Registered number: 1528617

ICE Futures Europe

Annual Report and Financial Statements

For the Year Ended 31 December 2019

ICE Futures Europe

Contents

ICE Futures Europe

Strategic Report
For the Year Ended 31 December 2019

The directors present their strategic report for ICE Futures Europe ('the Company') for the year ended 31 December 2019.

Principal activities and review of the business

The Company is a Recognised Investment Exchange and Recognised Auction Platform in the UK and is supervised by the Financial Conduct Authority with oversight by the U.S Commodity Futures Trading Commission (‘CFTC’) for linked contracts. The Company is registered under the Foreign Boards of Trade ('FBOT') requirements. The Company's ultimate and controlling entity is Intercontinental Exchange, Inc., ('ICE'), a corporation registered in Delaware, United States. Related companies in these financial statements refer to members of the ICE group of companies ('the Group'). ICE Clear Europe Limited, a Group company and a Recognised Clearing House in the UK, provides clearing services for the contracts traded on the Company’s exchange.

The Company is a leading exchange for futures and options contracts based on energy and agricultural commodities, interest rates, equity derivatives and emissions. These activities include the provision of data derived from the execution business.

The Company's largest energy contract is the ICE Brent crude oil futures contract. The contract is a deliverable contract based on an Exchange for Physical, or EFP, delivery mechanism with an option to cash settle against the ICE Brent Index price on the last trading day of the futures contract. The Brent complex, which includes the ICE Brent crude oil futures contract, the Company's largest contract by volume traded, is a group of related benchmarks used to price a range of traded oil products, including approximately two-thirds of the world’s internationally traded crude oil. The Company's ICE Low Sulphur Gasoil futures contract is a European diesel oil contract that serves as a middle distillate pricing benchmark for refined oil products, particularly in Europe and Asia. The Company also operates the world’s second largest market for trading in WTI crude oil futures, as measured by the volume of contracts traded. The WTI crude futures contract is the benchmark for pricing U.S. crude oil. The Company offers benchmark futures and options contracts on the most globally relevant commodities including: sugar, coffee and cocoa.

The Company's global interest rate complex spans geographies, currencies and tenors, providing market participants with effective tools to manage global interest rate risk. The Company offers the largest marketplace to transact in U.K. and European interest rates, including Short Sterling, Gilts, Sterling Overnight Index Average, or SONIA, and Euribor. In addition, the Company recently launched one- and three-month contracts on the Secured Overnight Financing Rates, or SOFR, adding to our interest rate complex. Other Financial Futures and Options include a range of contracts on key global equity and FX benchmarks such as the MSCI® World, MSCI® Emerging Markets and the FTSE® 100.

Market participants may become members or trade through a member firm. For example, to become a member, an applicant must undergo a thorough review and application process and agree to be bound by the Company's rules. Membership in the Company's futures and options markets totalled 294 member firms as of 31 December 2019 (2018: 293).

The distribution of data derived from the execution business of the Company is managed by Group entity ICE Data LLP. The data is provided to clients both for internal and external use and includes publication of daily indexes, historical price and other transaction data, view-only and mobile access to ICE's trading platform, end of day settlements and price data. In addition to the redistribution of data, ICE Data LLP also has contracts with data distributors, known as quote vendors, such as Bloomberg or Refinitiv, who package this data into real-time, tick, intra-day, delayed, end-of-day and historical data packages to sell to end users. The real-time packages are accessed on a subscription basis. End users include financial information providers, futures commission merchants, pension funds, financial services companies, funds, insurance companies, commodity pools and individual investors.

The regulatory framework applicable to the Company is supplemented by a series of legislative provisions regulating the conduct of participants in the regulated market. The Financial Services and Markets Act 2000 contains provisions making it an offence for participants to engage in certain market behaviour and prohibits market abuse through the misuse of information, the giving of false or misleading impressions or the creation of market distortions. Breaches of those provisions give rise to the risk of sanctions, including financial penalties.

The following table shows the volume statistics for 2019 compared with 2018:

	ADV* 2019 ('000s)	ADV* 2018 ('000s)	ADV* change %	Total Volume 2019 ('000s)	Total Volume 2018 ('000s)	Volume change %
ICE Brent Crude futures and options	980	1,032	(5)%	246,922	259,944	(5)%
ICE Gas Oil futures and options	318	329	(3)%	80,214	82,796	(3)%
ICE Other Oil**	457	435	5%	115,181	109,649	5%
ICE Natural Gas	37	41	(10)%	9,294	10,323	(10)%
ICE Emissions & Other***	48	52	(8)%	12,207	13,109	(7)%
Agricultural	75	70	7%	18,790	17,562	7%
Interest rates	2,067	2,377	(13)%	520,762	598,959	(13)%
Equities	404	687	(41)%	101,687	173,106	(41)%
Total	4,386	5,023	(13)%	1,105,057	1,265,448	(13)%

* Average Daily Volume.
** ICE Other Oil includes Global Oil Products, WTI, Heating Oil and RBOB Gasoline.
*** ICE Emissions & Other includes all emissions contracts, Freight, Coal and Iron Ore. The Emissions futures and options contracts are the result of a cooperative relationship between the Company and the European Climate Exchange Limited (part of the ICE Group). The Company shares in the revenue derived from these contracts.

The Company also uses open interest to measure the success of its business as it is an indicator of the strength of the Company's competitive position in its contracts. Open interest is the number of contracts (long or short) that a member holds either for its own account or on behalf of its clients. Open interest refers to the total number of contracts that are currently open or, in other words, contracts that have been traded but not liquidated by either an offsetting trade, exercise, expiration or assignment. In general, the higher the level of open interest, the greater the extent it is being used as a hedging and risk management tool. Open interest is also a measure of the health of a market both in terms of the number of contracts which members and their clients continue to hold in the particular contract and by the number of contracts held for each contract listed.

