FINANCIAL STATEMENTS

ICE Clear Europe Limited
Years Ended December 31, 2015 and 2014
With Report of Independent Auditors

ICE Clear Europe Limited

Financial Statements

Years Ended December 31, 2015 and 2014

Contents

Report of Independent Registered Public Accounting Firm

The Board of Directors of ICE Clear Europe Limited

We have audited the accompanying balance sheets of ICE Clear Europe Limited as of December 31, 2015 and 2014, and the related statements of comprehensive income, shareholders' equity and cash flows for each of the two years in the period ended December 31, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ICE Clear Europe Limited at December 31, 2015 and 2014, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

London
24 February 2016

ICE Clear Europe Limited

Balance Sheets

(Dollars, In Thousands, except share data)

	December 31, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	$ 93,870	$ 246,504
Short-term restricted cash and investments	273,305	86,659
Customer accounts receivable	106,395	96,678
Due from affiliates	3,372	4,523
Margin deposits and guaranty funds	31,043,309	26,339,756
Prepaid expenses and other current assets	4,237	5,543
Total current assets	31,524,488	26,779,663
Property and equipment, net	158	359
Noncurrent assets:		
Long-term restricted cash	150,000	128,000
Deferred tax asset	1,029	398
Other noncurrent assets	–	800
Total noncurrent assets	151,029	129,198
Total assets	$ 31,675,675	$ 26,909,220
Liabilities and shareholder equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 33,659	$ 24,445
Accrued salaries and benefits	4,255	4,063
Deferred revenue	2,747	2,938
Income tax payable	46,646	43,777
Due to affiliates	36,142	35,919
Margin deposits and guaranty funds	31,043,309	26,339,756
Total current liabilities	31,166,758	26,450,898
Noncurrent liabilities:		
Noncurrent deferred tax liabilities	–	68
Other noncurrent liabilities	–	–
Total noncurrent liabilities	–	68
Total liabilities	31,166,758	26,450,966
Shareholder's equity:		
Share capital, $1 nominal value; 160,000,100 and 138,000,100 shares alloted at December 31, 2015 and 2014 respectively	160,000	138,000
Additional paid-in capital	(223)	(365)
Retained earnings	349,140	320,619
Total shareholder's equity	508,917	458,254
Total liabilities and shareholder's equity	$ 31,675,675	$ 26,909,220

ICE Clear Europe Limited

Statements of Comprehensive Income

(Dollars, In Thousands)

	Year ended December 31, 2015	Year ended December 31, 2014
Revenues		
Transaction and clearing fees, net	$ 817,747	$ 739,396
Affiliate revenues	328	5,764
Other revenues	19,963	12,933
Total revenues	838,038	758,093
Operating expenses		
Compensation and benefits	22,439	19,714
Professional services	14,048	11,625
Selling, general and administrative	17,878	12,506
Service and licence fees to affiliates	180,969	163,917
Depreciation and amortization	173	226
Total operating expenses	235,507	207,988
Operating income	602,531	550,105
Other income/(expense):		
Interest income	149	200
Interest expense	(1,792)	(535)
Total other expense, net	(1,643)	(335)
Income before income taxes	600,888	549,770
Income tax expense	107,367	92,289
Net income	$ 493,521	$ 457,481
Total Comprehensive Income	$ 493,521	$ 457,481

ICE Clear Europe Limited

Statements of Changes in Shareholder's Equity

(Dollars, In Thousands)

		Share Capital		Additional paid-in capital		Retained Earnings		Total Shareholder Equity
Balance at 1 January, 2014		120,000		755		194,138	$	314,893
Dividends paid		–		–		(331,000)		(331,000)
Stock-based compensation		–		(1,120)		–		(1,120)
Net income		–		–		457,481		457,481
Issue of share capital		18,000		–		–		18,000
Balance at December 31, 2014	$	138,000	$	(365)	$	320,619	$	458,254
Dividends paid		–		–		(465,000)		(465,000)
Stock-based compensation		–		142		–		142
Net income		–		–		493,521		493,521
Issue of share capital		22,000		–		–		22,000
Balance at December 31, 2015	$	160,000	$	(223)	$	349,140	$	508,917

ICE Clear Europe Limited

Statement of Cash Flows
(Dollars, In Thousands)

