

Registered number  
51976196

ICE Clear Netherlands B.V.

Annual Report

31 December 2020

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

**Executive 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' or 'ICNL') for the year ended 31 December 2020.

**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 €2,868,000 (2019: €3,291,000) for the year ended 31 December 2020 on revenues and other operating income of €9,000 (2019: €(8,000)). No dividends were declared in the General Meeting of Shareholders or paid during the year (2019: €nil).

**Highlights 2020**

In July 2018 the Company received regulatory authorisation to clear equity and index derivatives traded on ICE Endx, an ICE Group Regulated Market operating in The Netherlands. Since December 2018 the Company has provided clearing services for equity and index derivatives traded on ICE Endx. The provision of services encompasses possible trades executed on a Central Limit Orderbook on ICE Endx in addition to the already live Block Trade segment. To date, the Company has only processed trades executed on the Block Trade Segment, and no trades are executed on the Central Limit Orderbook.

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

**Strategy and forecast for 2021 and beyond**

In 2021 and beyond, the Company plans to provide further clearing services for equity and index derivatives traded on ICE Endx Markets B.V. ('ICE Endx'), an ICE Group company. These clearing services will be provided for trades executed on the Block Trade segment of ICE Endx. It is the intention of the Company to provide future clearing services for 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 directors believe that the Company's clearing services bring additional transparency, discipline and security to the European marketplace.

The Company will continue to work with other ICE Group entities, Clearing Members, Clients and Regulatory Authorities to prepare for a potential transfer of services from the U.K. to the Company as a result of Brexit on 31 January 2020 or other economic, regulatory or geo-political events.

**Regulatory and EMIR**

The Company is EMIR authorised to deliver clearing services for equity derivative markets traded on Multilateral Trading Facilities ('MTF') and/or Regulated Markets ('RM').

Since becoming EMIR authorised in 2014, the Company has complied with the annual obligation to be re-assessed by the regulatory authorities on its EMIR authorisation each year. The Company prepares and publishes its self-assessment based on the PFMI Disclosure Framework of CPMI IOSCO.

**ICE Clear Netherlands B.V.**  
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**Directors' report**

**Brexit**

The U.K. left the EU on 31 January 2020 on the basis of the Withdrawal Agreement and the associated Political Declaration, commonly known as 'Brexit'. The future relationship for Financial Services between the U.K. and the EU remains uncertain, as the U.K. and the EU work through time to negotiate the details thereof. Currently the EU has established a temporary equivalence regime for U.K. CCPs that will expire on 30 June 2022. This temporary equivalence regime for U.K. CCPs is put in place to make sure there was no cliff edge effect, and the time is supposed to be used by the market to allow for a controlled transition of EURO denominated business from the U.K. to the EU.

If there is no extension of the current temporary equivalence determination, it would be unlawful for the ICE Group company U.K. based CCP, ICE Clear Europe Limited, to continue to provide clearing services to EU27 Clearing Members and regulated markets. The overall impact of this outcome, or other outcomes, to the ICE Group and Company remains uncertain at this time. The impact is being monitored, a scenario analysis has been performed that is being updated continuously and Group wide detailed contingency plans have been developed. This will allow the Company to timely address potential outcomes of the Brexit negotiations.

On 24 January 2019 the Company was included in the Bank of England list of Third Country CCP's able to offer clearing services and activities in the U.K. under the Temporary Recognitions Regime ('TRR') of the Central Counterparties Regulations 2018 if the U.K. leaves the EU with no implementation period. The TRR enables the Company to provide clearing services and activities in the U.K. for up to three years from the commencement of the TRR of 31 December 2019, extendable by HM Treasury in increments of twelve months.

On 28 February 2019 the Company was included in the Bank of England list of EEA systems whose operators have notified their intention for such systems to receive settlement finality protection in the U.K. under the Temporary Designation Regime ('TDR') of the Financial Markets and Insolvency Regulations 2019 with no implementation period. The TDR enables the Company to receive settlement finality protection in the U.K. for up to three years from the commencement of the TDR on 31 December 2019, extendable by HM Treasury in increments of twelve months.

On 21 February 2019 ICE Endex was granted Recognised Overseas Investment Exchange ('ROIE') status by the Financial Conduct Authority ('FCA') to ensure U.K. customers can maintain access to ICE Endex markets after the transition period ends, in the absence of a trade agreement. In the absence of a trade agreement and any temporary equivalence decision, European Emission contracts ('EUAs') transitioned from ICE Futures Europe to ICE Endex in June 2021.