	2019 ('000s)	2018 ('000s)	Change Fav/(adv)
Open interest			
ICE Brent Crude futures and options	4,487	4,315	4%
ICE Gas Oil futures and options	940	851	10%
ICE Other Oil	5,506	5,261	5%
ICE Natural Gas	598	695	(14)%
ICE Emissions & Other	1,220	1,387	(12)%
Agricultural	741	682	9%
Interest rates	24,681	24,424	1%
Equities	5,712	6,097	(6)%
Total	43,885	43,712	-%

Summary of the Company's financial results:

	Year ended 31 December		
	2019 $000	**2018 $000**	**Change fav/(adv)**
Transaction fees	110,050	140,159	(21)%
Membership fees	2,167	2,173	-%
Data services	137,254	124,041	11%
Total turnover	249,471	266,373	(6)%
Administrative expenses	(153,684)	(160,969)	5%
Other operating income	25,494	23,641	8%
Operating profit	121,281	129,045	(6)%
Interest receivable	2,532	1,859	36%
Taxation	(23,238)	(24,197)	4%
Profit after tax (before dividends)	100,575	106,707	(6)%
Profit after tax %	40%	42%	
Cash and short term deposits and investments	109,820	106,525	3%
Net assets	137,407	131,505	4%

Transaction fees income decreased by $30,109,000 or 21%, in the year ended 31 December 2019 compared with the prior year as the result of lower trading volumes and increased net incentive payments. Data income increased by $13,213,000 or 11%, in the year ended 31 December 2019 compared with prior year due to increased data usage. Administrative expenses decreased by $7,285,000 or 5%, for the year ended 31 December 2019 from the comparable period in 2018, primarily due to a net decrease in certain intercompany charges and license fees. As a result, overall operating profit decreased by $7,764,000 or 6%, for the year ended 31 December 2019 from the comparable period in 2018.

Dividends of $93,000,000 were declared by the directors and paid during the year (2018: $101,000,000).

Stakeholder engagement

The following disclosures describe how the directors have had regard to the matters set out in section 172(1)(a) to (f) and forms the directors' statement required under section 414CZA of The Companies Act 2006.

The Board oversees, counsels and directs management in the long-term interests of the Company, its customers, shareholders and other stakeholders. It is the duty of the Board to serve as a prudent fiduciary for shareholders and to oversee the management of the Company. Board decisions are undertaken with regard to the success and long-term stability of the Company for the benefits of its stakeholders and the Board is regularly engaged in business strategy, risk oversight, financial reporting and corporate responsibility.

The tables that follow on pages 6 to 11, describe how the directors have performed their duty to promote the success of the Company as required by 172(1)(a) to (f) of the Companies Act 2006 during 2019.

Stakeholder group	Form of Engagement	Key topics and impact of engagement
Shareholder Intercontinental Exchange, Inc., as ultimate shareholder, and its affiliates ("ICE Group" or "ICE"). ICE serves customers by operating the exchanges, clearing houses and information services they rely upon to invest, trade and manage risk across global financial and commodity markets. The Company is an integral part of this service offering as a provider of exchange, benchmark and auction services.	The Company's and ICE's directors and employees collaborate frequently on projects and expertise is shared in both directions in various ways including through directorships of affiliated companies and cross functional management meetings. Directors; Messrs. Sprecher and Goone have executive responsibilities elsewhere at ICE. Mr. Sprecher is the Chairman and CEO of ICE, Mr. Goone is the Chief Strategy Officer of ICE. Both attend the Company's Board meetings. Director; Mr. Williams (President) is a member of the ICE Executive Management Team, the ICE Operational Oversight Committee OOC (as is the Company COO) and the ICE Exchange Executive Committee.	Key topics of engagement included; strategic planning in respect of the UK's withdrawal from the EU, development and introduction of new markets including alternative risk-free rates and cybersecurity. The Company also engages with ICE on global best practices for enterprise risk management, operations, business continuity and disaster recovery and other key functions. Outcomes of engagement included; the launch of a range of new markets and strategic alignment on preparations for the UK's withdrawal from the EU.

Strategic Report (continued)
For the Year Ended 31 December 2019

Stakeholder group	Form of Engagement	Key topics and impact of engagement
People Our people include colleagues directly employed by the Company, consultants and others who work throughout the Group. The Company's long-term success is predicated on the skills, commitment, engagement and success of our people.	Engagement includes interactive town halls, 'lunch & learn' and quarterly staff update meetings, delivered by the President and other ICE Group and Company senior managers. Feedback is gathered across a mix of "always on feedback", employee surveys and individual employee-focused assessments. This allows actionable feedback to be gathered across a variety of populations, and circumstances, throughout the year. There is also an established whistleblowing policy.	A global employee survey focused on culture was completed recently by ICE and the results were presented to the Board. Feedback from the survey has resulted in enhanced internal communications, more employee development opportunities and a remote working policy.
Customers The Company's customers include its Members and market participants including financial institutions, asset managers, pension funds, commodity producers and refiners, utilities and governments, as well as industrial and manufacturing businesses that are increasingly engaging in hedging, trading and risk management strategies.	Customer representation, where appropriate, on certain governance and product committees of the Exchange, chaired by certain directors, providing a forum to discuss matters such as membership, the Exchanges' regulations and the evolution of the ICE Brent Index. Regular meetings at senior management and operational levels such as a monthly Technology and Operations Group call and bilateral customer meetings at senior management and operational levels. Collaboration by senior management and certain directors with, and membership of, various industry organisations to help further engage with and understand multiple perspectives from a variety of customers and industry participants.	Continuous dialogue with customers on enhancing transparency and liquidity in the markets we serve, developing and launching new energy, interest rate, equity and soft commodity futures contracts, Brexit and the changing regulatory landscape with a focus on contingency plans for members and participants domiciled within EU27 countries. Outcomes of engagement included; the launch of several new markets and liquidity programmes, suspension of emission auctions under the EU ETS (Brexit related, resumed Q1 2020) and strategic alignment on preparations for the UK's withdrawal from the EU. Our customer base continues to grow due our expansion into new markets and the expansion of our product set which has facilitated the continued emergence of new participants; the increased use of hedging programs by commercial enterprises and the increased access to our markets as a result of electronic trading.

