for the future. The COVID-19 pandemic has been no different. While there have been great challenges, there are new opportunities ahead for Bermuda and the BSX."

With the BSX's exchange platform being fully electronic, and securities being dematerialised and held in electronic book entry form, addressing business interruption and resiliency was built into the BSX platform from the beginning. The BSX was prepared to address business interruption from the COVID-19 pandemic with minimal impact on the Exchange's operating systems, which proved efficient and robust during a year of unusual market operation.

Wojciechowski added, "In a year that included severe natural disasters from wildfires to hurricanes and the increasing impacts of climate change, the global community is now experiencing the social and financial impact of our changing world while adapting to an uncertain future. Bermuda will certainly play an important role in a rapidly changing world — especially in the global transfer of risk. The Bermuda market has seen an influx of new capital of between \$12-\$15 billion into the insurance and reinsurance market with prospects for a hardening market going forward. The BSX continues to be one of the important pieces in our marketplace that helps communities around the world recover from natural disasters and build resilience."

When the pandemic and lockdowns curtailed business activities, the BSX continued to function and list new securities, support daily trading, settlement and operation of the securities depository, which is in line with the World Federation of Exchanges' mandate that capital markets are essential in mitigating the effects of economic disruptions such as the COVID-19 pandemic.

The hard work of the BSX staff was also recognised with the award for Best Offshore Exchange from Capital Finance International and being shortlisted for Trading Risk's Financial Facilitator of the Year.

Commenting further on the year, BSX Chief Compliance Officer James McKirdy stated, "2020 was indeed a challenging yet positive year for the Exchange. The Insurance Linked Securities (ILS) market continued to grow, with the number of ILS securities listings increasing from 155 in 2019 to 253 in 2020, with a combined nominal value of \$15.77 billion. This represents growth of 63% year-over-year. At the end of 2020, the total number of ILS-listed securities stood at 590, with a combined nominal value of \$43.01 billion."

ILS publication Artemis recently reported that global ILS issuance outstanding market size stood at a record-breaking \$46.4 billion at the close of 2020, of which approximately 93% of the total was listed on the BSX.

Mr. McKirdy added, "International debt listings increased marginally from 200 to 206 in terms of the number of securities listed in 2020. However, as the BSX sought to attract premium international securities to add to our existing deep client base of blue-chip companies, the nominal value of the listings grew by \$12.76 billion, or 144% to \$21.63 billion, as maturing securities were replaced by larger issuances, in nominal terms. This increase further underpins BSX's position as a recognised venue for international debt listings in the western hemisphere."

Mr. McKirdy further went on to note, "The Exchange listed seven new collective investment vehicles and three new equities. A further three subsequent issues were also processed by the BSX. As in previous years, de-listings during 2020 followed a normal pattern and were mainly comprised of time-limited securities that matured as part of the normal course of business. At year-end 2020, there were a total of 1,126 listed securities, compared to 1,004 in 2019."

The RG/BSX Index closed 2020 down at 2,031.86, a decrease of 15.5% over 2019. Trading volume on the Domestic Market increased in 2020 to 4.9 million shares traded. Correspondingly, share value traded ended the year at \$25.3 million. Overall, the BSX ended the year with a total market capitalisation of \$255 billion.

Contributing to the report, BSX Operations Manager Neville Caines stated, “The Bermuda Securities Depository (BSD), the domestic Central Counter Party (CCP) and Central Securities Depository (CSD), continued to ensure orderly settlement of trades and processing of all domestic corporate actions despite the challenges encountered by the COVID-19 pandemic. At year-end 2020, the BSD held 46% of all domestic listed securities in custody, down 3% from 2019.”

Mr. Caines continued, “Building on the results of the much-anticipated Americas’ Central Securities Depository Association (ACSDA) Principles for Financial Market Infrastructure (PFMI) onsite review completed in June 2019, the Exchange continues to work vigorously to ensure its continued alignment with global harmonisation of securities settlement standards. Bermuda’s innovative approach, as seen in the reinsurance industry, has also been reflected in the development of regulatory strategies to provide the market with certainty in the digital asset area, as illustrated by the implementation of the Digital Asset Business Act (DABA) and ICO legislation.”