**Risk Management**

The Company employs its own risk management group for its activities. The activities are organized in a "Three-Lines-of-Defence" model. A distinction is made in this model between the First Line functions (business and operations) that directly own and manage risk, versus the Second Line functions (Enterprise Risk Management, Legal & Compliance, and others) that oversee and challenge the First Line. The Third Line (Internal Audit) provides independent assurance of the functions of the First and Second Lines.

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.

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

**Risk Management (continued)**

The Company has a policy framework for its internal control processes and this framework reflects the extremely low appetite the Company has for operational risk and 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 2020, 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 cash/securities collateral 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. The Company has dedicated resources focused on addressing these risks. The Company continues to develop its risk management programme in line with the ICE Group 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 19.

**Coronavirus (COVID-19)**

The coronavirus (COVID-19) pandemic has created economic and financial disruptions globally and has led governmental authorities to take unprecedented measures to mitigate the spread of the disease, including travel bans, border closings, business closures, quarantines and shelter-in-place orders, and to take actions designed to stabilise markets and promote economic growth.

From an operational perspective, the ICE Group and the Company have continued to operate and there are no plans to close any business operations as a result of the COVID-19 pandemic. However, due to the COVID-19 pandemic, preventative measures have been taken and contingency plans implemented, and currently many Group employees are working remotely. The Group continues to monitor government mandates in determining office re-openings, re-closures and work-related travel.

The full extent of the impact of the pandemic on the Company will depend largely on future developments, including the duration, spread and severity of the outbreak, the distribution, public acceptance and widespread use and effectiveness of vaccines against COVID-19 and the actions taken to contain the spread of the disease or mitigate its impact. We continue to monitor this dynamic situation, including guidance and regulations issued by governmental authorities. In light of the continually evolving nature of the COVID-19 outbreak, it is not possible at this time to estimate the ultimate effect of the pandemic on the Company's business, results of operations or financial condition in the future.

**Going concern**

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In reaching this determination they have considered the cash flows and capital resources of the Company alongside the events and topics discussed above. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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

**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.

**Directors**

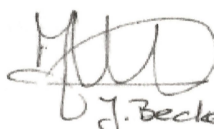
The executive directors of the Company who served during the year, and up to the date of the financial statements, were as follows:

J. Beckers  
E. Bons

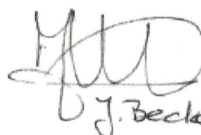
**Auditors**

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 22 July 2021



Executive Director and  
President & COO  
J. Beckers

 b.a.

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 2020**

|  | Notes | 2020<br>€'000  | 2019<br>€'000  |
|--|-------|----------------|----------------|
| <b>Continuing operations</b>                   |       |                |                |
| Revenue  | 2     | 9              | (8)            |
| Operating expenses                             | 3     | (2,784)        | (3,203)        |
| <b>Operating loss</b>                          |       | <u>(2,775)</u> | <u>(3,211)</u> |
| Finance costs                                  | 6     | (93)           | (80)           |
| <b>Loss before tax</b>                         |       | <u>(2,868)</u> | <u>(3,291)</u> |
| Income tax                                     | 7     | -              | -              |
| <b>Loss for the year</b>                       |       | <u>(2,868)</u> | <u>(3,291)</u> |
| Other comprehensive income                     |       | -              | -              |
| <b>Total comprehensive income for the year</b> |       | <u>(2,868)</u> | <u>(3,291)</u> |
| Attributable to:                               |       |                |                |
| Equity holders of the parent company           |       | <u>(2,868)</u> | <u>(3,291)</u> |

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 2020**

|  | Notes | 2020<br>€'000 | 2019<br>€'000 |
|--|-------|---------------|---------------|
| <b>Non-current assets</b>  |       |               |               |
| Property, plant and equipment  | 8     | 325           | 512           |
|  |       | <u>325</u>    | <u>512</u>    |
| <b>Current assets</b>  |       |               |               |
| Trade and other receivables  | 9     | 18            | 23            |
| Member balances: cash relating to margin and guaranty fund contributions | 10    | 3,000         | 3,000         |
| Guaranty fund: own contribution  | 11    | 1,875         | 1,875         |
| Cash and cash equivalents  | 12    | 14,418        | 12,975        |
|  |       | <u>19,311</u> | <u>17,873</u> |
| <b>Total assets</b>  |       | <u>19,636</u> | <u>18,385</u> |
| <b>Current liabilities</b>   |       |               |               |
| Member balances: cash relating to margin and guaranty fund contributions | 10    | 3,000         | 3,000         |
| Trade and other payables   | 13    | 589           | 966           |
| Lease liabilities  | 14    | 94            | 102           |
|  |       | <u>3,683</u>  | <u>4,068</u>  |
| <b>Non-current liabilities</b>   |       |               |               |
| Lease liabilities  | 14    | 206           | 328           |
| <b>Total liabilities</b>   |       | <u>3,889</u>  | <u>4,396</u>  |
| <b>Equity</b>  |       |               |               |
| Issued capital   | 17    | 7,000         | 7,000         |
| Share premium  | 18    | 21,811        | 17,311        |
| Retained earnings  |       | (13,064)      | (10,322)      |
| <b>Equity attributable to equity holders of the parent</b>               |       | <u>15,747</u> | <u>13,989</u> |
| <b>Total equity and liabilities</b>                                      |       | <u>19,636</u> | <u>18,385</u> |

See accompanying notes to the financial statements.