Strategic Report (continued)
For the Year Ended 31 December 2019

Stakeholder group	Form of Engagement	Key topics and impact of engagement
Suppliers To support operations, ICE, through various agreements, provides assorted services to the Company including those critical to supporting the matching and execution of contracts on its markets, distribution of data and the running of emissions auctions (EUA and EUAA) under EU ETS. The Company uses technology owned and developed by ICE for the provision of services to its customers. The Company licenses and sources data from various providers for the purposes of settlement prices for certain of its contracts and other information services. The Company also has a wide range of other suppliers which provide the Company with the goods and services relied upon for operations, ranging from large multinational companies to smaller-scale local service providers.	Management and the Board utilises the mechanisms discussed in the Shareholder section, on page 6, to engage effectively with suppliers of services from the ICE Group. The Company has contractual outsourcing and data provision arrangements in place with its outsourced service providers. The Board approves material agreements and formally reviews outsourcing arrangements annually. The Company performs thorough due diligence on its external suppliers both during on-boarding and on a recurring basis. We expect all our customers to be compliant with the Modern Slavery Act and we work closely with our suppliers to build on our knowledge and promote best practice.	Key topics of engagement in relation to the ICE Group suppliers centred on technology development and operational resilience, cybersecurity and business continuity arrangements. In general, any changes to services or goods supplied and developing needs are worked on concurrently between the Company and its suppliers. The Board receives updates on the duty to report on prompt payment, practices and performance. The most recent published payment practices report showed the average time to pay an invoice was 28 days. The Company continues to engage with suppliers to improve workflow and refine payment practices. The Board approves the Company's Modern Slavery statement on an annual basis.
Governments, regulators and policy makers The Company's regulators are listed in the 'Principal activities and review of the business' section of this report on page 3. Effective engagement with the Company's regulators is fundamental to the business which requires various regulatory permissions to operate (refer to page 3). The Company conducts auctions on behalf of the U.K. Government under Phase III of the EU ETS scheme.	The Board and senior management meet with the Company's regulators on an ongoing basis. Routine reports capturing a broad range of data are provided to the FCA and other regulators. Further, the President and senior management shares knowledge and expertise with regulators, legislators and industry organisations to contribute to the development of policy initiatives. Information provided by management to the directors and approved by the Board at its meetings is available to the Company's principal regulators including regulatory compliance reporting produced on a regular basis.	The Board agenda has been strongly focused on regulatory issues this year including those stemming from Brexit. During the year, discussions with regulators enabled the launch of a number of new markets and programmes to develop liquidity. Other key topics included technology and operational resilience, the Company's approach to Brexit contingency planning and the development of further regulatory policy in response to for example the MiFID II implementation. Maintaining good relationships with policy makers and regulators and ensuring compliance with applicable legal and regulatory obligations helps to contribute towards maintaining high standards of business conduct.

Stakeholder group	Form of Engagement	Key topics and impact of engagement
Community and society The global financial market community and wider society including the environment are stakeholders impacted by the actions and continued success of the Company.	The President and certain members of senior management and the Board engage in consultation and advisory activities with governments and policy makers on matters concerning key industry developments and initiatives. Additionally, the Company regularly responds to consultation documents issued by various regulatory bodies during policy formation. Such responses may be submitted on behalf the Company or as part of a response from the ICE Group. Staff Members and occasionally directors, present at industry conferences, e.g. Eurofi, FIA, CityUK, City Week and Institutional Investors. The global markets operated by the Company provide transparent, market-based pricing to help companies make better decisions when allocating resources and investing in more sustainable technologies and innovative solutions. We assess the impacts of our suppliers' products and services and engage with them whenever possible to limit environmental impacts. We believe that it is important to create opportunities for ICE and its people to make a difference by helping others in our communities. We pursue that goal through financial support and volunteering our time and talents using several channels, including, charitable donations funded both by ICE and through fine income generated by enforcement action taken by the Company, an employee matching program, corporate sponsorships and community investments.	Key topics of engagement include Brexit, the energy transition, and interest rate benchmark reform. A focus on mitigating climate change is driving a transition toward cleaner energy sources. As demand for transparent pricing in carbon grows, the Company supports market-based solutions through its suite of environmental products. Our customers can access a broad portfolio of derivatives - covering emissions, carbon offsets, renewable energy and renewable fuels. We offer critical risk management tools and help businesses meet government-mandated emissions reduction targets in a cost-effective manner. The Company operates a certified environmental management system to ensure that we meet and, wherever possible, exceed compliance obligations such as legal and regulatory requirements, industry standards and other voluntary commitments related to our environmental aspects. ICE's energy management program is focused on its data centres. The Company's U.K. data centre electricity supply is 100% from renewable energy sources. The ICE Group's Modern Slavery Statement and GDPR Statements are available on the ICE website and these statements apply to the Company.

Principal decisions

The Company defines principal decisions as those made during the year that are material and significant to any key stakeholder groups as defined in the Stakeholder engagement section of the Strategic Report. In making the following principal decisions the Board considered the outcome from its stakeholder engagement as well as the need to maintain a reputation for high standards of business conduct.

Decision	Impact	Stakeholder considerations
Financial resources regulatory requirement The Board reviewed and approved the annual FCA regulatory capital requirements and the amount of capital and financial resources allocated to meet these requirements (see note 15 for amounts).	Holding sufficient capital to safeguard against risk and meet ongoing regulatory requirements is necessary for the immediate and long-term sustainability and success of the Company and underpins the business model. The Board has established a risk appetite in respect of the minimum capital and financial resources it determines to be acceptable for the Company to hold.	Restricting and safeguarding appropriate amounts of capital is a fundamental consideration for all the Company's stakeholders. The Company seeks to ensure it has adequate levels of capital to protect against the risk of disruption to the provision of exchange services to customers or be able to wind down or restructure following a stress event, if necessary. The Company's approach to ensuring (i) capital held is sufficient, including an operational risk buffer, to ensure the Company is at all times able to comply with its regulatory obligation; and (ii) that it is robustly managed, contributes to overall market stability.
Dividends The Board reviewed and approved a total of $93 million in dividend distributions which were paid during the year, see note 21.	During determination of the dividend distributions the Board duly considered the Company's ongoing operational, capital, regulatory and legal requirements and incorporated adequate contingency for reasonably foreseeable future events. At the time of each dividend declaration, there were no alternative uses of capital identified by the Company other than those already allocated for other principal decisions or the operations of the Company.	The Board considered the dividends to be in the best interests of the Company having carefully considered the impact to all stakeholders based on the information provided by senior management at the time of each dividend. No single or combined stakeholder groups were left disadvantaged or lacking resources otherwise needed following the dividends declarations.
Brexit The Company would work to ensure that the all necessary regulatory permissions be obtained to ensure that the Company will continue to be able to permit access by persons in the EU to trading on its markets after the end of the transitional arrangements.	The relevant regulatory permissions required to facilitate continued access for persons in the EU to trading on the Exchange have been obtained. The Company will continue to work with key policy makers to ensure that EU customers are able to continue accessing the global markets operated by the company in an efficient manner.	The Company conducted scenario planning and impact assessments covering continuity of service, and the options for potential mitigating actions in respect of negative outcomes and consequential impacts. The potential effect on the Company's international stakeholders and partners was considered, in particular.

