Registered number
51976196

ICE Clear Netherlands B.V.

Annual Report

31 December 2018

ICE Clear Netherlands B.V.
Report and financial statements
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Company Information

Directors
J. Beckers
E. Bons

Secretary
B. Moolenbeek

Company number
51976196

Registered office
Hoogoorddreef 7
1101 BA
Amsterdam

Auditors
Ernst & Young Accountants LLP

ICE Clear Netherlands B.V.
Registered number: 51976196
Directors' report

The directors present their directors' report and audited financial statements for ICE Clear Netherlands B.V. ('the Company') for the year ended 31 December 2018.

Principal activities
The Company's ultimate parent is Intercontinental Exchange, Inc. ('ICE'), a corporation registered in Delaware, United States. Members of the ultimate parent company's group of companies in these financial statements refer to 'the ICE Group'. The Company is regulated and supervised in the Netherlands by the Authority for the Financial Markets ('AFM') and the Dutch Central Bank ('DNB') and is also authorised as a Central Counterparty ('CCP') under the European Market Infrastructure Regulation ('EMIR').

Financial results and review of the business
The Company made a loss before tax of €3,028,000 (2017: profit of €3,141,000) for the year ended 31 December 2018 on revenues and other operating income of €(11,000) (2017: €6,937,000). No dividends were declared in the General Meeting of Shareholders or paid during the year (2017: €nil).

Highlights 2018
Until 11 July 2017 the Company was the primary clearing house for TOM (The Order Machine) MTF, a multi-lateral trading facility for equity derivatives and index derivatives. On 31 March 2017 the Company was informed by TOM MTF that its shareholders approved the wind down of its operations as an MTF in due course. As a result of this notification registered positions at the Company were migrated to Euronext, with the exception of the derivatives positions in SNS Reaal which still remain in the Company's records as at 31 December 2018.

In July 2018 the Company received regulatory authorisation to clear equity and index derivatives traded on ICE Endex, an ICE Group Regulated Market operating in The Netherlands. In December 2018 the Company cleared the first block trades executed on ICE Endex.

The Company remains active and licensed as a CCP under EMIR.

Strategy and forecast for 2019 and beyond
In the second half of 2019, the Company plans to provide further Clearing services for equity and index derivatives traded on ICE Endex. The provision of services will encompass trades executed on a Central Limit Orderbook on ICE Endex in addition to the already live Block Trade segment. It is the intention to provide a range of products for hedging, investing and trading with the Clearing services built on a foundation of strong governance, proven risk frameworks and capital. The Company will bring additional transparency, discipline and security to the European marketplace.

The Company will continue to work with other ICE entities, Clearing Members, Clients and Regulatory Authorities to prepare for a potential transfer of services from the United Kingdom to the Company as a result of the outcome of Brexit or other economic, regulatory or geo-political events.

ICE Clear Netherlands B.V.
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Directors' report

Regulatory and EMIR
After receiving EMIR authorisation on 12 December 2014, the Company further enhanced its legal and regulatory framework and has complied with the annual obligation to be re-assessed by the regulatory authorities on its EMIR authorisation. Finally, the Company prepared and published its self-assessment based on the PFMI Disclosure Framework of CPMI-IOSCO.

The Company filed an application with the Regulatory Authorities during the course of 2017 for the extension of activities and services under Article 15 of EMIR to perform services to a Regulated Market as defined under EMIR. The Company's EMIR College voted in favor of the extension and the Company received it's extension letter from the National Competent Authority on 13 July 2018.

Risk Management
The Company employs its own risk management group for its activities. Where necessary, the Company also receives ICE Group risk management 2nd line support to fully embrace the ICE Group Three-Lines-of-Defence model. Audits are regularly performed on the Company's core processes as well on ICE intragroup services delivered to it. Business risks are evaluated regularly as well, applying a common methodology from the wider ICE Group. In parallel the Company has its own compliance function to ensure that it meets its own regulatory obligations at all times.

The Company has set a framework for policies regarding internal control processes and this framework reflects the extremely low appetite the Company has for operational errors. The management team meets on frequent basis to discuss operational risk, the mitigations in place and to consider potential improvements to the control environment. In 2018, the highest inherent risks to the Company as established by the ICE Group were considered to be from Cyber risk, specifically, Economic Sabotage (Destructive attacks to undermine confidence in financial markets) and Asset Theft (Cyber enabled theft of assets). These risks are monitored (amongst others) on a continuous basis and mitigated through several control measures by the ICE Group as well as by several Committees within the governance structure of the Company. The manifestation of risks of this nature could potentially have a significant negative impact on Company profits and its reputation and the Company has dedicated resources focused on addressing these risks. The Company continues to develop its risk management programme in line with the ICE strategy.