The balance sheet is presented after appropriation of results.

**ICE Clear Netherlands B.V.**  
**Statement of changes in equity**  
**for the year ended 31 December 2020**

|   | Issued<br>capital<br>€'000 | Company<br>contribut-<br>ion to<br>guaranty<br>fund<br>€'000 | Share<br>premium<br>*<br>€'000 | Share-<br>based<br>payments<br>€'000 | Retained<br>earnings<br>**<br>€'000 | Total<br>€'000 |
|---|----------------------------|--|--------------------------------|--------------------------------------|-------------------------------------|----------------|
| Balance as at 1 January 2019  | 7,000                      | 1,875  | 10,936                         | 551                                  | (7,733)                             | 12,629         |
| Increase in share premium   | -                          | -  | 4,500                          | -                                    | -                                   | 4,500          |
| Effect of capital contributions relating to IFRS 2 share-based payments | -                          | -  | -                              | 151                                  | -                                   | 151            |
| Loss for the year   | -                          | -  | -                              | -                                    | (3,291)                             | (3,291)        |
| Balance as at 31 December 2019  | <u>7,000</u>               | <u>1,875</u>   | <u>15,436</u>                  | <u>702</u>                           | <u>(11,024)</u>                     | <u>13,989</u>  |
| Increase in share premium   | -                          | -  | 4,500                          | -                                    | -                                   | 4,500          |
| Effect of capital contributions relating to IFRS 2 share-based payments | -                          | -  | -                              | 126                                  | -                                   | 126            |
| Loss for the year   | -                          | -  | -                              | -                                    | (2,868)                             | (2,868)        |
| Balance as at 31 December 2020  | <u>7,000</u>               | <u>1,875</u>   | <u>19,936</u>                  | <u>828</u>                           | <u>(13,892)</u>                     | <u>15,747</u>  |

\* Share premium before Company contribution to guaranty fund, see note 18 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 2020**

|   | Notes | 2020                 | 2019                 |
|---|-------|----------------------|----------------------|
|   |       | €'000                | €'000                |
| <b>Operating activities</b>                                       |       |                      |                      |
| Loss before tax   |       | (2,868)              | (3,291)              |
| <i>Adjustments to reconcile loss before tax to net cash flow:</i> |       |                      |                      |
| Depreciation  | 8     | 152                  | 169                  |
| Finance costs   | 6     | 93                   | 80                   |
| Equity-settled share-based payments                               |       | 126                  | 151                  |
| <i>Working capital adjustments:</i>                               |       |                      |                      |
| Decrease/(increase) in trade and other receivables                |       | 5                    | (9)                  |
| (Decrease)/increase in trade and other payables                   |       | (377)                | 403                  |
|   |       | <u>(1)</u>           | <u>794</u>           |
| <b>Net cash flow from operating activities</b>                    |       | <b>(2,869)</b>       | <b>(2,497)</b>       |
| <b>Financing activities</b>                                       |       |                      |                      |
| Repayment of lease liabilities                                    |       | (107)                | (118)                |
| Increase in share premium   | 18    | 4,500                | 4,500                |
| Interest paid   |       | <u>(81)</u>          | <u>(63)</u>          |
| <b>Net cash flow from Financing activities</b>                    |       | <b>4,312</b>         | <b>4,319</b>         |
| Increase in cash and cash equivalents                             |       | 1,443                | 1,822                |
| Net cash and cash equivalents at beginning of the year            |       | <u>12,975</u>        | <u>11,153</u>        |
| <b>Net cash and cash equivalents at end of the year</b>           | 12    | <b><u>14,418</u></b> | <b><u>12,975</u></b> |

See accompanying notes to the financial statements.

**ICE Clear Netherlands B.V.**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2020**

**1 Accounting policies and notes to the financial statements**

**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 2020 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 2020. 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 Statement of financial position 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 2020.

The adoption of new standards and interpretations did not have a material effect on the financial performance or position of the Company.