Decision	Impact	Stakeholder considerations
Benchmark reform The Board and senior management would work to launch a broad set of alternative rate markets including US Dollar, Pound Sterling, EURO and Swiss Franc.	Launching alternative rate markets alongside the Company's existing liquid short term interest rate markets provides our Customers with an expanded array of contracts to manage interest rate risk and an efficient way to facilitate benchmark reform.	The Company engaged with stakeholders including policy makers, regulators and customers to develop its offering and support customers' engagement with Benchmark reform.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks:

1. Global economic, political, financial market events or conditions may negatively impact the business.

2. The Company's business and the business of many of the Company's clients has been and continues to be subject to increased legislation and regulatory scrutiny. The Company's compliance and risk management methods, as well as its fulfilment of regulatory obligations, might not be effective, which could lead to enforcement actions by the Company's regulators.

3. The Company's business is subject to the impact of financial markets volatility, including the prices and interest rates underlying the derivative products, due to conditions that are beyond the Company's control.

4. The Company faces intense competition. If the Company is unable to keep up with rapid changes in technology and client preferences, it may not be able to compete effectively. The Company may not be successful in offering new products or technologies or in identifying opportunities and damage to the Company's reputation could be incurred.

5. The Company's systems and those of ICE and other of the Company's third party service providers may be vulnerable to communications systems failures and delays, cyber-attacks, hacking and other cyber security risks, especially in light of its role in the global financial marketplace, which could result in wrongful use of information.

6. The Company relies on intercompany and third party service providers and other suppliers for a number of services that are important to the business, including ICE's trading platform. An interruption or cessation of an important service, data or content supplied by any party, or the loss of an exclusive license, could have a material adverse effect on the business.

7. The Company's success largely depends on key personnel, including senior management. Because competition for the Company's key employees is intense, it may not be able to attract, retain and develop the highly skilled employees needed to support the business. The loss of senior management or other key personnel could harm the business.

The directors believe the following to be key risks:

Regulation

The non-discriminatory access provisions of MiFID II would require European exchanges and central counterparty, or CCP, clearing houses to offer access to third parties on commercially reasonable terms. In addition, MiFID II could require European exchanges to allow participants to trade at other venues, which may encourage competing venues to offer lookalikes of the Company's products. In June 2016, the EU approved a 12-month postponement of implementation and compliance with this provision of MiFID II to 3 January 2018. On 3 January 2018 the Company received a deferral from the FCA which delays the non-discriminatory access provision of MiFID II until 3 July 2020.

The implementation of capital charges in Basel III, particularly, the Supplemental Leverage Ratio with respect to certain clearing members of central counterparties, may impose burdensome capital requirements on clearing members and customers that may disincentivise clearing and therefore the Company's own trading volumes. In June 2019, the Basel Committee on Banking Supervision revised its treatment of the leverage ratio capital requirement for derivatives that a bank centrally clears on behalf of its clients. The revised treatment will permit both cash and non-cash forms of initial margin and variation margin received from a client to offset the replacement cost and potential future exposure for client cleared derivatives only. The revision will apply to the version of the leverage ratio standard that will serve as the Pillar 1 minimum capital requirement as of 1 January 2022.

EU policy makers are developing a framework for prudential requirements for European investment firms. The proposed rules risk imposing disproportionate capital requirements on European investment firms acting as market makers. European investment firms may be discouraged from acting as market makers on certain markets due to the increased capital requirements.

The adoption and implementation of position limit rules in the U.S. and the EU could have an impact on commodity volumes if comparable trading venues in foreign jurisdictions are not subject to equivalent rules.

U.K. derivatives exchanges including the Company could be impacted by changes to requirements related to the dissemination of market data. In its December 2019 report to the European Commission, or EC, The European Securities and Markets Authority, or ESMA, recommended, among other things, against outright regulation of market data prices, however ESMA suggested that users could gain transparency into how market data prices are set with the help of new supervisory guidance and targeted changes to the MiFID II/Markets in Financial Instruments Regulation, or MiFIR, text. The EC is considering ESMA’s report and is expected to issue its own report on these issues in mid-2020.

Brexit

In March 2017, the U.K. officially triggered Article 50 of the Treaty of Rome and, in doing so, notified its intention of leaving the EU in line with outcome of the U.K.’s June 2016 “Brexit” referendum. The triggering of Article 50 began the process of withdrawal from the EU. In November 2018, the U.K. and the other 27 countries of the EU, agreed upon the terms of a withdrawal agreement that set out the terms of the U.K.’s withdrawal from the EU and includes a transition period until 31 December 2020. During the transition period, the U.K. agreed to apply EU law. Following the U.K. General Election held on 12 December 2019 which returned a Conservative majority government, the European Union (Withdrawal Agreement) Bill was passed by both Houses of Parliament, receiving Royal Assent on 23 January 2020. Prime Minister Boris Johnson signed the Withdrawal Agreement on the following day, completing the U.K.’s ratification process. This was followed by ratification by the European Parliament and the European Council on 29 January and 30 January 2020 respectively.

The U.K. left the EU at 11.00 pm GMT on 31 January 2020 on the basis of the Withdrawal Agreement and the associated Political Declaration.

The Political Declaration sets out a framework for agreeing the future relationship between the U.K. and the EU and covers areas including economic partnership (e.g. trade in goods, services and investment, and fishing opportunities), security partnership (e.g. law enforcement and judicial cooperation, security and defence), institutional and other arrangements (e.g. governance arrangements and dispute settlement) and the forward process (e.g. ground rules for the negotiation process). The Political Declaration also explains that the U.K. and the EU will seek to conclude equivalence assessments of each other’s financial services frameworks by the end of June 2020. It goes on to state that the parties intend to reach agreement on the future relationship by the end of 2020.

