



# Quarterly Clearing Disclosures

Q4 2020

April 7, 2021



# ICE Clear Q4 2020 Quarterly Disclosure Call: Speakers



**Chris Edmonds**  
Global Head of Clearing & Risk,  
Intercontinental Exchange



**Ashwini Panse**  
Chief Risk Officer,  
North American Clearing Houses,  
Intercontinental Exchange

# Introduction

Intercontinental Exchange (ICE) owns and operates six clearing houses in North America, Europe and Asia.

Each quarter, clearing houses are required by IOSCO and the Committee on Payments and Market Infrastructures (CPMI) to publish disclosures<sup>1</sup>. These provide transparency around the clearing house's financial resources during that quarter.

The disclosures are intended to help market participants and the public, to:

- compare CCP risk controls, including their financial condition and financial resources to withstand potential losses;
- have a clear, accurate and full understanding of the risks associated with a CCP;
- understand and assess a CCP's systemic importance and its impact on systemic risk in all jurisdictions and currencies for which it provides services; and
- understand and assess the risks of participating in CCPs

ICE recognizes the importance of operating highly transparent clearing houses such that all market participants have adequate information to fully understand the clearing process. ICE clearing houses comply with the regulatory disclosure requirements and additionally provide further public information where possible.

To complete the disclosures, ICE has significantly coordinated with other clearing houses via CCP12 and has actively led the effort to design and implement a computer friendly response template as well as led discussions to ensure consistency of responses across the clearing houses.

<sup>1</sup>Committee on Payments and Market Infrastructures, Board of the International Organization of Securities Commissions, Public quantitative disclosure standards for central counterparties, <https://www.bis.org/cpmi/publ/d125.pdf>

## Q4 2020 Highlights

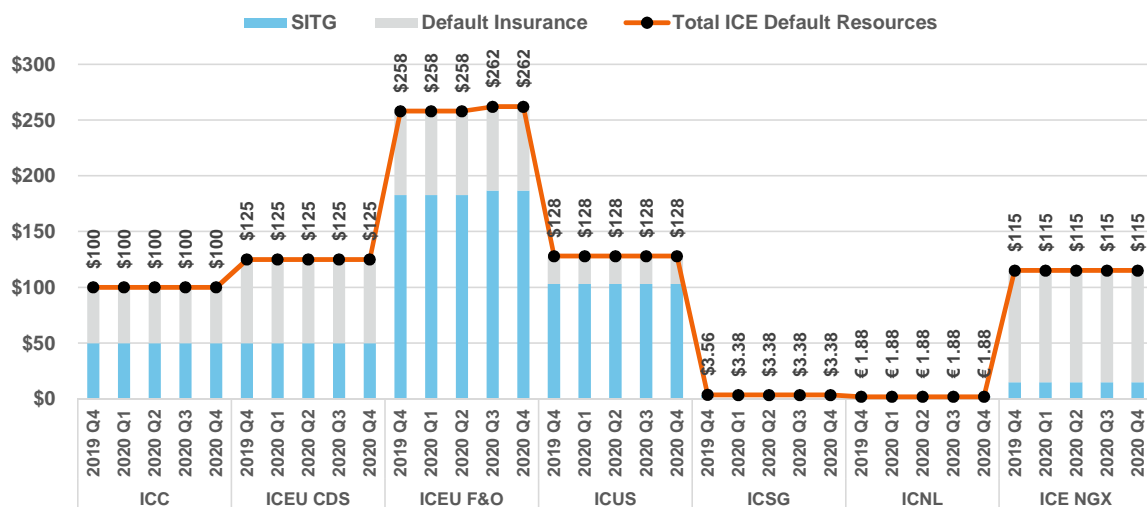
- 390 + unique clearing members, thousands of clients across ICE Clearing Houses
- \$ 410 Million in ICE Skin in the Game
- \$ 250 Million in ICE Default Insurance protection layer that resides ahead of guaranty fund contributions of non-defaulting clearing members
- Collateral held remained over-collateralized at all times
- Zero Cover 2 or Liquidity Stress Testing Breaches
- Margin Coverage remained Regulatory Compliant
- No Defaults during the Quarter
- High Operational Availability