		Year ended December 31, 2015		Year ended December 31, 2014
Operating activities				
Net income	$	493,521	$	457,481
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation		173		226
Deferred taxes		(699)		3
Stock-based compensation		5,438		3,522
Decrease/(increase) in operating assets:				
Customer accounts receivable		(9,717)		(15,235)
Prepaid expenses and other assets		2,106		2,031
Restricted cash and short-term investments		(186,646)		24,490
Income tax payable		2,869		(2,921)
Due to affiliates, net		(3,878)		(12,851)
Accounts payable and accrued liabilities		9,214		(7,708)
Other current liabilities		1		99
Total adjustments		(181,139)		(8,344)
Net cash provided by operating activities		312,382		449,137
Investing activities				
Capital expenditures		(16)		(265)
Net cash used in investing activities		(16)		(265)
Financing activities				
Dividend paid		(465,000)		(331,000)
Net cash used in financing activities		(465,000)		(331,000)
Net (decrease)/increase in cash and cash equivalents		(152,634)		117,872
Cash and cash equivalents at beginning of year		246,504		128,632
Cash and cash equivalents at end of year	$	93,870	$	246,504
Supplemental cash flow disclosure				
Cash paid for income taxes	$	102,498	$	93,963
Interest paid	$	331	$	324
Exchange rate change on cash balances held in foreign currencies	$	(6,257)	$	(5,404)

See accompanying notes.

ICE Clear Europe Limited

Notes to Financial Statements

For the years ended December 31, 2015 and 2014

1. Formation, Organization and Description of Business

Incorporated in 2007, ICE Clear Europe Limited ('the Company') is a Recognised Clearing House in the UK and is regulated by the Bank of England. It is also registered with and regulated by the US Commodities Futures Trading Commission as a Derivatives Clearing Organisation and with the Securities Exchange Commission as a Securities Clearing Agency in the United States. The Company has also applied for authorisation under the European Market Infrastructure Regulation ("EMIR"), this is currently anticipated to become effective during the first half of 2016. The Company is a wholly-owned subsidiary of IntercontinentalExchange Holdings, whose ultimate parent and controlling entity is Intercontinental Exchange, Inc., ('ICE'), a corporation registered in Delaware, United States.

As a clearing house the Company acts as a central counterparty (meaning the the Company becomes the buyer to every seller and the seller to every buyer). The Company clears ICE Futures Europe and ICE Endex group companies' futures contracts for interest rates, equity indices, energy and agriculture products, as well as energy futures contracts made available for trading at ICE Futures U.S. The Company also clears OTC European credit default swaps ("CDS") contracts.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements are presented in accordance with U.S. generally accepted accounting principles. Monetary assets and liabilities denominated in foreign currencies are translated into U.S. dollars at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into U.S. dollars at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the statements of comprehensive income. Net exchange losses amounted to $6.5 million for the year ended December 31, 2015 and $1.3 million for the year ended December 31, 2014.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of expenses during the reporting period. Actual amounts could differ from those estimates.

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Company considers all short-term, highly liquid investments with remaining maturities at the purchase date of three months or less to be cash equivalents.

Restricted Investments and Cash

The Company classifies all cash, cash equivalents, and investments that are not available for general use by the Company, either due to regulatory requirements or through restrictions in specific agreements, as restricted in the accompanying balance sheet (Note 3).

Customer Accounts Receivable

Customer accounts receivable primarily consists of clearing fees earned by the Company. Management performs periodic credit evaluations of its customers' financial condition and generally does not require collateral. The Company historically has not experienced material credit losses.

Margin Deposits and Guaranty Funds

Non-cash collateral provided by clearing members to cover their margin and guaranty fund requirements is not recorded on the Company's balance sheet unless the Company has sold the asset or repledged it or in the event of a member default where the member is no longer entitled to redeem the pledged asset. In the case of a sale or repledging, the Company records on its balance sheet the proceeds of the sale together with a liability representing the obligation to return the non-cash collateral. In the event of a member default, the Company recognises the collateral as its asset initially measured at fair value or, if it has already sold the collateral, derecognises its obligation to return the collateral.

Property and Equipment

Property and equipment are recorded at cost, reduced by accumulated depreciation (Note 5). Depreciation expense related to property and equipment is computed using the straight-line method based on estimated useful lives of the assets. The Company reviews the remaining estimated useful lives of its property and equipment at each balance sheet date and will make adjustments to the estimated remaining useful lives whenever events or changes in circumstances indicate that the remaining useful lives have changed. Maintenance and repair costs are expensed as incurred.

2. Summary of Significant Accounting Policies (continued)

Software Development Costs

The Company capitalises costs, both internal and external direct and incremental costs, related to software developed or obtained for internal use in accordance with U.S. generally accepted accounting principles. Software development costs incurred during the preliminary or maintenance project stages are expensed as incurred, while costs incurred during the application development stage are capitalised and are amortized using the straight-line method over the useful life of the software, not to exceed three years. Amortisation of these capitalised costs begins only when the software becomes ready for its intended use. General and administrative costs related to developing or obtaining such software are expensed as incurred.