Further details of risk management objectives and policies have been disclosed in the notes to the financial statements and can be found in note 16.

Going concern
The Executive Directors have a reasonable expectation that the Company has adequate resources and appropriate shareholders assurances to continue in operational existence for the foreseeable future. They continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Corporate responsibility
All statutory directors have the skills, qualifications, experience and expertise that are essential to meet their responsibilities and obligations. All statutory directors are currently male. The Company will continue to strive for an adequate and balanced board composition in future appointments, by taking in to account all relevant selection criteria including but not limited to gender balance, executive experience. The Company is committed to providing a comprehensive and competitive benefits package to ensure employees' health, well-being and financial security for all employees including directors.

ICE Clear Netherlands B.V.
Registered number: 51976196
Directors' report

Directors
The directors of the Company who served during the year, and up to the date of the financial statements, were as follows:

J. Beckers
E. Bons

Auditors
A resolution to reappoint Ernst & Young Accountants LLP as auditors will be put to the members at the Annual General Meeting.

This report was approved by the board on 27 June 2019.

p.p.

Executive Director and
President & COO
J. Beckers

Executive Director and
CRO
E. Bons

Company Secretary
B. Moolenbeek

ICE Clear Netherlands B.V.
Statement of profit or loss and other comprehensive income
for the year ended 31 December 2018

	Notes	2018 €'000	2017 €'000
Continuing operations			
Revenue	2	(11)	1,937
Other operating income	3	-	5,000
Operating expenses	4	(2,959)	(3,714)
Operating (loss)/profit		(2,970)	3,223
Finance costs		(58)	(82)
(Loss)/profit before tax		(3,028)	3,141
Income tax	7	-	-
(Loss)/profit for the year		(3,028)	3,141
Other comprehensive income		-	-
Total comprehensive income for the year		(3,028)	3,141
Attributable to:			
Equity holders of the parent company		(3,028)	3,141

The results are derived from continuing operations.

See accompanying notes to the financial statements.

ICE Clear Netherlands B.V.
Statement of financial position
as at 31 December 2018

	Notes	2018 €'000	2017 €'000
Non-current assets			
Property, plant and equipment	8	150	176
		150	176
Current assets			
Trade and other receivables	9	14	10
Member balances: cash relating to margin and guaranty fund contributions	10	3,000	3,000
Cash and cash equivalents	11	13,028	16,022
		16,042	19,032
Total assets		16,192	19,208
Current liabilities			
Member balances: cash relating to margin and guaranty fund contributions	10	3,000	3,000
Trade and other payables	12	563	731
		3,563	3,731
Total liabilities		3,563	3,731
Equity			
Issued capital	14	7,000	7,000
Share premium	15	12,811	12,811
Retained earnings		(7,182)	(4,334)
Equity attributable to equity holders of the parent		12,629	15,477
Total equity and liabilities		16,192	19,208

See accompanying notes to the financial statements.

ICE Clear Netherlands B.V.
Statement of changes in equity
for the year ended 31 December 2018

	Issued capital €'000	Company contribution to guaranty fund €'000	Share premium * €'000	Share-based payments €'000	Retained earnings ** €'000	Total €'000
Balance as at 1 January 2017	7,000	1,875	10,936	135	(7,846)	12,100
Effect of capital contributions relating to IFRS 2 share-based payments	-	-	-	236	-	236
Profit for the year	-	-	-	-	3,141	3,141
Balance as at 31 December 2017	7,000	1,875	10,936	371	(4,705)	15,477
Effect of capital contributions relating to IFRS 2 share-based payments	-	-	-	180	-	180
Loss for the year	-	-	-	-	(3,028)	(3,028)
Balance as at 31 December 2018	7,000	1,875	10,936	551	(7,733)	12,629

* Share premium before Company contribution to guaranty fund, see note 15 for details.

** Retained earnings before share-based payments

See accompanying notes to the financial statements.

ICE Clear Netherlands B.V.
Cash flow statement
for the year ended 31 December 2018

	Notes	2018		2017	
		€'000	€'000	€'000	€'000
Operating activities					
(Loss)/profit before tax			(3,028)		3,141
Adjustments to reconcile loss before tax to net cash flow:					
Depreciation	8	26		9	
Finance costs		58		82	
Equity-settled share-based payments		180		236	
Working capital adjustments:					
(Increase)/decrease in trade and other receivables		(4)		445	
(Decrease)/increase in trade and other payables		(168)		1	
Income tax receipt		-		22	
			92		795
Net cash flow from operating activities			(2,936)		3,936
Investing activities					
Purchase of property, plant and equipment	8	-		(160)	
Net cash flow from investing activities			-		(160)
Financing activities					
Interest paid		(58)		(82)	
Net cash flow from Financing activities			(58)		(82)
{Decrease)/increase in cash and cash equivalents			(2,994)		3,694
Net cash and cash equivalents at beginning of the year			16,022		12,328
Net cash and cash equivalents at end of the year	11		13,028		16,022

See accompanying notes to the financial statements.