**Standards issued 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.

| <b>Description</b>   | <b>Effective for annual periods beginning on or after</b> |
|--|---|
| Annual Improvements to IFRSs 2018-2020   | 1 January 2022  |
| Amendments to IAS 16 Property, Plant and Equipment – <i>Proceeds before Intended Use</i>     | 1 January 2022  |
| Amendments to IAS 37 Onerous Contracts – <i>Cost of Fulfilling a Contract</i>                | 1 January 2022  |
| Amendments to IFRS 3 <i>Reference to the Conceptual Framework</i>                            | 1 January 2022  |
| IFRS 17 <i>Insurance Contracts</i>   | 1 January 2023  |
| Amendments to IAS 1 and IFRS Practice Statement 2 – <i>Disclosure of Accounting Policies</i> | 1 January 2023  |
| Amendments to IAS 1 <i>Classification of Liabilities as Current or Non-Current</i>           | 1 January 2023  |
| Amendments to IAS 8 <i>Definition of Accounting Estimates</i>                                | 1 January 2023  |

**ICE Clear Netherlands B.V.**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2020**

**1 Accounting policies for the financial statements (continued)**

**Standards issued but not yet effective (continued)**

The Company does not expect the adoption of these standards to have a material impact on the financial statements in the period of initial application.

**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 Statement of financial position 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.

**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                    |
| Right-of-use assets | Over the term of the lease |

**ICE Clear Netherlands B.V.**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2020**

**1 Accounting policies for the financial statements (continued)**

**Financial instruments**

*(a) Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement

Subsequent measurement of financial assets depend on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of financial assets are:

*(i) Amortised cost*

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

*(ii) Fair value through other comprehensive income ("FVOCI")*

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI.

Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

*(iii) Fair value through profit or loss*

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a financial asset that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

**ICE Clear Netherlands B.V.**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2020**

**1 Accounting policies for the financial statements (continued)**

**Financial instruments (continued)**

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for financial assets is recognised in profit or loss.

*(b) Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

The Company's financial liabilities include accruals and other payables and amounts due to related companies.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

**Impairment of financial assets**

The Company recognises an allowance for expected credit losses ("ECLs") for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For cash at bank, ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

**ICE Clear Netherlands B.V.**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2020**

**1 Accounting policies for the financial statements (continued)**

**Impairment of financial assets (continued)**

For trade and other receivables the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when the relevant counterparty has failed to settle the contractual payments by the contractual due date. The contractual due date varies depending on the nature of the financial asset. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**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.

**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 Statement of financial position 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 Statement of financial position 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 Statement of financial position 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.



**ICE Clear Netherlands B.V.**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2020**

**1 Accounting policies for the financial statements (continued)**

**Impairment**

The carrying amounts of the Company's assets, other than deferred tax assets if recognised, are reviewed at each Statement of financial position 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.

**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.

**ICE Clear Netherlands B.V.**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2020**

**1 Accounting policies for the financial statements (continued)**

**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.

**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 Statement of financial position 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. In reaching this determination they have considered the cash flows and capital resources of the Company, alongside events such as Brexit and Covid-19 which have been discussed in the Directors' Report and in note 21. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**Lease accounting as a lessee**

The Company assesses whether a contract is or contains a lease, at inception of a contract. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (defined as leases with a value of \$5,000 or less). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

**ICE Clear Netherlands B.V.**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2020**

**1 Accounting policies for the financial statements (continued)**

**Lease accounting as a lessee (continued)**

Right-of-use assets are recognized at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease. Right-of-use assets are recognised as a component of Property, plant and equipment relate to office space, depreciated over the remaining terms of the leases at the date of adoption, being 4 years.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement date, discounted using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses the Group's incremental borrowing rate.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. Lease payments included in the measurement of the lease liability comprise fixed lease payments less any lease incentives, variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date, the amount expected to be payable by the Company under residual value guarantees, the exercise price of purchase options, if the Company is reasonably certain to exercise the options, and payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The Company re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments in the current or prior period.

Lease liabilities are recognised as separate line items on the face of the Statement of financial position.

**ICE Clear Netherlands B.V.**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2020**

**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:

|  | <b>2020</b>  | <b>2019</b>  |
|--|--------------|--------------|
|  | <b>€'000</b> | <b>€'000</b> |
| Net clearing and delivery fees and expenses                | 4            | (11)         |
| Interest income on margin and guaranty fund contributions  | 20           | 16           |
| Interest expense on margin and guaranty fund contributions | (15)         | (13)         |
| Revenue from contracts with customers                      | <u>9</u>     | <u>(8)</u>   |

**3 Operating expenses**

|   | <b>2020</b>  | <b>2019</b>  |
|---|--------------|--------------|
|   | <b>€'000</b> | <b>€'000</b> |
| Compensation and benefits (note 5)        | 2,046        | 2,423        |
| Technology costs                          | 21           | 11           |
| Depreciation                              | 152          | 169          |
| Professional services                     | 257          | 213          |
| Dues and subscriptions                    | 5            | 75           |
| Intercompany charges                      | 165          | 174          |
| Selling, general and administrative costs | 134          | 133          |
| Foreign exchange losses                   | 4            | 5            |
|   | <u>2,784</u> | <u>3,203</u> |

Professional service costs includes auditors remuneration for audit services of €40,000 (2019: €40,000), there were no non-audit services during the current or prior year.