Revenue Recognition

The Company's revenues primarily consist of the provision of services to clearing members, including interest received and paid on initial margin and guaranty fund. The Company's revenues are primarily recognised as services are provided, which is typically the date the transactions are executed or are cleared, or deferred where the Company has an ongoing clearing obligation beyond the date of each clearing cycle. Deferred revenue consists of clearing revenue for executed trades cleared through the clearing house for which the performance obligation is not yet completed.

Transaction and clearing fees are recorded net of rebates and other incentives of $412 million for the year ended December 31, 2015 and $346 million for the year ended December 31, 2014. The Company offers rebates in certain of its markets primarily to support market liquidity and trading volumes by providing qualified participants in those markets a discount to the applicable fee rate. These rebates reduce revenue that the Company would have generated had it charged full transaction fees and had it generated the same volume without the rebate program. Revenue is also stated exclusive of value added tax.

Affiliate Revenues and Expenses

Affiliate revenues are recognised when the related services are provided to the Company's affiliates. Affiliate expenses are recognised at the time the services are provided to the Company by its affiliates (Note 6).

2. Summary of Significant Accounting Policies (continued)

Stock-based Compensation

ICE currently sponsors employee and director stock option and restricted stock plans in which employees of the Company participate (Note 12). Stock options and restricted stock are granted to employees and directors of the Company at the discretion of the ICE Compensation Committee and Board of Directors. The fair value of each grant is based on the closing stock price on the date of grant and the fair value is recognised as an expense and contributed surplus from ICE over the vesting period, as the shares of ICE are issued directly to the employees of the Company upon satisfaction of the vesting conditions. In the case of options granted, fair value is measured using the Black-Scholes pricing model. For the years ended December 31, 2015 and 2014, the total stock-based compensation expense recognised in the income statement under Compensation and benefits was $5.3 million and $3.5 million respectively, with related tax benefit of $5.7 million and $5.1 million respectively.

The Company has entered into recharge agreements with ICE in respect of the IntercontinentalExchange Inc. 2000 Stock Option Plan, 2005 Equity Incentive Plan, 2009 Omnibus Incentive Plan and the 2013 Omnibus Incentive Plan. 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 additional paid-in capital.

Credit Risk and Significant Customers

Revenue from one clearing member accounted for 11% of the Company's futures and options contracts revenue for the year ended December 31, 2015 and 10% of the Company's futures and option contracts revenue for the year ended December 31, 2014.

The Company guarantees the settlement of all futures contracts, options on futures contracts and OTC CDS contracts. This guarantee is effective when the trade is accepted for clearing and remains in place until the contract is offset by another accepted trade, the contract expires, or is terminated. The Company limits its risk of loss by only allowing clearing access to companies that meet the financial and eligibility standards set forth in the rules of the clearing house and by terminating access to clear to entities with delinquent accounts. Further, clearing members are required to maintain what the Company considers appropriate levels of guaranty funds and margin deposits (Note 7).

2. Summary of Significant Accounting Policies (continued)

Credit Risk and Significant Customers (continued)

The Company also has credit risk for maintaining certain clearing member cash deposits at various financial institutions. Cash deposit accounts are established at larger money centre banks and structured to restrict the rights of offset or liens by the banks. The Company monitors the cash deposits and mitigates credit risk by keeping such deposits in several financial institutions, ensuring that its overall credit risk exposure to any individual financial institution remains within the Company's accepted concentration limits, and by ensuring that the financial institutions have strong or high investment grade ratings. The Company also limits its risk of loss by holding the majority of the cash deposits in high quality short-term sovereign debt reverse repurchase agreements with several different counterparty banks or direct investments in short-term high quality sovereign and supranational debt issues. If the cash deposits decrease in value, the Company would be liable for the losses. However, any negative returns are passed on to the clearing members. The Company has not historically experienced losses related to these clearing member cash deposits.

When engaging in reverse repurchase agreements, the Company takes delivery of the underlying reverse repurchase securities in custody accounts that are under the control of the Company. Additionally, the securities purchased subject to reverse repurchase have a market value greater than the reverse repurchase amount. The typical haircut received for high quality sovereign debt is 2% of the reverse repurchase amount. Thus, in the event that a reverse repurchase counterpart defaults on its obligation to repurchase the underlying reverse repurchase securities, the Company will have possession of a security with a value greater than the reverse repurchase counterparty's obligation to the Company.