4Q20



# Skin in the Game (SITG) & Default Insurance

## ICE Default Resources



### Notes:

- ICE Skin in the Game and Default Insurance Amounts reside in front of any Non-Defaulting Clearing Member Default Resources.
- ICE recently added a layer of default insurance to its layers of protection. The default insurance layer has been placed after and in addition to the Clearing House SITG contributions and the default insurance layer resides before the guaranty fund contributions of the non-defaulting clearing members. The default insurance has a three-year term commencing September 17, 2019 in the amount of \$75 million for ICE Clear Europe, \$50 million for ICE Clear Credit and \$25 million for ICE Clear U.S. Similar to SITG, the default insurance layer is not intended to replace or reduce the position risk-based amount of the guaranty fund.
- ICE Clear U.S. – Total Skin in the Game : \$103 million
  - Skin in the Game Contribution for Standard Contracts and Digital Currency Contracts - \$68 million
  - Additional Skin in the Game Contribution that can be used for Digital Currency Contracts only - \$35 million
- ICE Clear Singapore – Total Skin in the Game : \$3.38 million
  - Skin in the Game Contribution for Standard Contracts and Digital Currency Contracts - \$0.38 million
  - Additional Skin in the Game Contribution that can be used for Digital Currency Contracts only - \$3 million

- 4
- ICC  
ICE Clear Credit
  - ICEU - CDS  
ICE Clear Europe :  
Credit Default Swaps
  - ICEU - F&O  
ICE Clear Europe  
Futures & Options
  - ICUS  
ICE Clear U.S.
  - ICSG  
ICE Clear Singapore
  - ICNL  
ICE Clear Netherlands
  - ICE NGX  
ICE Natural Gas  
Exchange

Skin In The Game (in millions)	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4
ICC	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50
ICEU CDS	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50
ICEU F&O	\$ 183	\$ 183	\$ 187	\$ 187	\$ 187
ICUS	\$ 103	\$ 103	\$ 103	\$ 103	\$ 103
ICSG	\$ 3.56	\$ 3.38	\$ 3.38	\$ 3.38	\$ 3.38
ICNL	€ 1.875	€ 1.875	€ 1.875	€ 1.875	€ 1.875
ICE NGX	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15

**\$ 410 Million in ICE Skin in the Game**

Default Insurance (in millions)	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4
ICC	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50
ICEU	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75
ICUS	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25
ICSG	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
ICNL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
ICE NGX	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100

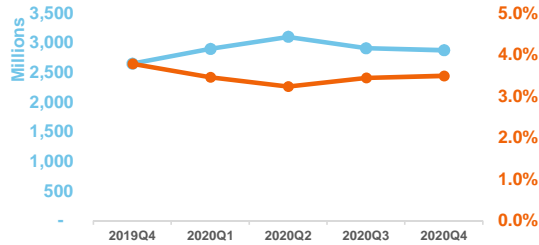
**\$ 250 Million in ICE Default Insurance**



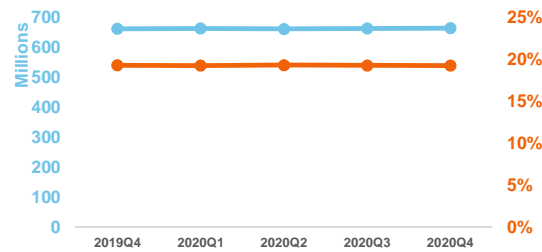
# Default Resources – Clearing Members

— Default Fund Requirement in Millions \$ — % ICE Default Resources as compared to Member Default Resources