**4 Remuneration of key management personnel of the Company**

|  | <b>2020</b>  | <b>2019</b>  |
|--|--------------|--------------|
|  | <b>€'000</b> | <b>€'000</b> |
| Short-term benefits                                      | 742          | 523          |
| Pension costs  | 46           | 45           |
| Total compensation fees paid to key management personnel | <u>788</u>   | <u>568</u>   |

Key management personnel consists of the directors of the Company.

**5 Compensation and benefits**

|                       | <b>2020</b>  | <b>2019</b>  |
|-----------------------|--------------|--------------|
|                       | <b>€'000</b> | <b>€'000</b> |
| Wages and salaries    | 1,448        | 1,776        |
| Share-based payments  | 126          | 151          |
| Social security costs | 89           | 110          |
| Pension costs         | 160          | 172          |
| Other personnel costs | 223          | 214          |
|                       | <u>2,046</u> | <u>2,423</u> |

**ICE Clear Netherlands B.V.**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2020**

**5 Compensation and benefits (continued)**

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

|   | <b>2020</b><br><b>Number</b> | <b>2019</b><br><b>Number</b> |
|---|------------------------------|------------------------------|
| Monthly average number of staff members | <u>10</u>                    | <u>11</u>                    |

**6 Finance costs**

|                                       | <b>2020</b><br><b>€'000</b> | <b>2019</b><br><b>€'000</b> |
|---------------------------------------|-----------------------------|-----------------------------|
| Interest expense on lease liabilities | 12                          | 17                          |
| Other interest payable                | 81                          | 63                          |
|                                       | <u>93</u>                   | <u>80</u>                   |

**7 Income Tax**

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

| <b>Recognised in the statement of profit or loss</b> | <b>2020</b><br><b>€'000</b> | <b>2019</b><br><b>€'000</b> |
|--|-----------------------------|-----------------------------|
| Income tax charge in the statement of profit or loss | <u>-</u>                    | <u>-</u>                    |
| <b>Tax payable</b>                                   | <b>2020</b><br><b>€'000</b> | <b>2019</b><br><b>€'000</b> |
| At beginning of year                                 | -                           | -                           |
| Received during the year                             | -                           | -                           |
|  | <u>-</u>                    | <u>-</u>                    |

There is no tax payable in respect of the current year as the Company had tax losses for the period (2019: €nil).

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

|   | <b>2020</b><br><b>€'000</b> | <b>2019</b><br><b>€'000</b> |
|---|-----------------------------|-----------------------------|
| Loss before tax   | <u>(2,868)</u>              | <u>(3,291)</u>              |
| Corporation income tax credit 25% (2019: 25%)                     | (717)                       | (823)                       |
| <i>Effects of:</i>  |                             |                             |
| Expenses not deductible for tax purposes                          | 35                          | 39                          |
| Unutilised tax losses and other timing differences not recognised | 682                         | 784                         |
| <b>Income tax charge in profit or loss</b>                        | <u>-</u>                    | <u>-</u>                    |

**ICE Clear Netherlands B.V.**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2020**

**7 Income Tax (continued)**

**Deferred tax assets**

The Company had an unrecognised deferred tax asset relating to unutilised tax losses of €8,776,000 (2019: €6,051,000). The Company would benefit from these in the event that it generates taxable profits in the future.

**8 Property, plant and equipment**

|  | <b>Computer<br/>equipment<br/>€'000</b> | <b>Right-of-use<br/>assets<br/>€'000</b> | <b>Total<br/>-</b> |
|--|---|--|--------------------|
| <b>Net book value as at 1 January 2019</b>   | 150                                     | -  | 150                |
| Additions                                    | -                                       | 531                                      | 531                |
| Depreciation                                 | (61)                                    | (108)                                    | (169)              |
| <b>Net book value as at 31 December 2019</b> | <b>89</b>                               | <b>423</b>                               | <b>512</b>         |
| Depreciation                                 | (53)                                    | (99)                                     | (152)              |
| Re-assessment of lease liability             | -                                       | (35)                                     | (35)               |
| <b>Net book value as at 31 December 2020</b> | <b>36</b>                               | <b>289</b>                               | <b>325</b>         |