Fair Value of Financial Instruments

The Company's financial instruments consist primarily of cash and cash equivalents, short-term and long-term restricted cash, customer accounts receivable, margin deposits and guaranty funds and certain other short-term assets and liabilities. The fair value of the Company's financial instruments are measured based on a three-level hierarchy:

- Level 1 inputs — quoted prices for identical assets or liabilities in active markets.
- Level 2 inputs — observable inputs other than Level 1 inputs such as quoted prices for similar assets and liabilities in active markets or inputs other than quoted prices that are directly observable.
- Level 3 inputs — unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

2. Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments

The Company uses Level 1 inputs to determine fair value. The Level 1 assets consist of U.S. Treasury securities and certain sovereign debt. All other financial instruments are determined to approximate carrying value due to the short period of time to their maturities.

Income Taxes

The Company recognises income taxes under the liability method. The Company recognises a current tax liability or tax asset for the estimated taxes payable or refundable on tax returns for the current year. The Company recognises deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement carrying amounts and the tax bases of its assets and liabilities. The Company establishes valuation allowances if it is believed that it is more likely than not that some or all the Company's deferred tax assets will not be realized. Deferred tax assets and liabilities are measured using current enacted tax rates in effect.

The Company does not recognise a tax benefit unless it concludes that it is more likely than not that the benefit will be sustained on audit by the taxing authority based solely on the technical merits of the assessment of the associated tax position. If the recognition threshold is met, the Company recognises a tax benefit measured at the largest amount of the tax benefit that, in its judgment, is greater than 50 percent likely to be realized. The Company recognises accrued interest and penalties related to uncertain tax positions as a component of income tax expense.

Recently Adopted and New Accounting Pronouncements

In August 2015, the FASB issued Accounting Standards Update No. 2015-14, Revenue from Contracts with Customers, Deferral of the Effective Date, or ASU 2015-14. This standard defers the guidance in ASU 2014-09, Revenue From Contracts with Customers, by one year. ASU 2015-14 requires these new revenue recognition rules to become effective for annual reporting periods beginning after December 15, 2017, and interim periods within those annual periods. The core principle of ASU 2014-09 is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The Company is currently in the process of evaluating the impact of adoption of this amendment but does not currently expect the adoption to have a material effect on future financial statements.

2. Summary of Significant Accounting Policies (continued)

Recently Adopted and New Accounting Pronouncements (continued)

In November 2015, the FASB issued Accounting Standards Update, Balance Sheet Classification of Deferred Taxes, or ASU 2015-17. ASU 2015-17 is part of the FASB's simplification initiative aimed at reducing complexity in accounting standards. This new standard requires that all deferred tax assets and liabilities, along with any related valuation allowance, be classified as non-current on the balance sheet. ASU 2015-17 will be effective on a retrospective basis for annual reporting periods beginning after December 15, 2016, but early adoption is permitted. The Company has decided to early adopt ASC 2015-17 on a retrospective basis for the annual period ended December 31, 2015 and the adoption did not have a material effect on the financial statements. See Note 10 for deferred taxes disclosure under this new guidance. Certain prior year amounts have been reclassified to conform to the current year's financial statement presentation.

3. Restricted Cash and Investments

Short-term restricted cash

As a U.K. Recognized Clearing House, the Company is required by the Bank of England to restrict the use of the equivalent of six months of operating expenditures, subject to certain deductions, in cash or cash equivalents or investments at all times. As of December 31, 2015 and 2014, this amount was $86.7 million. As of December 31, 2014 the $86.7 million was reflected as short-term restricted cash and investments in the accompanying balance sheet.

When EMIR becomes effective, which is currently anticipated during the first half of 2016, the Bank of England restricted cash capital requirements will be superseded by the EMIR capital requirements, which would require liquid regulatory capital requirements of $273.3 million. The Company has the liquid resources to fund the entire $273.3 million of cash required as of December 31, 2015 and it was reflected as short-term restricted cash and investments in the accompanying balance sheet.

3. Restricted Cash (continued)

Long-term restricted cash

The Company has contributed $100 million in cash as part of its futures and options guaranty fund (2014 - $100 million) and $50 million in cash as part of its CDS guaranty fund (2014 - $28 million). These amounts could be used in the event of a clearing member default where the amount of the defaulting clearing member's original margin and guaranty fund deposits are insufficient.

If the futures and options clearing member's deposits are depleted and a default occurs, then the $100 million contribution made by the Company to the guaranty fund would be utilised after the available funds of the defaulting clearing member but before all other amounts within the guaranty fund. The $100 million is solely available in the event of a Company futures and options clearing member default.

For the $50 million Company contribution to the CDS guaranty fund the first $25 million contributed by the Company will be utilised after the available funds of the defaulting CDS clearing member but before all other amounts within the guaranty funds. The additional $25 million contributed will be utilised pro-rata along with other non-defaulting CDS clearing members' deposits. Subject to regulatory approval, the Company plans to designate the total $50 million contribution to the CDS guaranty fund to be utilised after the available funds of the defaulting clearing member but before all other amounts within the guaranty fund.