1 Accounting policies and notes to the financial statements

Corporate information

The financial statements of the Company for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 1 August 2019. Until 11 July 2017 the Company was the primary clearing house for TOM (The Order Machine) MTF, a multi-lateral trading facility for equity derivatives and index derivatives. On 31 March 2017 the Company was informed by TOM MTF that its shareholders approved the wind down of its operations as an MTF in due course. As a result of this notification registered positions at the Company were migrated to Euronext, with the exception of the derivatives positions in SNS Reaal which still remain in the Company's records as at 31 December 2018. In July 2018 the Company received regulatory authorisation to clear equity and index derivatives traded on ICE Endex, an ICE Group Regulated Market operating in The Netherlands. In December 2018 the Company cleared the first block trades executed on ICE Endex. The Company remains active and licensed as a CCP under EMIR.

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as they apply to the financial statements of the Company for the year ended 31 December 2018 and applied in accordance with Part 9 of Book 2 of the Dutch Civil Code. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2018. Where accounting policies are not specifically mentioned below, reference should be made to the IFRS's as adopted by the European Union. The financial statements are prepared on a historical cost basis. The financial statements are expressed in Euros and rounded to the nearest thousand, unless otherwise stated.

Foreign Currency

The Euro (EUR) is the functional and presentational currency of the Company. Transactions in foreign currencies are recorded at the foreign exchange rate applying at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Euros at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Euros at the foreign exchange rates ruling at the dates the fair values were determined.

New/Amended standards

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are effective for annual periods beginning on or after 1 January 2018.

The Company applied IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments for the first time. The adoption of these new standards and other amendments and interpretations did not have a material effect on the financial performance or position of the Company.

IFRS 9 Financial instruments

IFRS 9 Financial Instruments replaces IAS39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

1 Accounting policies for the financial statements (continued)

New/Amended standards (continued)
The Company has applied IFRS 9 retrospectively, with the initial application date of 1 January 2018 and adjusting the comparative information for the period beginning 1 January 2017 where applicable. There is no impact in the statement of financial position as at 1 January 2017 and 31 December 2017 or the statement of profit or loss for the year ended 31 December 2017.

Additionally, the Company adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that were applied to the disclosures for 2018 and to the comparative period.

Details of these new requirements as well as their impact on the Company's financial statements are described below.

The Company has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

(a) Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Company's business model was made as of the date of initial application, 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 did not have a significant impact on the Company.

Financial assets classified as held to maturity and loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

The Company has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Company's financial liabilities.

(b) Impairment

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

1 Accounting policies for the financial statements (continued)

New/Amended standards (continued)
Specifically, IFRS 9 requires the Company to recognise a loss allowance for expected credit losses on:

(1) Debt investments measured subsequently at amortised cost or at FVTOCI;
(2) Lease receivables;
(3) Trade receivables and contract assets; and
(4) Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

In particular, IFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses ('ECL') if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit impaired financial asset), the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12 months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

The changes in the Company's impairment provision as result of the adoption was not material.

(c) Hedge accounting

The Company has no hedge relationships that would qualify for hedge accounting under either IAS 39 or IFRS 9.

Standards isued but not yet effective
Standards and interpretations issued but not yet effective as at the date these financial statements were authorised are listed below. The Company will adopt these standards when they become effective.

- IFRS 16 Leases, effective 1 January 2019
- Amendments to IFRS 9, effective 1 January 2019
- Annual improvements to IFRS Standards 2015-2017 Cycle effective 1 January 2019: IAS 12 Income Taxes, IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 23 Borrowing costs.
- Definition of Material (IAS 1 and IAS 8)

Except for IFRS 16 Leases, the Company does not expect these standards to have a material impact on the financial statements in the period of initial application.

1 Accounting policies for the financial statements (continued)

Standards isued but not yet effective (continued)
IFRS 16 - Leases Disclosure requirements for lessees
The application date of this standard is 1 January 2019 and includes the requirement to a) recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value, b) to measure right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities, c) Assets and liabilities arising from a lease are initially measure on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.