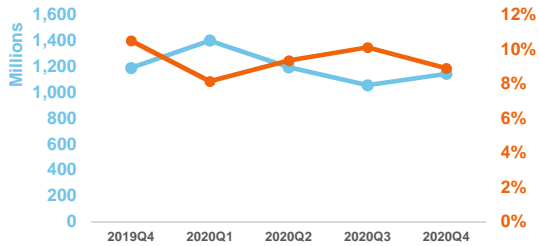
## ICC



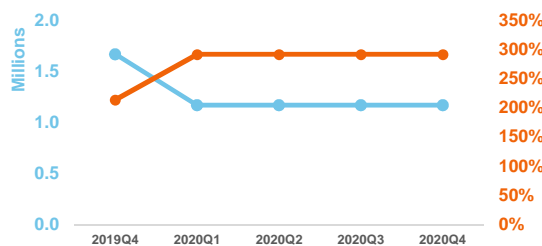
## ICUS



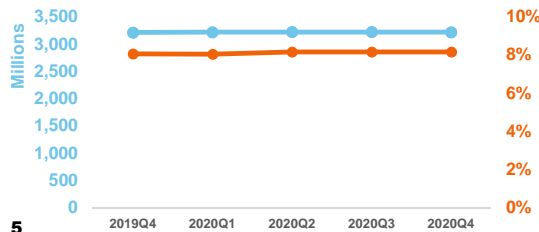
## ICEU CDS



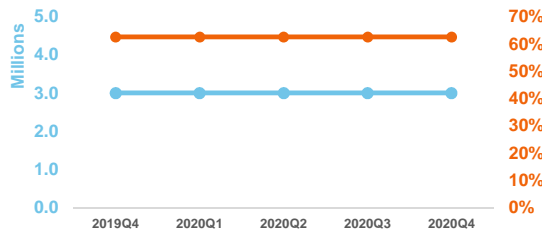
## ICSG



## ICEU F&O



## ICNL



Guaranty Fund held remained Over-collateralized at all times during the Quarter

Default Fund Requirement (in millions)	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4
ICC	\$ 2,647	\$ 2,895	\$ 3,098	\$ 2,907	\$ 2,870
ICEU CDS	\$ 1,354	\$ 1,535	\$ 1,337	\$ 1,235	\$ 1,403
ICEU F&O	\$ 3,207	\$ 3,212	\$ 3,214	\$ 3,214	\$ 3,214
ICUS	\$ 663	\$ 664	\$ 662	\$ 663	\$ 664
ICSG	\$ 1.67	\$ 1.16	\$ 1.16	\$ 1.16	\$ 1.16
ICNL	€ 3	€ 3	€ 3	€ 3	€ 3
ICE NGX	NA	NA	NA	NA	NA

% Total ICE Default Resources as compared to Participant Default Resources	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4
ICC	3.8%	3.5%	3.2%	3.4%	3.5%
ICEU CDS	10.5%	8.1%	9.3%	10.1%	8.9%
ICEU F&O	8.0%	8.0%	8.2%	8.2%	8.2%
ICUS	14%	14.0%	14.0%	14.0%	14.0%
ICSG	33.6%	32.8%	32.8%	32.8%	32.8%
ICNL	62.5%	62.5%	62.5%	62.5%	62.5%
ICE NGX	NA	NA	NA	NA	NA

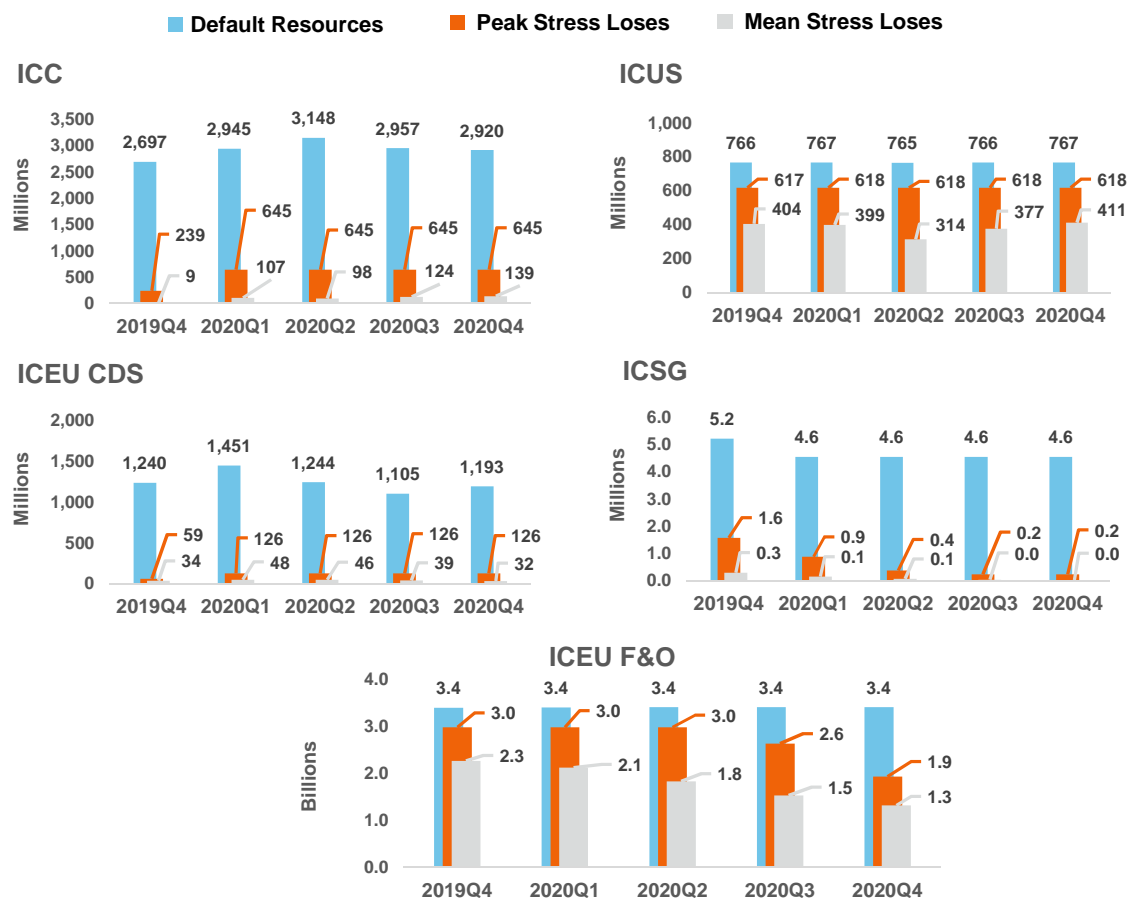
Notes:

- \* Includes the Skin in the Game Contribution for Standard Contracts and Digital Currency Contracts
- ICE NGX is a CCP with a self funded default fund and does not require default fund contributions from its contracting parties.