4. Margin deposits and guaranty funds

Clearing members are required to deposit original margin and variation margin and to make deposits to a guaranty fund. The cash deposits made to these margin accounts and to the guaranty fund are recorded in the balance sheet as current assets with corresponding current liabilities to the clearing members that deposited them.

Original margin, variation margin and guaranty funds held may be in the form of cash, government obligations, certain agency and corporate debt, letters of credit (prior to end May 2014) or gold. The amount of margin deposits on hand will fluctuate over time as a result of, among other things, the extent of open positions held at any point in time by market participants in contracts and the margin rates then in effect for such contracts. The amounts that the clearing members are required to maintain in the original margin and guaranty fund accounts are determined by standardised parameters established by the risk management departments and reviewed by the risk committee and the board of directors and may fluctuate over time.

4. Margin deposits and guaranty funds (continued)

Members are required to place initial margin funds to cover their outstanding positions. The size of the margin is assessed on at least a daily basis. The margin can take the form of either cash or non-cash collateral or a combination of the two. The Company invests member cash margin and guaranty funds in accordance with specific criteria included in its investment policy. Of the total cash deposits reflected above, $22.6 billion (2014 - $19.4 billion) represent funds invested under reverse repurchase agreements. A further $8.2 billion (2014 - $6.7 billion) represents direct investments in sovereign debt. Non-cash collateral is safe-guarded by a third party custodian. The Company pays a return to members on their cash contributions and charges members a fee of 0.05% of the value of their non-cash collateral balances, both are classified under revenue (note 2).

The Company maintains two fully segregated guaranty funds, one for each of futures and options, and CDS contracts, in order to deal with a member default where margin funds are insufficient to cover all outstanding positions of that member. Each member is required to make a contribution to the relevant guaranty fund and this can take the form of either cash or non-cash collateral or a combination of the two, subject to minimum cash requirements and other restrictions set out in the Rules and Finance Procedures.

At December 31, 2015 the total net amount of non-cash collateral held in respect of initial margin was $21.7 billion (2014 - $18.2 billion) and in respect of the guaranty funds was $266.5 million (2014 - $284.4 million). Non-cash collateral provided by clearing members to cover their margin and guaranty fund requirements is not recorded on the Company's balance sheet unless the Company has sold the asset or repledged it or in the event of a member default where the member is no longer entitled to redeem the pledged asset.

5. Property and Equipment

Property and equipment consisted of the following as of December 31, 2015 and December 31, 2014:

	December 31, 2015	Depreciation Period
	(In Thousands)	*(In Years)*
Software and internally developed software	$ 1,563	3
Computer and network equipment	130	3
	1,693	
Less accumulated depreciation	(1,535)	
Property and equipment, net	$ 158	

For the year ended December 31, 2015, accumulated depreciation of software and internally developed software was $1.4 million, and accumulated depreciation of all other property and equipment was $0.1 million.

	December 31, 2014	Depreciation Period
	(In Thousands)	*(In Years)*
Software and internally developed software	$ 3,265	3
Computer and network equipment	215	3
	3,480	
Less accumulated depreciation	(3,121)	
Property and equipment, net	$ 359	

For the year ended December 31, 2014, accumulated depreciation of software and internally developed software was $3 million, and accumulated depreciation of all other property and equipment was $0.1 million.

6. Related-Party Transactions

The Company has agreements with ICE and other affiliates which are wholly owned, or in the case of ICE Endex 79.12% owned, subsidiaries of ICE to support the operations of the Company. These subsidiaries of ICE may make payments to vendors on behalf of the Company and the Company may also make payments to vendors on behalf of these subsidiaries.

ICE and the other subsidiaries of ICE make various charges to the Company. These include, but are not limited to charges for clearing and settlement services, ancillary technology licences, trade repository fees and various management and other administrative service charges. During the years ended December 31, 2015 and 2014, the Company has recorded $181 million and $164 million, respectively, for these affiliate charges. These affiliates include, but are not limited to: Intercontinental Exchange Inc., ICE Futures Europe and ICE Futures U.S., Inc.

At December 31, 2015 and 2014, the Company owed its affiliates $36 million. This was in relation to these agreements and other intergroup transactions arising in the normal course of business. The Company settles these balances on a regular basis, which is normally monthly.

The Company paid dividends to its immediate parent company IntercontinentalExchange Holdings for the years ended December 31, 2015 and 2014 of $465 million and $331 million respectively. For details regarding the Company share-based award schemes see notes 2 and 12.