The Company intends to apply the modified retrospective approach to transition and therefore will not restate comparative amounts for the year prior to first adoption. We elected the practical expedient to not reassess lease classifications, but alternatively to carry forward our historical classifications. We also elected the practical expedient to exclude initial direct costs from the measurement of the right-of-use asset at the date of initial application.

The Company expects to recognise right-of-use assets of approximately €530,000 and lease liabilities of approximately €530,000, with no impact on net assets at transition. The Company expects that the impact on profit after tax for 2019 will be not material as a result of adopting the new standard.

Critical judgements in applying the Company's accounting policies
In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation and uncertainty
The most significant assumptions for the future and other key sources of estimation uncertainty at balance sheet date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are:

Trade Date and Settlement Date Accounting
All purchases and sales of financial assets requiring delivery within the time frame established by regulation or market convention are recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the financial assets.

Significant accounting policies
The significant accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1 Accounting policies for the financial statements (continued)

Property, plant and equipment
Property, plant and equipment are stated at net accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on a straight-line basis over the estimated useful lives of each asset and is charged into the period it arises. The estimated useful lives are as follows:

Computer equipment	3 years

Trade and other receivables
Trade and other receivables are stated at their amortised cost less impairment losses. Trade and other receivables are initially recognised at their fair value and subsequently measured at amortised cost using the effective interest rate method. A provision for impairment of trade and receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant debtor financial difficulties, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is not collectable. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Cash and cash equivalents
Cash and cash equivalents consist of cash and balances with banks with less than three months' original maturity.

Member balances: cash relating to margin and guaranty fund contributions
Cash collateral paid by clearing members to the Company to cover their margin and guaranty fund requirements is included on the balance sheet as part of "Member balances: cash relating to margin and guaranty fund contributions" as an asset with a corresponding liability.

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.

The interest income and associated interest expense payable to clearing members is recognised on a time-apportioned basis.

Impairment
The carrying amounts of the Company's assets, other than deferred tax assets if recognised, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

Calculation of recoverable amount
The recoverable amount of the Company's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a duration that is less than one year are not discounted.

1 Accounting policies for the financial statements (continued)

Employee benefits

(i) Defined contribution plans

For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income as incurred.

(ii) Share-based payment 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.

Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. These are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Clearing and delivery fees

Clearing fees are recognised, net of exchange incentives if appropriate, when services are rendered.

Finance income and costs

Finance income and costs relate to the costs of transactions and interest receivable and payable. Interest is calculated using the effective interest rate method.

1 Accounting policies for the financial statements (continued)

Income Tax

The tax expense for the period comprises current and deferred income tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in Other Comprehensive Income, in which case it is recognised in equity. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Going Concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2 Revenue from contracts with customers

The Company derives its revenue from contracts with customers for the transfer of services over time and at a point in time in the following major product lines:

	2018 €'000	2017 €'000
Clearing and delivery fees	-	1,927
Clearing and delivery expenses	(14)	(23)
Interest income on margin and guaranty fund contributions	15	161
Interest expense on margin and guaranty fund contributions	(12)	(128)
Revenue from contracts with customers	(11)	1,937

3 Other operating income

	2018 €'000	2017 €'000
Other operating income	-	5,000

In relation to the termination of the Clearing Services agreement with Euronext in 2017 the Company received €5,000,000 and this was recognised as other operating income.

4 Operating expenses

	2018 €'000	2017 €'000
Compensation and benefits (note 6)	2,136	2,028
Technology costs	8	7
Depreciation	26	9
Professional services	304	595
Dues and subscriptions	52	70
Intercompany charges	324	740
Selling, general and administrative costs	105	269
Foreign exchange losses/(gains)	4	(4)
	2,959	3,714

Professional service costs includes auditors remuneration for audit services of €40,000 (2017: €55,000), there were no non-audit services during the current or prior year.

5 Remuneration of key management personnel of the Company

	2018 €'000	2017 €'000
Short-term benefits	515	521
Pension costs	44	26
Total compensation fees paid to key management personnel	559	547

Key management personnel consists of the directors of the Company.

6 Compensation and benefits

	2018 €'000	2017 €'000
Wages and salaries	1,439	1,376
Share-based payments	180	236
Social security costs	112	102
Pension costs	168	90
Other personnel costs	237	224
	2,136	2,028

The average number of persons employed by the Company during the year was as follows:

	2018 Number	2017 Number
Monthly average number of staff members	11	10

7 Income Tax

The major components of the income tax for the year ended 31 December are:

Recognised in the statement of profit or loss	**2018 €'000**	**2017 €'000**
Income tax credit in the statement of profit or loss	-	-

Tax payable	**2018 €'000**	**2017 €'000**
At beginning of year	-	22
Received during the year	-	(22)
	-	-

There is no tax payable in respect of the current year as the Company had tax losses for the period (2017: €nil).