However, the future relationship between the U.K. and the EU remains uncertain, as the U.K. and the EU work through the transition period that provides time to negotiate the details of the future relationship. Although the Withdrawal Agreement includes a provision for extension for a further two year period, the transition period is currently expected to end on 31 December 2020. If no agreement is reached then the U.K. will leave the EU with no agreements in place beyond any temporary arrangements that have or may be put in place by the EU or individual EU Member States and the U.K. as part of no-deal contingency efforts and those conferred by mutual membership of the World Trade Organization. Given the lack of comparable precedent, it is unclear what financial, trade and legal implications the U.K. leaving the EU with no agreements in place would have and how such withdrawal would affect the Company.

Following Brexit, the Company will continue to be able to permit access by persons in the EU to trading on its platform, even in the absence of any trade agreement being entered into by the U.K. and EU prior to the end of the transitional period and/or any trading venue equivalence decisions by the U.K. or ESMA. The lack of equivalence decisions for trading venues, however, may result in increased costs for certain EU market participants which could impact trading volumes. The impact to the business and corresponding regulatory changes remain uncertain at this time. The Company is monitoring the impact to the business as a result of these discussions and is pursuing avenues to facilitate continued access for EU customers to the Company's services in the event that the transition period ends without any trade agreement addressing access to trading venues being entered into.

Coronavirus (Covid-19)

After the balance sheet reporting date of 31 December 2019, on 11 March 2020, Coronavirus (Covid-19) was recognised as a pandemic by the World Health Organization (WHO). The ICE Group has a Pandemic Plan and its Pandemic Steering Committee (PSC) meets regularly to assess new information relating to Covid-19. The PSC leads for the ICE Group in determining the response level, recommending strategy and disseminating information to staff.

The full extent of the pandemic is as of yet unknown and there is uncertainty over what the impact on the Company will be. However, to date, the ICE Group’s extensive business continuity plans that have been developed and tested for crises such as Covid-19 are operating as planned and have ensured operations, including those of the Company, continue to function effectively. The Company’s employees, and most ICE Group employees who perform work related to the Company, are utilising a remote working framework complying, as necessary, with local government mandates and social distancing directives as appropriate and have ceased all travel for work-related activity. It is considered that these arrangements will continue for as long as is required with no detrimental impact to the operations of the Company. The Company has not experienced any detrimental impact on its cash flows, liquidity, performance or revenue collections to date.

Strategic Report (continued)
For the Year Ended 31 December 2019

Risk management

Risk is an inherent part of the Company's business activity. The Company seeks to monitor and manage various types of risks through defined policies, procedures and control mechanisms.

Credit risk

Credit risk is the risk that customers will fail to honour their agreed obligations and will fail to perform under their contractual commitments in relation to services provided by the Company.

Credit risk is managed by credit dispensing policies and compliance monitoring in relation to credit sanctioning procedures. Credit exposures from related accounts are aggregated and monitored on a consolidated basis. Note that the Company faces limited exposure to credit risk as a high proportion of its revenues are collected by a fellow subsidiary which has rigorous risk management policies.

Market risk

Market risk arises from adverse movements in foreign exchange rates, interest rates, equity shares and other securities prices, and commodity and energy prices. Those risks are managed by the Company on the basis of agreed limits which are kept under continuous review. Compliance is monitored through management reporting and the audit process.

Interest rate risk arises as a result of timing differences on the repricing of assets and liabilities. The Company has exposure to market risk for changes in interest rates relating to its cash and cash equivalents and short-term investments. The Company would not expect its operating results or cash flows to be significantly affected by changes in market interest rates. This risk is managed by regularly reviewing the returns received on the Company's investments.

Currency risk results from adverse movements in the rates of exchange between currencies arising as a result of the existence of a net currency position in one or more currencies. The Company seeks to mitigate the effect of currency exposures by ensuring, as far as is possible, that it holds an equal amount of monetary assets and liabilities that are denominated in currencies other than the USD.

Liquidity risk

Liquidity risk is the risk that the Company is unable to fully or promptly meet payment obligations and potential payment obligations as and when they fall due. This risk includes the possibility that the Company may have to raise funding at higher cost or sell assets at a discount.

The Company is highly cash-generative but still aims to mitigate liquidity risk by managing cash generated by its operations and applying cash collection targets for its membership fee income.

Capital management

As a Recognised Investment Exchange, the Company is subject to regulatory capital and liquid financial asset maintenance requirements which are based on the Company's level of operating costs. Adherence to the requirements is monitored and reported to the Financial Conduct Authority on a monthly basis.

Operational risk

Operational risk arises from disruption in the provision of exchange services. The Company aims to proactively reduce the probability and severity of unexpected losses.

This report was approved by the board on 30 April 2020 and signed on its behalf.

S. Williams
Director

Directors' Report
For the Year Ended 31 December 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results

The profit for the year, after taxation, amounted to $100,575,000 (2018: $106,707,000).

Dividends of $93,000,000 were declared by the directors and paid during the year (2018: $101,000,000).

Directors

The directors who served during the year and up to the date of accounts approval were:

P. Reed
J. Sprecher
T. Faithfull
R. Barton
D. Goone
P. Bruce
Lord W. Hague
V. Sharp
A. Whittaker
S. Williams

Information on how the directors have discharged their duties under s. 172 of the Companies Act 2006 is available in the Company’s Strategic Report.

Future developments

The directors do not foresee any change in the Company's principal activities.

Directors' Report (continued)
For the Year Ended 31 December 2019

Qualifying third party indemnity provisions

The Company has granted an indemnity to directors against liabilities in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provisions were in place during the relevant financial year and remain in force as at the date of approving the Directors' Report.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 30 April 2020 and signed on its behalf.

S. Williams

S. Williams
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ICE FUTURES EUROPE

We have audited the financial statements of ICE Futures Europe for the year ended 31 December 2019 which comprises of the Statement of Comprehensive Statement, Balance Sheet, Statement of Changes in Equity and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Effects of COVID-19

We draw attention to Notes 1.3 and 25 of the financial statements, which describes the economic and social disruption the Company is facing as a result of COVID-19 which is impacting the financial markets and personnel available for work and or being able to access offices. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 12 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Andrew Bates (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

30 April 2020

Statement of Comprehensive Income
For the Year Ended 31 December 2019

	Note	**2019** **$000**	2018* $000
Turnover	2	**249,471**	266,373
Gross profit		**249,471**	266,373
Administrative expenses		**(153,684)**	(160,969)
Other operating income	3	**25,494**	23,641
Operating profit	4	**121,281**	129,045
Interest receivable	8	**2,532**	1,859
Profit before tax		**123,813**	130,904
Tax on profit	9	**(23,238)**	(24,197)
Profit for the financial year		**100,575**	106,707
Total comprehensive income for the year		**100,575**	106,707

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

The notes on pages 22 to 36 form part of these financial statements.