Transaction fees for contracts executed on the ICE group affiliate trading platforms of ICE Futures Europe, ICE Futures U.S., Inc., ICE Endex and, up until November 2014, LIFFE Administration and Management ("Liffe") are cleared and collected through the Company and remitted to these entities. The Company had payables of $29 million as of December 31, 2015 and $24 million as of December 31, 2014, for such fees for these entities, and these amounts are recorded in amounts due to affiliates in the accompanying balance sheet.

The Company also pays certain incentive payments to ICE Futures Europe and other group entities. These incentives, along with rebates and incentives paid to third parties, totalled $412 million and $346 million for the years ended December 31, 2015 and December 31, 2014, respectively, and such expense is recorded net of transaction and clearing fee revenue in the accompanying Statements of Comprehensive Income.

7. Clearing House Operations

As a clearing house the Company acts as a central counterparty (meaning the Company becomes the buyer to every seller and the seller to every buyer). The Company provides financial security for each transaction for the duration of the position by limiting counterparty credit risk. The Company clears ICE Futures Europe and ICE Endex group companies futures contracts for interest rates, equity indices, energy and agriculture products, as well as energy futures contracts made available for trading at ICE Futures U.S. The Company also clears OTC European credit default swaps ("CDS") contracts.

The credit and performance assurance provided by the Company to clearing members substantially reduces counterparty risk and is a critical component of the Company's identity as a reliable and secure marketplace. The services offered by the Company offer a competitive advantage and attract market participants to use ICE exchanges. Clearing houses are designed to protect the financial integrity of markets by maintaining collateral, facilitating payments and collections, enhancing capital efficiency and limiting counterparty credit risk.

The Company's clearing strategy is designed to provide financial stability to the markets while providing capital efficiency and meeting the risk management, capital and regulatory requirements of a global marketplace. The Company clears, settles and guarantees the financial performance of futures contracts, options on futures contracts and OTC CDS contracts. The Company maintains a system for the performance of obligations for the products cleared. This system is supported by several mechanisms, including:

- rigorous clearing membership requirements;

- daily mark-to-market of positions and payment of variation margin;

- the calculation and posting of original/initial margin deposits;

- Company's contribution to the Guaranty fund;

- maintenance of guaranty funds in which clearing members maintain deposits to mutualise losses; and

- broad assessment powers all of which cover financial losses beyond the resources of a defaulting clearing member.

7. Clearing House Operations (continued)

The Company performs calculations to determine the fair value of its counterparty performance guarantee taking into consideration factors such as daily settlement of contracts, margining requirements, other elements of the Company's risk management program, historical evidence of default payments, and estimated probability of potential default payouts. Based on this analysis, the estimated counterparty performance guaranty liability was determined to be nominal and no liability has been recorded.

In 2012 the Company and LIFFE Administration and Management, a group affiliate, ("Liffe") entered into a clearing services agreement pursuant to which the Company would provide clearing services to Liffe. The completion of the clearing transition for the London-based derivatives market of Liffe to the Company occurred in 2013. Prior to 1 May 2014, the Company provided these clearing services for a fixed fee. After 1 May 2014 the Company received clearing fees directly from members.

8. Committed Repurchase Agreement Facilities and Revolving Credit Facility

In April 2014, ICE, as parent borrower, and ICE subsidiary ICE Europe Parent Limited, as subsidiary borrower, entered into a $3.0 billion senior unsecured revolving credit facility ("the 2014 Credit Facility") pursuant to a credit agreement with Wells Fargo Bank, National Association as the administrative agent, issuing lender and swing line lender, Bank of America, N.A., as syndication agent, and the lenders party thereto.

Of the amounts available under the 2014 Credit Facility, $150 million was reserved to provide liquidity or required financial resources for the operations of the Company. As of December 31, 2015 the Company determined its own resources to be sufficient and available such that the supplemental amounts previously reserved under the 2014 Credit Facility were no longer required to provide liquidity or required financial resources for its operations.

8. Committed Repurchase Agreement Facilities and Revolving Credit Facility (continued)

To provide a tool to address the liquidity needs of the Company and manage the liquidation of margin and guaranty fund deposits held in the form of high quality sovereign debt, the Company has entered into Committed Repurchase Agreement Facilities, or Committed Repo. As of December 31, 2015 the Company had $1.0 billion in Committed Repo (2014 - $350 million). The Committed Repo is available in U.S. dollars, euro and pound sterling. The Committed Repo arrangements provide the Company with an additional liquidity tool that may be utilised in the event there is a need to convert high quality sovereign debt into cash on a same-day basis during a market disruption that makes it difficult to sell and settle such sovereign debt on a same-day basis.