# Default Resources – Stress Testing

## ICE Cover 2 Stress Losses in comparison to Prefunded Default Resources

Cover 2 Stress Loss is the estimated largest aggregate stress loss (in excess of initial margin) that would be caused by the default of any two members and their affiliates in extreme but plausible market conditions.



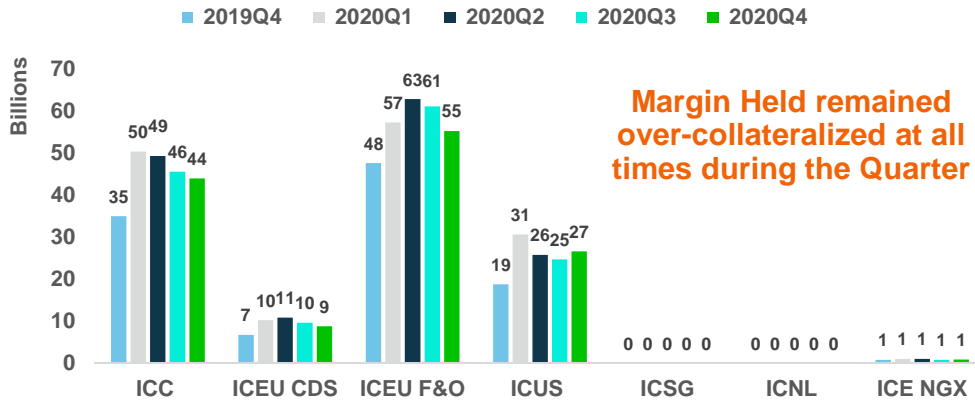
Cover 2 Estimated Stress Loss Exceedance: # of Days and Amount	2019	2020	2020	2020	2020
	Q4	Q1	Q2	Q3	Q4
ICC					
ICEU CDS					
ICEU F&O					
ICUS					
ICSG					
ICNL	No Open Interest during the previous 12 months				
ICE NGX	Not Applicable				

**ZERO**

“None of ICE’s Clearing Houses have experienced a breach of its Cover 2 Default Resource Requirement since the inception of the Public Quantitative Disclosures in September 2015”

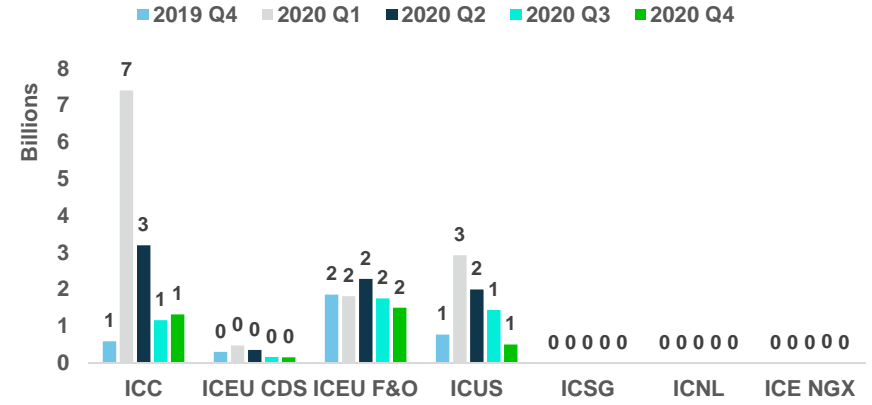
# Margins

Total Initial Margin Required at Quarter End



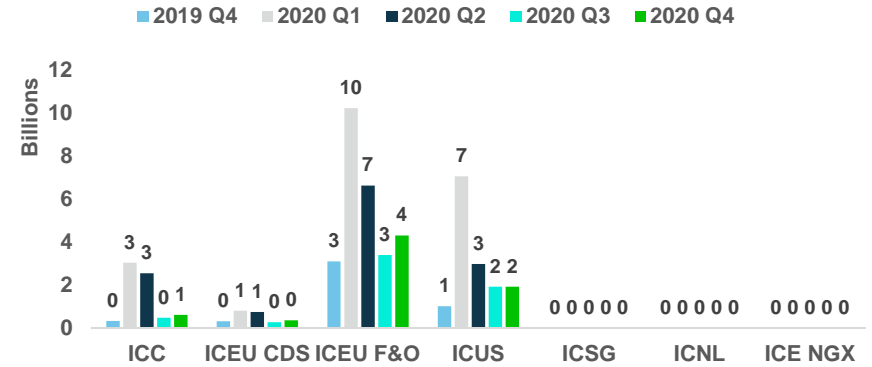
Margin Held remained over-collateralized at all times during the Quarter