**9 Trade and other receivables**

|                                     | <b>2020<br/>€'000</b> | <b>2019<br/>€'000</b> |
|-------------------------------------|-----------------------|-----------------------|
| Other debtors                       | 3                     | 3                     |
| Prepayments                         | 15                    | 8                     |
| Amounts due from group undertakings | -                     | 12                    |
|                                     | <b>18</b>             | <b>23</b>             |

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

|                             | <b>2020<br/>€'000</b> | <b>2019<br/>€'000</b> |
|-----------------------------|-----------------------|-----------------------|
| Guaranty fund contributions | <b>3,000</b>          | <b>3,000</b>          |

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 Statement of financial positions 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 2020 there are no margin contributions.

No non-cash collateral was held in respect of the Margin and Guaranty fund contributions as at 31 December 2020 (2019: €nil).

**ICE Clear Netherlands B.V.**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2020**

| <b>11 Guaranty fund: own contribution</b> | <b>2020</b>  | <b>2019</b>  |
|---|--------------|--------------|
|   | <b>€'000</b> | <b>€'000</b> |
| Guaranty fund: own contribution           | <u>1,875</u> | <u>1,875</u> |

The Company's own contributions to its guaranty fund are at risk and 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 contributions are insufficient.

| <b>12 Cash and cash equivalents</b> | <b>2020</b>   | <b>2019</b>   |
|-------------------------------------|---------------|---------------|
|                                     | <b>€'000</b>  | <b>€'000</b>  |
| Cash and cash equivalents           | <u>14,418</u> | <u>12,975</u> |

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 2020 the regulatory capital, including the Company's own resources contribution to the guaranty fund (note 11) was €10,125,000 (2019: €10,125,000) and forms part of the cash and cash equivalents balance.

The Company has entered into €10,000,000 in Committed FX Facilities.

| <b>13 Trade and other payables</b> | <b>2020</b>  | <b>2019</b>  |
|------------------------------------|--------------|--------------|
|                                    | <b>€'000</b> | <b>€'000</b> |
| Trade creditors                    | 1            | 22           |
| Amounts due to group undertakings  | 81           | 63           |
| Accruals                           | 505          | 835          |
| Other creditors                    | 2            | 2            |
| Other taxes                        | -            | 44           |
|                                    | <u>589</u>   | <u>966</u>   |

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

| <b>14 Lease liabilities</b> | <b>2020</b>  | <b>2019</b>  |
|-----------------------------|--------------|--------------|
|                             | <b>€'000</b> | <b>€'000</b> |
| Non-current                 | 206          | 328          |
| Current                     | 94           | 102          |
|                             | <u>300</u>   | <u>430</u>   |

**ICE Clear Netherlands B.V.**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2020**

**14 Lease liabilities (continued)**

|   | <b>2020</b>  | <b>2019</b>  |
|---|--------------|--------------|
| <b>Maturity analysis for gross undiscounted lease liabilities</b> | <b>€'000</b> | <b>€'000</b> |
| Not later than 1 year   | 108          | 102          |
| Later than 1 year and not later than 5 years                      | 207          | 328          |
| Later than 5 years  | -            | -            |
|   | <u>315</u>   | <u>430</u>   |

The Company does not face a significant liquidity risk with regard to its lease liabilities.

**15 Leases (Company as a lessee)**

Carrying amounts of right-of-use assets as at 31 December 2020 and 31 December 2019, additions for the years then ended and respective depreciation expenses are disclosed in note 8.

The interest expense on lease liabilities for the years to 31 December 2020 and 31 December 2019 is disclosed in note 6.

No expense relating to short-term leases, low value assets or variable lease payments not included in the measurement of the lease liability has been recognised for the years to 31 December 2020 and 31 December 2019.

No income from subleasing right-of-use assets or gains or losses arising from sale and leaseback transactions has been recognised for the years to 31 December 2020 and 31 December 2019.

The total cash outflow for leases amount to €107,000 in 2020 (2019: €118,000).