9. Commitments and Contingencies

From time to time, the Company is subject to legal proceedings and claims that arise in the ordinary course of business. Typically the resolution of these ordinary course matters will not have a material adverse effect on the Company's financial condition, results of operations, or liquidity. It is possible, however, that future results of operations for any particular quarterly or annual period could be materially and adversely affected by any developments relating to the legal proceedings and claims.

10. Income Taxes

Income taxes reflected in the accompanying financial statements are calculated on the basis that the Company files its own income tax return and are accounted for under the liability method.

For the years ended December 31, 2015 and 2014, the current tax expense recognised in the income statement was $108 million and $92 million respectively. Tax years prior to 2014 no longer remain subject to examination.

10. Income Taxes (continued)

For the years ended December 31, 2015 and 2014, the deferred tax (credit)/expense recognised in the income statement was $(699,000) and $3,000 respectively. The tax effects of temporary differences between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases which give rise to deferred tax assets as of December 31, 2015 are as follows (in thousands):

	December 31, 2015	December 31, 2014
Deferred Tax Assets:		
Other deferred assets including Stock-based Compensation	$982	$313
Property and Equipment	$47	$85
Total Deferred Tax Assets	$1,029	$398
Valuation Allowances	-	-
Total Deferred Tax Assets, net of Valuation Allowances	$1,029	$398
Deferred Tax Liabilities:		
Property and Equipment	-	$55
Other Deferred Liabilities	-	$13
Total Deferred Tax Liabilities	-	$68
Net Deferred Tax Asset	$1,029	$330
Reported as:		
Net Noncurrent Deferred Tax asset	$1,029	$330
Net Deferred Tax Asset	$1,029	$330

The Company does not recognise a tax benefit unless it concludes that it is more likely than not that the benefit will be sustained on audit by the taxing authority based solely on the technical merits of the associated tax position. If the recognition threshold is met, the Company recognises a tax benefit measured at the largest amount of the tax benefit that, in its judgment, is greater than 50 percent likely to be realized. The Company recognises accrued interest and penalties related to uncertain tax positions as a component of income tax expense.

10. Income Taxes (continued)

For the year ended December 31, 2015, the Company had no unrecognised tax benefits. Based on an evaluation of these requirements, no provisions for uncertain tax positions have been made.

As a result of the reduction in the standard rate of corporation tax in the UK from 21.5% in 2014 to 20.25% in 2015 and a reduction in the utilisation of group relief available to the Company, the Company's effective tax rate for the year ended December 31, 2015 of 17.9% has increased from 16.8%.

11. Investments

The Company has a 50% interest in ICE Clear EU CDS LLP. ICE Clear EU CDS LLP was incorporated on December 20, 2010 and is currently dormant. The investment has no cost and IntercontinentalExchange Holdings, a fellow subsidiary, holds the remaining 50% interest.

12. Stock-based compensation

In May 2013, ICE adopted the 2013 Omnibus Incentive Plan, under which all of the Company's employees' restricted share and options awards are now made. In May 2013, ICE retired the 2009 Omnibus Incentive Plan, 2000 Stock Option Plan, the 2004 Restricted Stock Plan and the 2005 Equity Incentive Plan. Equity-based compensation is granted at the discretion of the Compensation Committee of the Board of Directors of ICE and is recognised under compensation and benefits in the Statements of Comprehensive Income.

Restricted shares have been reserved for potential issuance as performance-based or time-based restricted shares for certain Group/Company employees. Performance-based shares vest over a three year period based on ICE's financial performance targets set by the ICE Compensation Committee. Time-based shares vest based on a three or four year vesting schedule. Granted but unvested shares are forfeited upon termination of employment. The grant date fair value of each award is based on the closing share price at the date of grant.

ICE may grant, under the provisions of the plans, both incentive share options and nonqualified share options. The options generally vest over three years, but can vest at different intervals based on the Compensation Committee's determination. Generally, options may be exercised up to ten years after the date of grant, but generally expire 14 days after termination of employment. All share options are granted at an exercise price equal to the fair value of the common shares on the date of grant. ICE uses the Black-Scholes option pricing model for purposes of valuing share-based awards.

12. Stock-based compensation (continued)

The fair value per option granted and the weighted-average assumptions used in the calculation are as follows:

Assumptions	**Year ended December 31 2015**	**2014**
Expected volatility	24%	27%
Expected life (years)	5	5
Risk-free interest rate	1.08%	1.23%
Expected dividend yield	1.25%	1.26%
Estimated weighted-average fair value of options granted per share	$40.94	$45.23

The risk-free interest rate for periods within the contractual life of the award is based on the U.S. Treasury yield curve in effect at the time of grant. The expected life computation is derived from historical exercise patterns and anticipated future patterns. Expected volatilities are based on the historical volatility of ICE's shares.