Peak Total Initial Margin Call during the Quarter



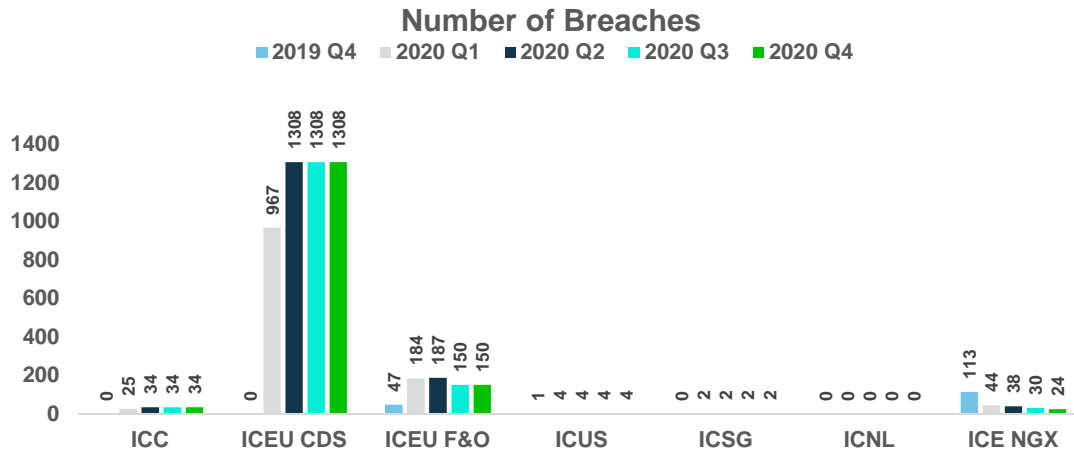
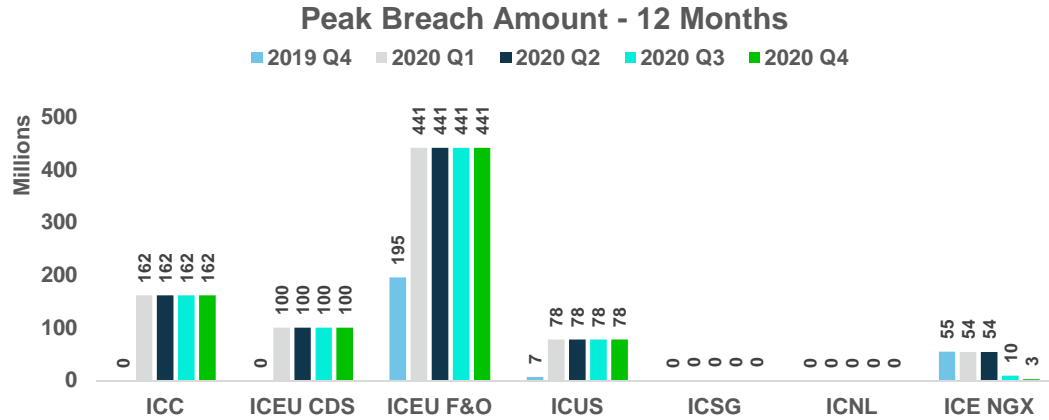
Total Initial Margin Required (in millions)	Margin Period of Risk (MPOR)	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4
ICC	At least 5 days	\$ 34,947 M	\$ 50,336 M	\$ 49,244 M	\$ 45,522 M	\$ 43,954 M
ICEU CDS	5-day for House 7-day for Client	\$ 6,715 M	\$ 10,223 M	€ 10,857 M	€ 9,660 M	€ 8,798 M
ICEU F&O	1 or 2-day	\$ 47,579 M	\$ 57,255 M	\$ 62,789 M	\$ 61,038 M	\$ 55,245 M
ICUS	1 or 2-day	\$ 18,724 M	\$ 30,665 M	\$ 25,792 M	\$ 24,661 M	\$ 26,599 M
ICSG	1 day	\$ 0.1 M	\$ 0.2 M	\$ 0.2 M	\$ 0.1 M	\$ 0.0 M
ICNL	2 days	€ 0	€ 0	€ 0	€ 0	€ 0
ICE NGX	2 days	CAD 815 M	CAD 1,015 M	CAD 1,047 M	CAD 806 M	CAD 867 M