In September 2020, the BSX listed one of the world's first exchange-traded funds designed to track digital asset investments — the Hashdex Nasdaq Crypto Index ETF — an open-ended investment fund that will operate as a traditional ETF and will track the Nasdaq Crypto Index. The BSX looks forward to supporting market participants in this developing area.

Closing out the report, Mr. Wojciechowski noted, “2020 was a busy and successful year for the Exchange despite the challenges resulting from the COVID-19 pandemic. We are also moving forward with a commitment to raising awareness of and producing guidelines for Environmental Social and Governance (ESG) principles on sustainability.

“ILS has been recognised as a sustainable investment in accordance with the United Nations’ Sustainable Development Goals (SDGs) due to its role in helping private and public organisations to build resistance and resilience to natural disasters and climate change.

“2020 was undoubtedly a challenging year shaped by a global health crisis and extreme volatility in financial markets and exchanges across the world. However, with several vaccines now being distributed to millions of people and economies gradually reopening, exchanges will continue to play a vital role in ensuring access to capital and liquidity. As we begin 2021, it will mark the 50th year in which the BSX has served our domestic capital market. We remain committed to our continued service and development of this sector for the next 50 years and beyond, all the while ensuring that the BSX remains the one of the world’s preeminent offshore securities exchanges and Bermuda the place where business happens.”

To learn more about the BSX visit www.bsx.com.

Corporate Communications Contact:

Jacintha Hughes
jhughes@bsx.com

About the BSX

Established in 1971 the Bermuda Stock Exchange (BSX) is now the leading electronic offshore securities market. The BSX specializes in listing and trading of capital market instruments such as equities, debt issues, funds, hedge funds, derivative warrants and insurance linked securities (ILS). The BSX, recognized by the United States Securities and Exchange Commission as a Designated Offshore Securities Market, is a member of the World Federation of Exchanges, an associate member of IOSCO and is located in an O.E.C.D. member nation. The BSX has Approved Stock Exchange status under Australia's Foreign Investment Fund (FIF) taxation rules; Designated Investment Exchange status by the UK's Financial Services Authority; Recognized Stock Exchange by the UK HM Revenue and Customs; Designated Exchange status under Canada's Income Tax Act and is a member of America's Central Securities Depository Association.

About MIAX

MIAX's parent holding company, Miami International Holdings (MIH), operates and manages Miami International Securities Exchange, LLC (MIAX[®]), MIAX Pearl, LLC (MIAX Pearl[®]) and MIAX Emerald, LLC (MIAX Emerald[®]) and together with MIAX and MIAX Pearl, the MIAX Exchange Group[™]), three national securities exchanges, the Minneapolis Grain Exchange, LLC, a Designated Contract Market (DCM) and Derivatives Clearing Organization (DCO), and the Bermuda Stock Exchange.

MIAX, MIAX Pearl and MIAX Emerald options exchanges leverage MIAX's industry-leading technology and infrastructure to provide their member firms with traditional pricing and pro rata allocation (MIAX), maker-taker pricing and price-time allocation (MIAX Pearl) market structures, and a hybrid market structure with maker-taker pricing and pro rata allocation (MIAX Emerald).

MIAX serves as the exclusive exchange venue for cash-settled options on the SPIKES[®] Volatility Index (Ticker: SPIKE), a measure of the expected 30-day volatility in the SPDR[®] S&P 500[®] ETF (SPY).

Under MIAX Pearl's exchange license, MIAX Pearl Equities[™] provides its members with best-in-class performance through a combination of high determinism, low latency and high throughput. MIAX Pearl Equities has maker-taker pricing and a price-time allocation model.

MIAX's executive offices and National Operations Center are located in Princeton, NJ, with additional offices located in Miami, FL.

To learn more visit www.MIAXOptions.com.

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