The actual tax charge differs from the expected tax charge as follows:

	2018 €'000	**2017 €'000**
(Loss)/profit before tax	(3,028)	3,141
Corporation income tax (credit)/charge 25% (2017: 25%)	(757)	785
Effects of:		
Expenses not deductible for tax purposes	45	61
Unutilised tax losses and other timing differences not recognised	712	-
Benefit of previously unrecognised tax losses	-	(846)
Income tax credit in profit or loss	-	-

Deferred tax assets
The Company had unrecognised deferred tax assets of €730,000 (2017: €19,000) in relation to tax losses. The Company would benefit from these in the event that it generates taxable profits in the future.

8 Property, plant and equipment

	Computer equipment €'000
Net book value as at 1 January 2017	25
Additions	160
Depreciation	(9)
Net book value as at 31 December 2017	176
Depreciation	(26)
Net book value as at 31 December 2018	150

9 Trade and other receivables

	2018 €'000	2017 €'000
Prepayments	3	-
Amounts due from group undertakings	11	10
	14	10

10 Member balances: cash relating to margin and guaranty fund contributions

	2018 €'000	2017 €'000
Guaranty fund contributions	3,000	3,000
	3,000	3,000

Clearing members are required to place initial and variation margin funds to cover their outstanding positions. The margin can take the form of either cash or non-cash collateral or a combination of the two. The contributions made to these margin accounts and to the guaranty fund are recorded in the balance sheets as current assets with corresponding liabilities to the clearing members that contributed them. Margin amounts 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. As there is no open interest as at 31 December 2018 there are no margin contributions.

No non-cash collateral was held in respect of the Margin and Guaranty fund contributions as at 31 December 2018 (2017: €nil).

11 Cash and cash equivalents

	2018 €'000	2017 €'000
Cash and cash equivalents	13,028	16,022

The Company, as a continental European derivatives clearing house, is regulated and supervised in the Netherlands by the AFM and the DNB and is required to maintain regulatory capital equal to various solvency and risk based calculations, subject to EMIR minimum regulations. As of 31 December 2018 the regulatory capital, including the Company's own resources contribution to the guaranty fund (2018: €1,875,000, 2017: €1,875,000), was €10,125,000 (2017: €10,125,000) and forms part of the cash and cash equivalents balance.

12 Trade and other payables

	2018 €'000	2017 €'000
Trade creditors	-	8
Amounts due to group undertakings	90	180
Accruals	451	535
Other creditors	1	1
Other taxes	21	7
	563	731

The accruals mainly relate to legal fees, employee bonuses, holiday allowances and amounts payable for social security and taxes.

13 Employee benefits

Share-based transactions

Restricted shares have been reserved for potential issuance as performance-based or time-based restricted shares for certain 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 usually 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.

Restricted shares

A table of restricted shares outstanding as at 31 December 2018 is shown below:

	2018	2018	2017	2017
	Number	Weighted average fair value	Number	Weighted average fair value
Outstanding at 1 January	9,126	$54.37	5,975	$50.46
Granted	2,260	$56.88	5,179	$53.64
Vested	(3,716)	$53.66	(2,028)	$50.33
Outstanding at 31 December	7,670	$58.44	9,126	$54.37

The total charge for the year relating to restricted shares under the employee share-based payment plans was €180,000 (2017: €236,000) all of which related to equity-settled share-based payment transactions.

Pension scheme

The Company operates defined contribution 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 unpaid contributions at 31 December 2018.

14 Share capital

	2018 Number	2017 Number	2018 €'000	2017 €'000
Authorised:				
Equity: Ordinary shares of €1,000 each	10,000	10,000	10,000	10,000

	2018 Number	2017 Number	2018 €'000	2017 €'000
Allotted, called up and fully paid:				
Equity: Ordinary shares of €1,000 each	7,000	7,000	7,000	7,000

15 Share premium

	2018 €'000	2017 €'000
At 1 January and 31 December	12,811	12,811

Should a Clearing Participant become insolvent, the Company has financial resources which can be used in case of a Clearing Participant's default. The Company will apply its dedicated own resources contribution into a guaranty fund, also known as "skin in the game", in the event of a member default, prior to the use of clearing fund contributions of non-defaulting clearing members. The Company must commit financial resources of at least 25% of the minimum required capital. Current skin in the game is €1,875,000 and forms part of share premium and the cash and cash equivalents balance.