Peak Total Variation Margin during the Quarter





# Back-Testing of Initial Margin



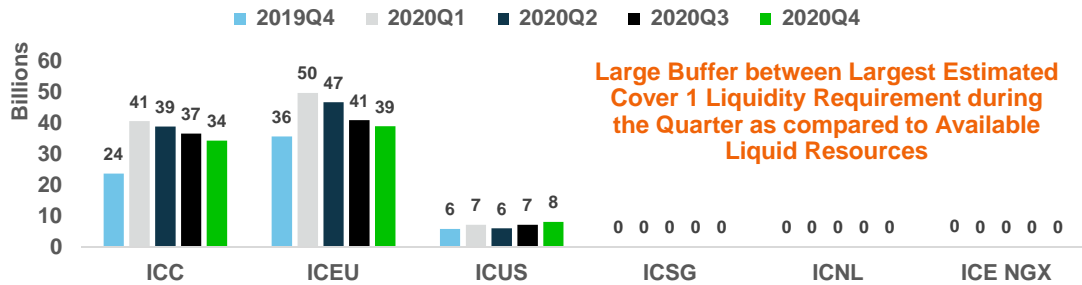
Achieved Coverage Level - 12 Mos. (in millions)	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4
ICC	100.00%	99.72%	99.63%	99.63%	99.63%
ICEU CDS	100.00%	^^98.13%	^^97.72%	^^97.90%	^^97.99%
ICEU F&O	99.92%	99.70%	99.70%	99.76%	99.75%
ICUS	99.99%	99.97%	99.97%	99.97%	99.97%
ICSG	100.00%	99.74%	99.72%	99.69%	99.66%
ICNL	NA	NA	NA	NA	NA
ICE NGX	99.70%	99.90%	99.90%	99.90%	99.90%

^^ This number is computed using a 1yr horizon, includes overlapping breaches and includes accounts with statistically insignificant numbers of observations. Note that 1yr horizon for 5 or 7 day MPOR accounts including overlapping observations is effectively 52 or 37 independent observations, and hence not statistically sound or meaningful. The regulatory requirement of 99.5% should be applied to a back-testing time horizon that is appropriate for the margin period of risk that is applicable for the product, which in this case is 5 or 7 days. Note that under the Basel Traffic Light System metrics, where a more statistically meaningful methodology over a longer period is used; the margin methodology meets the regulatory requirements.

# Liquidity

Resources

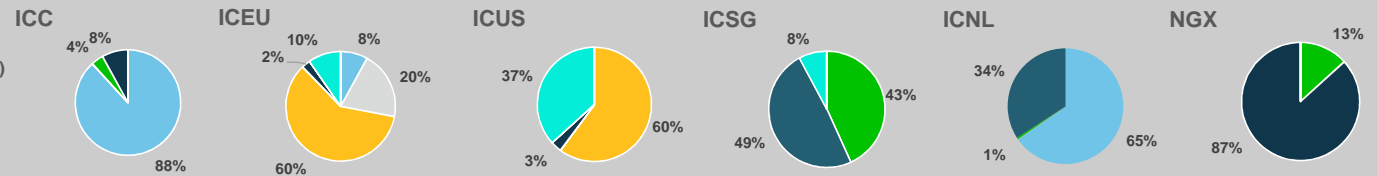
Available Liquid Resources at Quarter End



Large Buffer between Largest Estimated Cover 1 Liquidity Requirement during the Quarter as compared to Available Liquid Resources

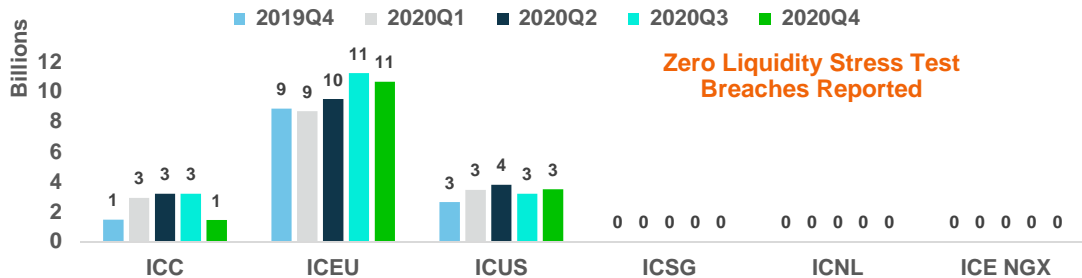
Available Liquid Resources (in millions)	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4
ICC	\$ 23,711	\$ 40,634	\$ 38,868	\$ 36,585	\$ 34,386
ICEU	\$ 35,727	\$ 49,822	\$ 46,781	\$ 40,981	\$ 39,000
ICUS	\$ 5,675	\$ 7,118	\$ 5,965	\$ 7,065	\$ 8,022
ICSG	\$ 20	\$ 22	\$ 21	\$ 21	\$ 20
ICNL	€ 28	€ 26	€ 26	€ 25	€ 29
ICE NGX	CAD 173	CAD 160	CAD 159	CAD 145	CAD 147

- Cash Deposited at Central Banks
- Cash Deposited at Other Central Banks
- Secured Cash at Commercial Banks (including Reverse Repo)
- Unsecured Cash at Commercial Banks
- Secured Committed Lines of Credit
- Unsecured Committed Lines of Credit
- Highly Marketable Collateral