*Comparatives have been re-presented to reflect changes in the amounts recognised in Turnover and Administrative expenses, for details see note 1.19. There is no effect on profit for the prior financial year.

ICE Futures Europe
Registered number: 1528617

Balance Sheet
As at 31 December 2019

	Note	2019 $000	2019 $000	2018 $000	2018 $000
Fixed assets					
Intangible assets	10		**498**		746
Tangible assets	11		**7,531**		9,410
Investments	13		**28,000**		26,000
			36,029		36,156
Current assets					
Debtors	14	**74,870**		75,755	
Cash at bank and in hand	15	**109,820**		106,525	
		184,690		182,280	
Creditors: amounts falling due within one year	16	**(74,280)**		(77,189)	
Net current assets			**110,410**		105,091
Total assets less current liabilities			**146,439**		141,247
Creditors: amounts falling due after more than one year	17		**(7,296)**		(8,072)
Provisions for liabilities					
Other provisions	19	**(1,736)**		(1,670)	
			(1,736)		(1,670)
Net assets			**137,407**		131,505
Capital and reserves					
Called up share capital	20		**-**		-
Share premium account			**10,000**		10,000
Profit and loss account			**127,407**		121,505
			137,407		131,505

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 April 2020.

S. Williams
Director

The notes on pages 22 to 36 form part of these financial statements.

Statement of Changes in Equity
For the Year Ended 31 December 2019

	Called up share capital	Share premium account	Profit and loss account	Total equity
	$000	$000	$000	$000
At 1 January 2018	-	10,000	116,047	126,047
Comprehensive income for the year				
Profit for the year	-	-	106,707	106,707
Dividends: Equity capital	-	-	(101,000)	(101,000)
Payments under share-based payments agreements	-	-	(13,850)	(13,850)
Effect of capital contributions relating to sharebased payments	-	-	6,352	6,352
Decrease in amounts due under share-based payments recharge agreements	-	-	7,249	7,249
At 1 January 2019	-	10,000	121,505	131,505
Comprehensive income for the year				
Profit for the year	-	-	100,575	100,575
Dividends: Equity capital	-	-	(93,000)	(93,000)
Payments under share-based payments agreements	-	-	(7,972)	(7,972)
Effect of capital contributions relating to sharebased payments	-	-	5,496	5,496
Decrease in amounts due under share-based payments recharge agreements	-	-	803	803
At 31 December 2019	-	10,000	127,407	137,407

The notes on pages 22 to 36 form part of these financial statements.

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard ('FRS') 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

1.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102:

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Intercontinental Exchange, Inc., as at 31 December 2019 and these financial statements may be obtained from www.theice.com.

1.3 Going concern

The Company has considerable financial resources and receives transaction revenues from a broad range of futures and options contracts across a diverse set of customers. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully in spite of the current uncertain economic and regulatory outlook.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In reaching this determination they have considered the strong cash flows and capital resources of the Company and the non-adjusting post balance sheet event discussed in note 25. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.4 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

1. Accounting policies (continued)

1.5 Derivatives

Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of the forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles. The Company does not undertake any hedge accounting transactions.

The Company enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency receivables or payables.

1.6 Turnover

Turnover comprises revenue recognised by the Company in respect of fees for services supplied during the year. Turnover is recognised net of value added tax and incentive payments.

1.7 Intangible assets and amortisation

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

1.8 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Leasehold improvements and office equipment	5 - 15 years
Computer equipment	3 - 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

1.9 Impairment review

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

1. Accounting policies (continued)

1.10 Investments

Fixed asset investments are shown at cost, less provision when it is considered that an impairment in value has occurred. Fixed asset investments include instruments that are non-convertible and non-puttable.

1.11 Dilapidation provision

The Company is required to perform dilapidation repairs on leased properties prior to the properties being vacated at the end of their lease term. Provision for such costs is made where a legal obligation is identified and the liability can be reasonably quantified.

1.12 Cash at bank and in hand

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, that are subject to an insignificant risk of changes in value. Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of approximately three months or less from the date of acquisition.

1.13 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into US dollars at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into dollars at the rate ruling on the date of the transaction. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Exchange gains and losses are recognised in the Statement of Comprehensive Income.

1.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid.

1.15 Pensions

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid, the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

1. Accounting policies (continued)

1.16 Interest receivable

Interest receivable is recognised as earned.

1.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.18 Share-based transactions

The cost of employees' services received in exchange for the grant of rights under ICE group equity-based employee compensation schemes is measured at the fair value of the equity instruments at the date of the grant and is expensed over the vesting period. This expense in the profit and loss account is offset by the recognition of a capital contribution in reserves. In the case of Employee Stock Purchase Plans ('ESPP') and options granted, fair value is measured using the Black-Scholes pricing model. Under ESPP, employees may purchase ICE shares at a price equal to 85% of the lesser of the fair market value of the shares on the first or the last trading day of each offering period. A share-based payment expense is recognised for the 15% discount given to participating employees.

The Company has entered into recharge agreements with ICE in respect of ICE Group incentive plans. Under the terms of the recharge agreements, the Company may be charged for the benefit of share-based compensation at the date of vesting/exercise, pro-rated over the period that the employees were in the service of the Company. Any amounts paid under these agreements have been recorded as a distribution of reserves.

Any liability under the recharge agreements with respect to outstanding share-based compensation, calculated at the share price at the balance sheet date and pro-rated over the life of the equity instrument, is also recorded as a distribution of reserves.

1.19 Change in presentation

During the year, the Company determined amounts related to certain Group revenue share and license agreements previously presented net should be presented gross in accordance with FRS 102. The Company now presents certain fees paid under such agreements within administrative expenses, which in prior years were presented within Turnover.

The impact of the change is that $5,401,000 (2018: $13,719,000) has been reclassified from Turnover to Administrative expenses.

2. Turnover

By activity:

	2019 $000	2018* $000
Transaction fees	**110,050**	140,159
Membership fees	**2,167**	2,173
Data services	**137,254**	124,041
	249,471	266,373

All turnover arose within the United Kingdom.