16 Financial risk management objectives and policies

Financial risk management objectives

The Company follows the policies approved by the ultimate parent company's board of directors, which provide written principles on interest rate risk, credit risk, the use of non-derivative financial instruments and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed on a continuous basis. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Company has a one-tier board structure ('the Board').

The Board
The Board's responsibilities and activities are governed by Dutch company law. As of 31 December 2018, the composition is as follows:
· Paul Swann, non-executive; Chairman of the Board
· Scott Hill, non-executive ; ICE nominee
· Mark Post, Independent; non-executive
· Hans Brouwer, Independent; non-executive
· Joost Beckers, President/COO ICNL; executive; statutory director
· Edwin Bons, Chief Risk Officer ICNL; executive; statutory director

The Board meets at least four times a year in its full composition. Board meetings are generally held at the Company's offices in Amsterdam. Board members are appointed at general shareholder meetings. The tasks, duties and appointment procedure for statutory directors are set out in the Articles of Association of the Company.

The Board is accountable to the Company's shareholders for the performance of its duties and is responsible for the general policy and the strategy, as well as the day-to-day management of the Company, including but not limited to:
· administering the Company's general affairs, operations and finance;
· representing the Company when entering into agreements on its behalf;
· monitoring the Company's compliance with all relevant legislation and regulations and managing risks associated with the Company's business;
· preparing operational and financial objectives and strategies;
· execution of operation plans and applying sound business practices; and
· approving annual budget and financing, operational- and investment plans;

In discharging its duties, the Board aims to take into account the interests of the Company, its business, shareholders, other stakeholders and all other parties (including employees) involved in or with the Company. Additionally, Board members are provided with direct access to senior executives and external advisors.

16 Financial risk management objectives and policies (continued)

Director Qualifications

All Statutory Directors and Board members have skills, qualifications, experience and expertise that are essential to meet their responsibilities and obligations. All Board members have been screened and approved by the Dutch Central Bank. Board members must be able to devote a sufficient amount of time to prepare, attend and participate in the Board meetings.

Independence

Some members of the Board have an indirect relationship with the Company as a result of their position with companies that hold shares in the ICE Group:

- Scott Hill, Chief Financial Officer of ICE Inc. (shareholder)

Audit Committee

The Company has an Audit Committee in place. In 2018 the Committee met 4 times. The composition is as follows:

- Mark Post (Independent; non-executive; Chair)
- Paul Swann (ICE nominee; non- executive; Member)
- Hans Brouwer (Independent; non-executive; Member)

The Committee is allowed to invite certain individuals (Invitees) in a non-voting capacity. In practice these are employees of ICE Internal Audit, External Auditors and/or the Company.

Rules have been set for the way the Committee operates. The Audit Committee assists and advises the Board in decision making and reports its findings to the Board. The Audit Committee convenes at least once a year. The Audit Committee is charged with monitoring the adequacy and effectiveness of the Company's financial reporting, its financial reporting policy and procedures, its internal control framework, risk management, the independent external audit of the financial statements and the performance and evaluation of the external auditor. Given the specific tasks of the Audit Committee, its members have sufficient business, industry and financial expertise to act effectively.

Internal Control Framework

The Board is responsible for developing the Company's strategy and achieving business objectives, operating within relevant rules and regulations, managing the business risks, and is accountable to the General Meeting of Shareholders.

The Company has set a framework for policies regarding internal control processes. The Board is responsible for managing processes within this framework for the Company. The Company is required to prepare annual plans including operating budgets, investment plans and financing requirements. The consolidated business plan is subsequently approved by the Board and the General Meeting of Shareholders, as laid out in the Articles of Association.

New business activities and investments that are outside the scope of the approved business plan require specific approval by the Board and the Shareholders. The Audit Committee monitors the quality of the financial reporting and internal controls. The Audit Committee together with the Board discusses the annual report and the underlying accounting principles on an annual basis.

16 Financial risk management objectives and policies (continued)

During 2018 the Company continued the process of harmonising its internal control framework and alignment with the ICE framework. Features of the framework include periodic analysis of risks to the business objectives of the Company and an integrated system of risk and control monitoring and reporting. This will continue to be developed and improved in the future.

Having assessed its internal risk management and control systems, the Board is of the opinion that the Company's risk management and control systems provide reasonable assurance that this annual report does not contain material inaccuracies.

Externally imposed capital requirements

See note 11 for information on capital requirements imposed on the Company.