**16 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 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 is shown below:

|                             | <b>2020</b>   | <b>2020</b>                        | <b>2019</b>   | <b>2019</b>                        |
|-----------------------------|---------------|------------------------------------|---------------|------------------------------------|
|                             | <b>Number</b> | <b>Weighted average fair value</b> | <b>Number</b> | <b>Weighted average fair value</b> |
| Outstanding at 1 January    | 5,119         | \$67.13                            | 7,670         | \$58.44                            |
| Granted                     | 1,546         | \$92.63                            | 1,882         | \$76.16                            |
| Transferred                 | -             | -                                  | (21)          | \$57.31                            |
| Performance grant amendment | (14)          | \$76.16                            | 32            | \$67.00                            |
| Vested                      | (3,093)       | \$63.49                            | (4,444)       | \$56.00                            |
| Outstanding at 31 December  | <u>3,558</u>  | <u>\$81.35</u>                     | <u>5,119</u>  | <u>\$67.13</u>                     |



**ICE Clear Netherlands B.V.**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2020**

**16 Employee benefits (continued)**

The total charge for the year relating to restricted shares under the employee share-based payment plans was €124,000 (2019: €148,000) all of which related to equity-settled share-based payment transactions. The weighted average share price during the period for restricted shares vested over the year was US\$95.87 (2019: US\$75.78).

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 of €2,000 (2019: €3,000) has been recognised for the 15% discount given to participating employees.

**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 2020 (2019: €nil).

| <b>17 Share capital</b>                | <b>2020<br/>Number</b> | <b>2019<br/>Number</b> | <b>2020<br/>€'000</b> | <b>2019<br/>€'000</b> |
|--|------------------------|------------------------|-----------------------|-----------------------|
| Authorised:                            |                        |                        |                       |                       |
| Equity: Ordinary shares of €1,000 each | 10,000                 | 10,000                 | 10,000                | 10,000                |
|  |                        |                        |                       |                       |
|  | <b>2020<br/>Number</b> | <b>2019<br/>Number</b> | <b>2020<br/>€'000</b> | <b>2019<br/>€'000</b> |
| Allotted, called up and fully paid:    |                        |                        |                       |                       |
| Equity: Ordinary shares of €1,000 each | 7,000                  | 7,000                  | 7,000                 | 7,000                 |

| <b>18 Share premium</b> | <b>2020<br/>€'000</b> | <b>2019<br/>€'000</b> |
|-------------------------|-----------------------|-----------------------|
| At 1 January            | 17,311                | 12,811                |
| Additions               | 4,500                 | 4,500                 |
| At 31 December          | 21,811                | 17,311                |

On 14 October 2020 the Company's immediate parent company, IntercontinentalExchange Holdings, made a capital contribution to the Company, resulting in an increase in share premium of €4,500,000.

Should a Clearing Member become insolvent, the Company has financial resources which can be used. 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, is presented separately on the face of the balance sheet, and forms part of share premium balance.

**ICE Clear Netherlands B.V.**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2020**

**19 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 2020, the composition was as follows:

- Paul Swann, non-executive; Chairman of the Board
- Christopher Edmonds (replaced Scott Hill on 5 May 2020), 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;

*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:

- Christopher Edmonds. Global Head of Clearing and Risk of ICE Inc. (shareholder)

**ICE Clear Netherlands B.V.**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2020**

**19 Financial risk management objectives and policies (continued)**

*Audit Committee*

The Company has an Audit Committee in place. In 2020 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.

During 2020 the Company finished 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.

**ICE Clear Netherlands B.V.**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2020**

**19 Financial risk management objectives and policies (continued)**

**Externally imposed capital requirements**

See note 12 for information on capital requirements imposed on the Company.

**Categories of financial instruments**

|  | <b>2020</b>   | <b>2019</b>   |
|--|---------------|---------------|
|  | <b>€'000</b>  | <b>€'000</b>  |
| Financial assets:  |               |               |
| Trade and other receivables  | 18            | 23            |
| Member balances: cash relating to margin and guaranty fund contributions | 3,000         | 3,000         |
| Cash and cash equivalents  | 14,418        | 12,975        |
|  | <u>17,436</u> | <u>15,998</u> |
| Financial liabilities:   |               |               |
| Trade and other payables   | 589           | 966           |
| Member balances: cash relating to margin and guaranty fund contributions | 3,000         | 3,000         |
| Lease liabilities  | 300           | 430           |
|  | <u>3,889</u>  | <u>4,396</u>  |

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.

**ICE Clear Netherlands B.V.**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2020**

**19 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. 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 guaranty fund: own contribution 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.

**ICE Clear Netherlands B.V.**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2020**

**19 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 20. For clearing member counterparty credit risk see 'Counterparty credit risk' section.