Turnover, which is stated net of value added tax and net incentives amounting to $258,995,000 in 2019 (2018: $252,180,000), is derived from the continuing business of the Company, and is comprised as above.

Turnover from Data services is revenue received for the Company's market data which is distributed by an affiliated Group entity.

*Comparatives have been re-presented to reflect changes in the amounts recognised in Turnover and Administrative expenses, for details see note 1.19. There is no effect on profit for the prior financial year.

3. Other operating income

	2019 $000	2018 $000
Services provided to group entities	**25,494**	23,641
	25,494	23,641

4. Operating profit

The operating profit is stated after (crediting)/charging:

	2019 $000	2018 $000
Foreign exchange differences	**(744)**	206

Notes to the Financial Statements
For the Year Ended 31 December 2019

5. Auditors' remuneration

	2019 $000	2018 $000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	**310**	266
Fees payable for audit related assurance services	**50**	87

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2019 $000	2018 $000
Wages and salaries	**32,040**	33,499
Social security costs	**3,508**	3,371
Cost of defined contribution scheme	**1,812**	1,830
	37,360	38,700

Included in the wages and salaries costs disclosed above was a charge of $5,496,000 (2018: $6,346,000) in respect of share-based payment transactions.

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
	193	184

7. Directors' remuneration

	2019 $000	2018 $000
Directors' emoluments	**1,715**	1,632
Directors pension costs - defined contributions	**50**	49
	1,765	1,681

During the year retirement benefits were accruing to 1 directors (2018: 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of $1,007,000 (2018: $893,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to $50,000 (2018: $49,000).

The highest paid director received shares in respect of qualifying services during the year. 10 directors (2018: 10) received shares in respect of qualifying services during the year.

Additional directors' remuneration in respect of qualifying services borne by the ultimate parent company, ICE, for the year is estimated at $1,342,000 (2018: $845,000).

8. Interest receivable

	2019 $000	2018 $000
Other interest receivable	**2,532**	1,859
	2,532	1,859

Notes to the Financial Statements
For the Year Ended 31 December 2019

9. Taxation

	2019 $000	2018 $000
Corporation tax		
Current tax on profits for the year	**22,611**	22,995
Adjustments in respect of previous periods	**61**	(162)
	22,672	22,833
Foreign tax		
Foreign tax on income for the year	**3**	-
	3	-
Total current tax	**22,675**	22,833
Deferred tax		
Origination and reversal of timing differences	**547**	1,233
Effect of change in tax rate	**8**	102
Adjustments in respect of previous periods	**8**	29
Total deferred tax	**563**	1,364
Taxation on profit on ordinary activities	**23,238**	24,197

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 $000	2018 $000
Profit on ordinary activities before tax	**123,813**	130,904
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	**23,524**	24,872
Effects of:		
(Income not taxable)/expenses not deductible for tax purposes	**(36)**	45
Adjustments to tax charge in respect of prior periods	**69**	(133)
Statutory deduction on share schemes in excess of accounting charges	**(330)**	(689)
Foreign tax on income for the year	**3**	-
Change in rates	**8**	102
Total tax charge for the year	**23,238**	24,197

9. Taxation (continued)

Factors that may affect future tax charges

The headline rate of UK corporation tax reduced from 20% to 19% on 1 April 2017 and, following the enactment of Finance Act 2016 on 15 September 2016 it will reduce further to 17% from 1 April 2020. Given that this rate was enacted at the time of the balance sheet date, the closing deferred tax balances have been calculated with reference to this rate.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. The maximum effect on deferred tax of the reduction in the UK corporation tax rate to 17% is expected to be $15,000. The deferred tax asset is expected to decrease by $585,000 before 31 December 2020.

On 11 March 2020 it was announced (and substantively enacted on 17 March 2020) that the UK corporation tax rate would remain at 19% and not reduce to 17% (the previously enacted rate) from 1 April 2020. Any deferred tax balances included within the accounts have been calculated with reference to the rate of 17%, as required under FRS 102. However, following the substantive enactment of the rate of 19%, it is anticipated that the reversal of any timing differences will occur at this rate and that the maximum impact on the quantum of the net deferred tax asset recognised will be $423,000.

10. Intangible assets

	Other intangibles $000
Cost	
At 1 January 2019	**1,378**
At 31 December 2019	**1,378**
Amortisation	
At 1 January 2019	**632**
Charge for the year on owned assets	**248**
At 31 December 2019	**880**
Net book value	
At 31 December 2019	**498**
At 31 December 2018	746

The intangible fixed assets recognised during the year are in relation to the costs associated with prepaid incentive schemes from which the Company expects to derive future revenue. The intangible fixed assets are amortised evenly over their useful lives which are between 4 and 6.5 years for the costs of the initial incentive scheme and subsequent drawdowns. The estimated useful life is based on the expiry of the prepaid incentive scheme which is January 2022. Amortisation is included in administrative expenses in the profit and loss account.

11. Tangible fixed assets

	Leasehold improveme-nts and office equipment $000	Computer equipment $000	Total $000
Cost			
At 1 January 2019	**26,492**	**6,377**	**32,869**
Additions	**156**	**47**	**203**
Disposals	**-**	**(193)**	**(193)**
At 31 December 2019	**26,648**	**6,231**	**32,879**
Depreciation			
At 1 January 2019	**17,515**	**5,944**	**23,459**
Charge for the year on owned assets	**1,833**	**249**	**2,082**
Disposals	**-**	**(193)**	**(193)**
At 31 December 2019	**19,348**	**6,000**	**25,348**
Net book value			
At 31 December 2019	**7,300**	**231**	**7,531**
At 31 December 2018	8,977	433	9,410

12. Investments

The Company owns 100% of the ordinary share capital of ICE Futures Limited, a company incorporated and registered in England and Wales. ICE Futures Limited is currently dormant.

Notes to the Financial Statements
For the Year Ended 31 December 2019

13. Fixed asset investments

	Other fixed asset investments $000
Cost	
At 1 January 2019	**26,000**
Additions	**2,000**
At 31 December 2019	**28,000**

Pursuant to the Company's ongoing agreement with ICE Clear Europe Limited for clearing services, on 25 January 2019, the Company purchased an additional $2 million preference shares issued by a Group entity, Exchange Participations Limited. The proceeds from the preference share issuance have been contributed to ICE Clear Europe Limited which has added the amount to its own resources contribution to the guaranty fund. This reflects the alignment of risk sharing between the Company in its role as the exchange, the clearing house and its members. The amount of the minimum contribution is reassessed annually and as a result in April 2020 the Company purchased a further $4 million preference shares for the same purpose. The investments are an integral part of the agreement with ICE Clear Europe Limited and are expected to be held without curtailment for the foreseeable future.