Categories of financial instruments

	2018 €'000	2017 €'000
Financial assets:		
Trade and other receivables	14	10
Member balances: cash relating to margin and guaranty fund contributions	3,000	3,000
Cash and cash equivalents	13,028	16,022
	16,042	19,032
Financial liabilities:		
Trade and other payables	563	731
Member balances: cash relating to margin and guaranty fund contributions	3,000	3,000
	3,563	3,731

The fair value approximates the book value of these assets and liabilities, therefore fair value disclosures have not been included. The maximum credit risk amounts to the sum of the financial assets.

Clearing house specific risk

Although the types of risk to which the Company is exposed are similar to those faced by many companies, its core business as a clearing house centres on the explicit assumption of the risks of financial failure and default in the various derivatives markets in which it acts as central counterparty. In order to ensure that defaults of clearing members can be effectively managed, and the integrity of the markets preserved, the Company has adopted specific risk management policies and practices to limit the counterparty credit risk represented by clearing members and to cover the market risk relating to price movements in any contracts that it would have to manage should any of the clearing members default.

The collection of initial margin, in the form of cash and non-cash collateral, the collection of marked-to-market losses and the payment of corresponding gains, and the maintenance of the guaranty fund, expose the Company to a different set of counterparty credit risk, market risks, as well as liquidity and concentration risks.

16 Financial risk management objectives and policies (continued)

Counterparty credit risk

The Company seeks to reduce its exposure through a risk management program that includes initial and ongoing financial standards for clearing member admission and continued membership, original and variation margin requirements, and mandatory contributions to the guaranty fund. The amounts that the clearing members are required to maintain in the original margin and guaranty fund accounts are determined by standardised parameters. The Company also has powers of assessment that provide the ability to collect additional funds from the clearing members to cover a defaulting member's remaining obligations up to the limits established under the rules of the Company.

Should a particular clearing member fail to deliver original margin, or to make a variation margin payment, when and as required, the Company may liquidate or hedge the clearing member's open positions and use the clearing member's margin and guaranty fund contributions to make up the amount owed. In the event that those amounts are not sufficient to pay the amount owed in full, the Company may utilise its own guaranty fund contribution followed by the respective guaranty fund contributions of all clearing members on a prorata basis for that purpose.

Market risk

The Company requires all clearing members to maintain cash on deposit or pledge certain assets, which may include government obligations or certificates of deposit, to guarantee performance on the clearing members' open positions. Such amounts in total are known as "original margin." The Company may make intraday original margin calls in circumstances where market conditions require additional protection. The daily profits and losses from and to the Company in respect of marking to market open contracts are known as "variation margin". The Company marks all outstanding contracts to market, and therefore pays and collects variation margin, at least once daily, and in some cases multiple times throughout the day. Marking-to-market allows the Company to identify any clearing members that may be unable to satisfy the financial obligations resulting from changes in the prices of their open contracts before those financial obligations become exceptionally large and jeopardize the ability of the Company to ensure financial performance of clearing members' open positions.

Should a Clearing Participant become insolvent, the Company has financial resources which can be used in case of a Clearing Participant's default. The Company will apply its own dedicated financial resources into a guaranty fund, also known as "skin in the game", in the event of a member default, prior to the use of clearing fund contributions of non-defaulting clearing members. In January of each calendar year, the Company must commit financial resources which represent 25% of the minimum required capital. Current skin in the game is €1,875,000 and forms part of share premium and the cash and cash equivalents balance.

The Company requires that each clearing member make contributions into a fund known as the guaranty fund, which is maintained by the Company. These amounts serve to secure the obligations of a clearing member to the Company to which it has made the guaranty fund contribution and may be used to cover losses sustained by the Company in the event of a default of a clearing member.

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16 Financial risk management objectives and policies (continued)

Market risk (continued)

The Company has equal and offsetting claims to and from its clearing members on opposite sides of each cleared contract; this allows the Company to serve as the central financial counterparty on every cleared contract. Accordingly, the Company accounts for this central counterparty guarantee as a performance guarantee. 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.

Non-clearing house specific risk

Market risk - foreign exchange

There are no material assets or liabilities held by the Company that are not denominated in Euro, therefore there is currently no material exposure to foreign exchange risk.

Market risk - Interest rate risk

The Company is exposed to interest rate risk with the cash and investment balances it holds. The Company's cash is subject to interest rate volatility and is invested on a short to medium-term basis, according to the Company's operating cash requirements.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The carrying amount of financial assets recorded in the financial statements, which is net of any impairment losses, represents the Company's maximum exposure to credit risk. The Company does not hold collateral over these balances.

For cash and cash equivalents, the Company only transacts with entities that are rated the equivalent to investment grade and above. Other financial assets consist of amounts receivable from related parties. The Company's exposure to significant concentration of credit risk on receivables from related parties is detailed in Note 18. For clearing member counterparty credit risk see 'Counterparty credit risk' section.