Stock options

A reconciliation of option movements over the year to December 31, 2015 and 2014 is shown below:

	2015 Number of options	**2015 Weighted average exercise price**	**2014 Number of options**	**2014 Weighted average exercise price**
Outstanding at 1 January	32,081	$132.97	26,554	$117.59
Granted	6,106	$207.97	5,527	$206.87
Exercised	(7,596)	$120.23	-	-
Outstanding at 31 December	30,591	$151.10	32,081	$132.97
Exercisable at 31 December	22,297	$130.69	24,096	$116.46

12. Stock-based compensation (continued)

A table detailing share options outstanding as at December 31, 2015 and 2014 is shown below:

2015 Number of options	2015 Weighted average contractual life in years	2014 Number of options	2014 Weighted average contractual life in years
-	3.0	4,097	4.0
4,931	3.9	4,931	4.9
3,460	6.0	3,460	7.0
4,059	5.0	4,059	6.0
6,508	7.0	6,508	8.0
-	1.5	2,389	2.5
-	2.0	1,110	3.0
5,527	8.1	5,527	9.1
6,106	9.1	-	-
30,591		32,081	

The weighted average share price for options exercised over the year was $230.89. No options were exercised during the previous year. The total charge for the year relating to share options under the employee share-based payment plans was $245,000 (2014: $216,000) all of which related to equity-settled share-based payment transactions.

The total intrinsic value for vested and exercisable options at December 31, 2015 and 2014 was $2,800,000 and $2,478,000 respectively and the intrinsic value of exercised options during the years ended December 31, 2015 and 2014 was $841,000 and $nil respectively.

12. Stock-based compensation (continued)

Restricted stock

A reconciliation of restricted share movements over the year to December 31, 2015 and 2014 is shown below:

	2015 Number	2015 Weighted average fair value	2014 Number	2014 Weighted average fair value
Outstanding at 1 January	54,756	$172.27	61,614	$143.21
Granted	23,137	$213.95	19,247	$206.72
Transfers	(169)	$192.27	519	$148.76
Performance grant amendments	(1,649)	$204.90	(2,394)	$129.36
Forfeited	(2,791)	$186.30	(916)	$181.27
Vested	(22,109)	$158.57	(23,314)	$127.91
Outstanding at 31 December	51,175	$199.10	54,756	$172.27

Performance-based stock awarded in prior years has been adjusted to reflect the actual stock to be issued based on the achievement of past performance targets.

The fair value per restricted share granted is the market value of the share on the date of grant. The weighted average share price during the period for restricted stock vested over the year was $222.01 (2014: $211.69). The total charge for the year relating to restricted stock under the employee share-based payment plans was $5,193,000 (2014: $3,305,000).

13. Pension commitments

The Company operates money purchase pension schemes (defined contribution 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 December 31, 2015 or 2014. Defined pension contributions for the years ended December 31, 2015 and 2014 were $950,000 and $898,000 respectively.

14. Fair Value Measurements

Of the $31 billion of the Company's cash deposits as of December 31, 2015, which are primarily held in U.S. dollars, euros and pounds sterling, $25.0 billion relates to futures and options products and $6.0 billion relates to cleared OTC European CDS instruments. The Company offers a separate clearing platform, risk model and risk pool for futures and options products, which includes the Liffe products, that is distinct from those associated with cleared OTC European CDS instruments.

Of the $31 billion of the Company's cash deposits as of December 31, 2015, $22.6 billion represent funds invested under reverse repurchase agreements through two third party investment and custody agents, with several different counterparty banks, some of which are also our clearing members and are large commercial financial institutions, and $8.2 billion represent funds invested directly in sovereign debt. Under these arrangements, the Company primarily purchases U.S. Treasury securities and certain sovereign debt obligations from the seven largest industrialized nations, and the various counterparties agree to repurchase the instruments on the set repurchase date at the set repurchase price, plus interest. The carrying value of these securities approximates their fair value due to the short-term nature of the instruments and repurchase agreements.

The remaining cash deposits are held in demand deposit accounts at large, highly rated financial institutions and directly in U.S. Treasury securities with original maturities of less than 3 months. Financial assets and liabilities recorded in the accompanying consolidated balance sheets as of December 31, 2015 and 2014 are classified in their entirety based on the lowest level of input that is significant to the asset or liability's fair value measurement. The Company uses Level 1 inputs to determine fair value.

15. Subsequent Events

The Company has evaluated subsequent events through February 22, 2016, the date of issuance of the financial statements and determined that no events or transactions met the definition of a subsequent event for purposes of recognition or disclosure in the accompanying financial statements.