Requirements

Peak Estimated Aggregated Cover 1 Liquidity Requirement during the Quarter



Zero Liquidity Stress Test Breaches Reported

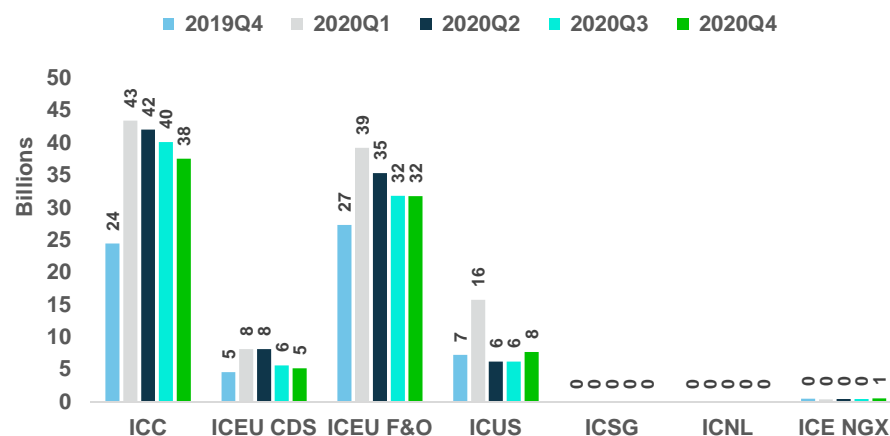
Maximum Estimated Aggregated Cover 1 Liquidity Requirement (in millions)	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4
ICC	\$ 1,461	\$ 2,916	\$ 3,205	\$ 3,205	\$ 1,447
ICEU	\$ 8,865	\$ 8,704	\$ 9,508	\$ 11,239	\$ 10,662
ICUS	\$ 2,631	\$ 3,444	\$ 3,796	\$ 3,189	\$ 3,485
ICSG	\$ 0.2	\$ 0.4	\$ 0	\$ 0	\$ 0.0
ICNL	€ 0	€ 0	€ 0	€ 0	€ 0
ICE NGX	CAD 27	CAD 28	CAD 23	CAD 28	CAD 41



# Total Cash Received

	ICC	ICEU CDS	ICEU F&O	ICUS	ICSG	ICNL	ICE NGX
	USD	EUR	USD	USD	USD	EUR	CAD
Cash Received at 12/31/2020	37,551M	5,168 M	31,795 M	7,691 M	4.7 M	3 M	516 M
%held at Central Banks	82 %	28.63 %		0 %	0 %	100 %	0 %
% Overnight Reverse Repos	11 %	62.14 %		72.70 %	0 %	0 %	0 %
% Unsecured at Commercial Banks	7 %	0.04 %		0 %	66.23 %	0 %	100 %
% in Money Market Funds	0 %	0 %		0 %	33.77 %	0 %	0 %
% in Sovereign Govt. Bonds	0 %	9.19 %		27.30 %	0 %	0 %	0 %
<b>Total Collateral Received as Initial Margin and Default Fund</b>	<b>48,353 M</b>	<b>11,902 M</b>	<b>64,919 M</b>	<b>29,151 M</b>	<b>4.7 M</b>	<b>3 M</b>	<b>3,481 M</b>
<b>% Cash</b>	<b>77.7%</b>	<b>43.4%</b>	<b>49.0%</b>	<b>26.4%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>14.8%</b>
<b>% Non - Cash</b>	<b>22.3%</b>	<b>56.6%</b>	<b>51.0%</b>	<b>73.6%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>85.2%</b>