16 Financial risk management objectives and policies (continued)

Liquidity risk management

The Company has an appropriate risk management framework for the management of short, medium and long-term funding and liquidity management requirements. The Company's primary investment policy objective is to provide sufficient liquidity to meet all operational requirements.

Liquidity tables

The following tables detail the Company's remaining contractual maturities for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

2018

	Less than 1 month €'000	1 - 3 months €'000	3 months to 1 year €'000	1 - 5 years €'000	5 + years €'000	Total €'000
Non-interest bearing	563	-	-	-	-	563
Variable interest rate	3,000	-	-	-	-	3,000
	3,563	-	-	-	-	3,563

2017

	Less than 1 month €'000	1 - 3 months €'000	3 months to 1 year €'000	1 - 5 years €'000	5 + years €'000	Total €'000
Non-interest bearing	731	-	-	-	-	731
Variable interest rate	3,000	-	-	-	-	3,000
	3,731	-	-	-	-	3,731

Capital risk management

For the purpose of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value. In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial obligations. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial obligations. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares if required.

Concentration Risk

The Company determines concentration risk by determining the exposure to an individual counterparty and by country for received securities.

17 Other financial commitments

The Company has entered into a lease agreement with fellow ICE group company ICE Endex Holding B.V. for office space. The current operating lease contract has a yearly cost of €118,000.

18 Related party transactions

Transactions with parent and subsidiary companies

Some of the Company's transactions and arrangements are with related parties, the effect of these on the basis determined between the parties at arm's length is reflected in these financial statements. The intercompany balances are interest-free, unsecured and repayable on demand, unless otherwise stated.

The nature of transactions with related parties is as follows:

	Nature of relationship	**Nature of transaction**
Intercontinental Exchange, Inc.	Ultimate parent company	Guarantee provider, share-based payment charges and technology service charge
ICE Futures Europe, ICE Endex Holding B.V., ICE Trade Vault Europe Limited and ICE Data Derivatives Inc.	Fellow group subsidiaries	Service charges
ABN AMRO Clearing Investments B.V. ('AACI')	Minority interest parent until 15 June 2017	Service charges (IT services)

Revenue from related parties during the year comprised:

	2018 €'000	**2017 €'000**
ABN AMRO Group companies (up to 15 June 2017)	-	2,055

Service charges to related parties during the year were:

	2018 €'000	**2017 €'000**
ICE Futures Europe	221	192
ICE Endex Holding B.V.	103	30
ICE Trade Vault Europe Limited	-	74
ICE Data Derivatives Inc.	-	17
Intercontinental Exchange, Inc.	-	356
	324	669

18 Related party transactions (continued)

Finance costs to related parties during the year were:

	2018 €'000	2017 €'000
Intercontinental Exchange, Inc.	-	31

Finance income from related parties during the year were:

	2018 €'000	2017 €'000
ABN AMRO Group companies (up to 15 June 2017)	-	31

Cash and cash equivalents held with related parties at year end were:

	2017 €'000
ABN AMRO Group companies	100

Amounts due to group undertakings at year end were:

	2018 €'000	2017 €'000
ICE Clear Europe Limited	-	170
ICE Futures Europe	68	-
ICE Endex Holding B.V.	22	10
	90	180

Amounts due from group undertakings at year end were:

	2018 €'000	2017 €'000
Intercontinental Exchange, Inc.	11	2
ICE Futures Europe	-	8
	11	10

19 Post balance sheet events

On 17 April 2019 the Company received a share premium contribiution of €4,500,000 from its immediate parent company, IntercontinentalExchange Holdings.

20 Ultimate holding company

The Company is 100% owned by IntercontinentalExchange Holdings, a company incorporated and registered in England and Wales.

The ultimate parent company and controlling party is Intercontinental Exchange, Inc., a corporation registered in Delaware, United States.

Intercontinental Exchange, Inc. is the largest group in which the results of the Company are consolidated. Consolidated accounts are available at www.theice.com.

21 Profit distribution

No dividend is recommended in relation to the financial year 2018. It is proposed that the current year result will be added to the Company's retained earnings.

ICE Clear Netherlands B.V.
Other information
for the year ended 31 December 2018

Company's Articles of Association

Profits shall be at the disposal of the General Meeting of Shareholders for the distribution of a dividend or in order to be added to the reserves or for such other purposes within the Company's objectives as the meeting will decide. In calculating the amount of profit to be distributed in respect of each share, only the amount of the mandatory payments on the nominal shares shall be taken into account.