**ICE Clear Netherlands B.V.**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2020**

**19 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.

**2020**

|                        | Less than 1<br>month<br>€'000 | 1 - 3<br>months<br>€'000 | 3 months<br>to 1 year<br>€'000 | 1 - 5<br>years<br>€'000 | 5 +<br>years<br>€'000 | Total<br>€'000 |
|------------------------|-------------------------------|--------------------------|--------------------------------|-------------------------|-----------------------|----------------|
| Non-interest bearing   | 589                           | -                        | -                              | -                       | -                     | 589            |
| Variable interest rate | 3,000                         | -                        | -                              | -                       | -                     | 3,000          |
|                        | <u>3,589</u>                  | <u>-</u>                 | <u>-</u>                       | <u>-</u>                | <u>-</u>              | <u>3,589</u>   |

**2019**

|                        | Less than 1<br>month<br>€'000 | 1 - 3<br>months<br>€'000 | 3 months<br>to 1 year<br>€'000 | 1 - 5<br>years<br>€'000 | 5 +<br>years<br>€'000 | Total<br>€'000 |
|------------------------|-------------------------------|--------------------------|--------------------------------|-------------------------|-----------------------|----------------|
| Non-interest bearing   | 966                           | -                        | -                              | -                       | -                     | 966            |
| Variable interest rate | 3,000                         | -                        | -                              | -                       | -                     | 3,000          |
|                        | <u>3,966</u>                  | <u>-</u>                 | <u>-</u>                       | <u>-</u>                | <u>-</u>              | <u>3,966</u>   |

Maturity analysis of the Company's undiscounted gross lease liabilities is disclosed in note 14.

**Capital risk management**

The primary objective of the Company's own capital management is to maximise shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and its minimum EMIR regulatory capital requirements. To maintain or adjust the capital structure, the Company may adjust any dividend payments 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.

**ICE Clear Netherlands B.V.**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2020**

**20 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:

|                                 | <b>Nature of relationship</b> | <b>Nature of transaction</b>                       |
|---------------------------------|-------------------------------|--|
| Intercontinental Exchange, Inc. | Ultimate parent company       | Guarantee provider and share-based payment charges |
| ICE Futures Europe              | Fellow group subsidiaries     | Service charges                                    |
| ICE Endex Holding B.V.          | Fellow subsidiary company     | Lease of office space                              |

**Service charges to related parties during the year were:**

|                    | <b>2020<br/>€'000</b> | <b>2019<br/>€'000</b> |
|--------------------|-----------------------|-----------------------|
| ICE Futures Europe | 165                   | 174                   |
|                    | <u>165</u>            | <u>174</u>            |

The lease of office space from ICE Endex Holding B.V. is in the scope of IFRS 16 and as such is not disclosed as a service charge. Payments totalling €107,000 (2019: €118,000) were made to ICE Endex Holding B.V. in 2020 in relation to the lease agreement for office space.

**Amounts due to group undertakings at year end were:**

|                                 | <b>2020<br/>€'000</b> | <b>2019<br/>€'000</b> |
|---------------------------------|-----------------------|-----------------------|
| Intercontinental Exchange, Inc. | 10                    | -                     |
| ICE Clear Europe Limited        | -                     | 9                     |
| ICE Futures Europe              | 38                    | 30                    |
| ICE Endex Holding B.V.          | 33                    | 24                    |
|                                 | <u>81</u>             | <u>63</u>             |



**ICE Clear Netherlands B.V.**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2020**

**20 Related party transactions (continued)**

Amounts due from group undertakings at year end were:

|                                 | <b>2020</b>  | <b>2019</b>  |
|---------------------------------|--------------|--------------|
|                                 | <b>€'000</b> | <b>€'000</b> |
| Intercontinental Exchange, Inc. | -            | 12           |
|                                 | <u>-</u>     | <u>12</u>    |

**21 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](http://www.theice.com).

**22 Profit distribution**

No dividend is recommended in relation to the financial year 2020. 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 2020**

**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.

## **Independent auditor's report**

To: the shareholders and management of ICE Clear Netherlands B.V.

### **Report on the audit of the financial statements 2020 included in the annual report**

#### **Our opinion**

We have audited the financial statements 2020 of ICE Clear Netherlands B.V. based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of ICE Clear Netherlands B.V. as at 31 December 2020, and of its result and its cash flows for 2020 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- ▶ The statement of financial position as at 31 December 2020
- ▶ The following statements for 2020: the statement of profit or loss and other comprehensive income, changes in equity and cash flows
- ▶ The notes comprising a summary of the significant accounting policies and other explanatory information

#### **Basis for our opinion**

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of ICE Clear Netherlands B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

### **Report on other information included in the annual report**

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- ▶ The director's report
- ▶ Other information as required by Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- ▶ Is consistent with the financial statements and does not contain material misstatements
- ▶ Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

## **Description of responsibilities for the financial statements**

### **Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

### **Our responsibilities for the audit of the financial statements**

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtaining an understanding of internal control relevant to the audit in order to design 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
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amsterdam, 22 July 2021

Ernst & Young Accountants LLP

signed by P. Sira