Total Cash Received as Initial Margin and Default Fund

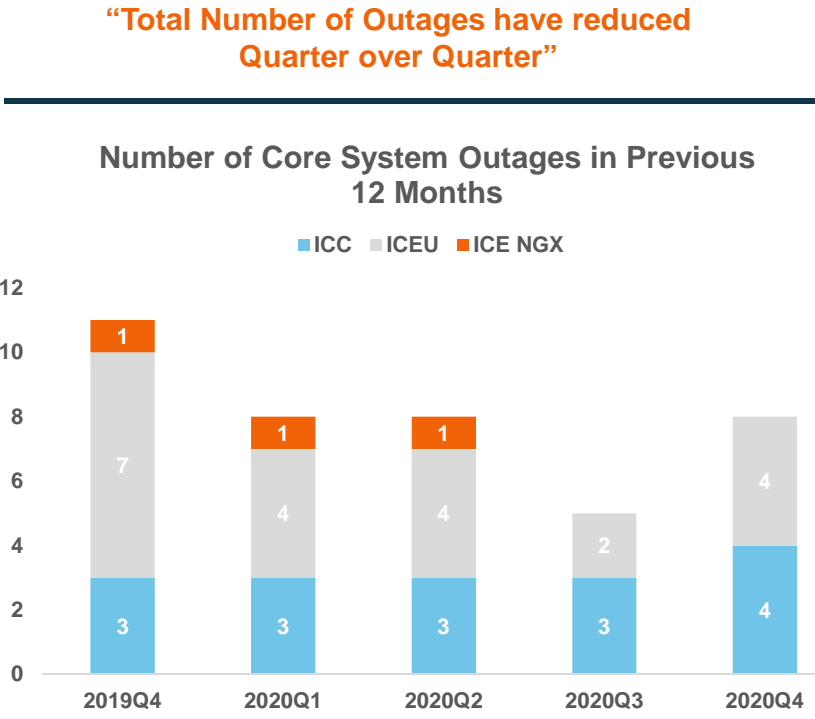


“Cash Received from members was and continues to be safeguarded at Central Bank Account, where Central Bank access was available. Majority of the remaining cash was held at well diversified and highly creditworthy reverse repurchase counterparties or was held in short dated sovereign bonds. Small portion of the cash was held at well diversified and highly creditworthy commercial banks.”

# Operational Availability

Actual availability of the core system(s) – previous 12 months	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4
ICC	99.99%	99.99%	99.99%	99.99%	99.99%
ICEU	99.99%	99.99%	99.99%	99.99%	99.99%
ICUS	100%	100%	100%	100%	100%
ICSG	100%	100%	100%	100%	100%
ICNL	100%	100%	100%	100%	100%
ICE NGX	99.99%	99.99%	99.99%	100%	100%

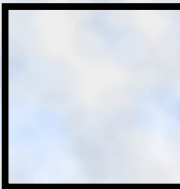
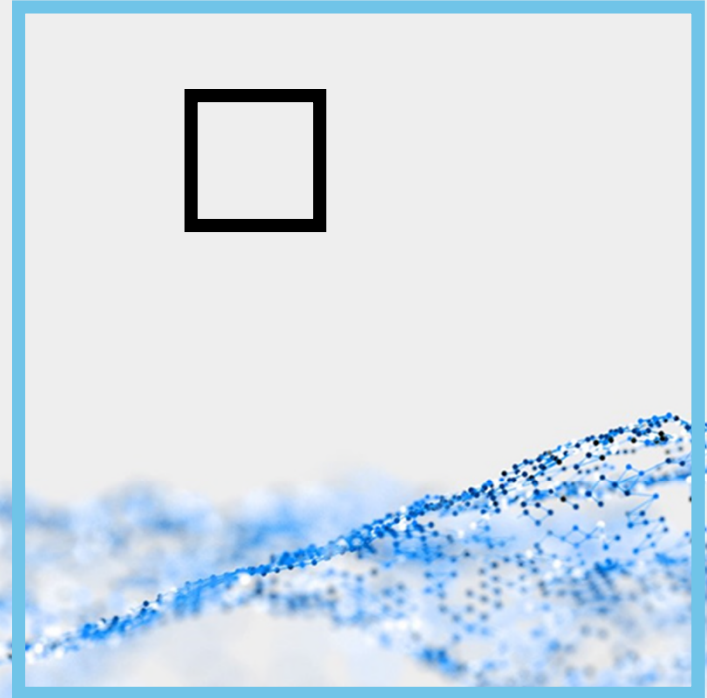
“Four (4) of the Six (6) ICE Clearing Houses experienced Zero (0) Operational Outages and their Core Clearing Systems remained available at 100% over the last 12 months. Remaining two (2) clearing houses experienced minor system failures and remained available at 99.99%”



# Questions

For questions regarding the CPMI-IOSCO  
Quantitative Disclosures:

[ICEPFMIResponse@TheIce.com](mailto:ICEPFMIResponse@TheIce.com)



## **DISCLAIMER**

The information herein is based on sources Intercontinental Exchange, Inc. and/or its affiliates (collectively, "ICE," "we," and "us") believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This presentation is published solely for information purposes, does not constitute representations and warranties by ICE. Nothing herein is intended to constitute legal, tax, accounting, financial, investment or other professional advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, ICE AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER ICE NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

Intercontinental Exchange, ICE, ICE block design, NYSE, ICE Data Services and New York Stock Exchange are trademarks of ICE and/or its affiliates. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.

## **CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS**

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995 – Any statements in this presentation regarding ICE's business that are not historical facts are "forward-looking statements" that involve risks and uncertainties. For a discussion of additional risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see ICE's Securities and Exchange Commission (SEC) filings, including, but not limited to, the risk factors in ICE's Annual Report on Form 10-K for the year ended December 31, 2019, as filed with the SEC on February 6, 2020.