These amounts may be utilised under certain circumstances set out in the clearing house rules. The ICE Clear Europe Limited guaranty fund is a pool of resources established by the clearing house that provides additional cover in the event that the resources of a defaulting clearing member are insufficient to cover the cost of closing out their positions. Any amounts utilised by ICE Clear Europe Limited in accordance with clearing house rules are subject to replenishment by the Company. There have been no utilisations of these amounts since the first contribution was made.

The investments are held at cost less impairment as there is no reliable estimate of fair value.

14. Debtors

	2019 $000	2018 $000
Due after more than one year		
Other debtors	**8,343**	8,995
	8,343	8,995
Due within one year		
Trade debtors	**39**	40
Amounts owed by group undertakings	**27,319**	29,636
Other debtors	**748**	212
Prepayments and accrued income	**34,680**	32,568
Deferred taxation (note 18)	**3,741**	4,304
	74,870	75,755

15. Cash at bank and in hand

	2019 $000	2018 $000
Cash at bank and in hand	**109,820**	106,525
	109,820	106,525

As a Recognised Investment Exchange, the Company is required by the Financial Conduct Authority to restrict the use of the equivalent of six months of operating expenditures plus an amount for an operational risk buffer, subject to certain deductions, in cash or cash equivalents or investments at all times. As of 31 December 2019 the amount held by the Company was $90,000,000 (2018: $90,000,000) and this amount forms part of the cash at bank and in hand balance.

16. Creditors: Amounts falling due within one year

	2019 $000	2018 $000
Trade creditors	**500**	806
Amounts owed to group undertakings	**4,895**	7,974
Corporation tax	**11,595**	9,735
Other taxation and social security	**5,219**	4,093
Other creditors	**96**	28
Accruals and deferred income	**51,975**	54,553
	74,280	77,189

All creditors are unsecured. Accruals and deferred income includes $3,484,000 (2018: $3,932,000) due under share-based payment recharge agreements.

17. Creditors: Amounts falling due after more than one year

	2019 $000	2018 $000
Accruals and deferred income	**7,296**	8,072
	7,296	8,072

Accruals and deferred income includes $5,855,000 (2018: $6,210,000) due under share-based payment recharge agreements.

Notes to the Financial Statements
For the Year Ended 31 December 2019

18. Deferred taxation

	2019 $000	2018 $000
At beginning of year	**4,304**	5,668
Charged to the profit or loss	**(563)**	(1,364)
At end of year	**3,741**	4,304

	2019 $000	2018 $000
Decelerated capital allowances	**2,742**	3,178
Short term timing differences	**999**	1,126
	3,741	4,304

19. Other provisions

	Provision for dilapidation $000
At 1 January 2019	**1,670**
Charged to profit or loss	**66**
At 31 December 2019	**1,736**

The above provision has been recognised for expected costs to remove alterations to leased premises on lease expiry in September 2024.

20. Share capital

	2019 $	2018 $
Allotted, called up and fully paid		
101 (2018: 101) Ordinary shares of $1.00 each	**101**	101

The Company is a private unlimited company incorporated under the laws of England and Wales.

21. Dividends

	2019 $000	2018 $000
Dividends paid on equity capital	**93,000**	101,000
	93,000	101,000

On 20 March 2020, a dividend of $23,500,000 was approved by the directors and paid by the Company on 23 March 2020.

22. Pension commitments

The Company operates money purchase pension schemes for eligible employees. The assets of the schemes are held separately from those of the Company in independently administered funds. There were no contributions outstanding at 31 December 2019 (2018: nil).

23. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 $000	2018 $000
Not later than 1 year	**5,012**	4,780
Later than 1 year and not later than 5 years	**18,619**	19,120
Later than 5 years	**-**	3,548
	23,631	27,448

Total lease payments recognised as an expense during the year were $4,374,000 (2018: $4,554,000).

24. Derivatives

The Company recognised an asset at 31 December 2019 of $nil (2018: $21,000) for its forward foreign currency contracts held at fair value. During the year the Company recognised total losses in the fair value of forward foreign currency contracts of $46,000 (2018: gains of $1,400,000); these are included in administrative expenses in the profit and loss account.

25. Non-adjusting post balance sheet event

After the balance sheet reporting date of 31 December 2019, on 11 March 2020, Coronavirus (Covid-19) was recognised as a pandemic by the World Health Organization (WHO). The ICE Group has a Pandemic Plan and its Pandemic Steering Committee (PSC) meets regularly to assess new information relating to Covid-19. The PSC leads for the ICE Group in determining the response level, recommending strategy and disseminating information to staff.

The full extent of the pandemic is as of yet unknown and there is uncertainty over what the impact on the Company will be. However, to date, the ICE Group's extensive business continuity plans that have been developed and tested for crises such as Covid-19 are operating as planned and have ensured operations, including those of the Company, continue to function effectively. The Company's employees, and most ICE Group employees who perform work related to the Company, are utilising a remote working framework complying, as necessary, with local government mandates and social distancing directives as appropriate and have ceased all travel for work-related activity. It is considered that these arrangements will continue for as long as is required with no detrimental impact to the operations of the Company. The Company has not experienced any detrimental impact on its cash flows, liquidity, performance or revenue collections to date.

26. Ultimate parent undertaking and controlling party

The Company is owned by ICE Futures Holdco No. 1 Limited and ICE Futures Holdco No. 2 Limited, both companies incorporated and registered in England and Wales. ICE Futures Holdco No. 1 Limited holds substantially all of the shares of ICE Futures Europe, with ICE Futures Holdco No. 2 Limited holding one nominee share. The ultimate parent company and controlling entity is Intercontinental Exchange, Inc., a corporation registered in Delaware, United States.

The Company's financial statements have been included in the group financial statements of the ultimate parent company, Intercontinental Exchange, Inc.

The group financial statements of Intercontinental Exchange, Inc., may be obtained from the website www.theice.com.

27. Registered office

The registered office of the Company is:

Milton Gate
60 Chiswell Street
London
EC1Y 4SA
United Kingdom