

Registered number: 1528617

# **ICE Futures Europe**

**Annual Report and Financial Statements**

**For the Year Ended 31 December 2020**

# ICE Futures Europe

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## **ICE Futures Europe**

### **Strategic Report For the Year Ended 31 December 2020**

The directors present their strategic report for ICE Futures Europe ('the Company') for the year ended 31 December 2020.

#### **Principal activities and review of the business**

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

The Company is an exchange for futures and options contracts for crude oil, interest rates, equity derivatives, natural gas, power, coal, emissions and soft commodities. These activities include the provision of data derived from the execution business.

The Company offers a range of futures and options products that are designed to enable our customers to manage their risk across global energy markets. The Company's largest energy contract is the ICE Brent crude oil futures contract which serves as the cornerstone of a global oil network that today includes over 600 related crude and refined oil products including locational and refined spreads. The Company also offers a diverse suite of equity futures and options contracts based on ICE Group indices as well as those created by MSCI® and FTSE®. The Company's diverse interest rate complex spans geographies, currencies and tenors, providing participants with effective tools to manage risk in a capital efficient manner. Key products include: Short Sterling, Euribor, Gilts, Sterling Overnight Index Average ('SONIA'), and Secured Overnight Financing Rates ('SOFR'), among others. In addition, the Company offers benchmark futures and options contracts on the most globally relevant commodities including: sugar, coffee and cocoa.

Market participants may become members or trade through a member firm. For example, to become a member, an applicant must undergo a thorough review and application process and agree to be bound by the Company's rules. Membership in the Company's futures and options markets totalled 277 member firms as of 31 December 2020 (2019: 294).

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

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

## ICE Futures Europe

### Strategic Report (continued) For the Year Ended 31 December 2020

#### Principal activities and review of the business (continued)

The following table shows the volume statistics for 2020 compared with 2019:

	ADV* 2020 ('000s)	ADV* 2019 ('000s)	ADV* change %	Total Volume 2020 ('000s)	Total Volume 2019 ('000s)	Volume change %
ICE Brent Crude futures and options	1,019	980	4%	257,743	246,922	4%
ICE Gas Oil futures and options	335	318	5%	84,689	80,214	6%
ICE Other Oil**	628	457	37%	158,824	115,181	38%
ICE Natural Gas	34	37	(8)%	8,602	9,294	(7)%
ICE Emissions & Other***	56	48	17%	14,163	12,207	16%
Agricultural	68	75	(9)%	17,248	18,790	(8)%
Interest rates	1,963	2,067	(5)%	496,694	520,762	(5)%
Equities	285	404	(29)%	72,112	101,687	(29)%
<b>Total</b>	<b>4,388</b>	<b>4,386</b>	<b>-%</b>	<b>1,110,075</b>	<b>1,105,057</b>	<b>-%</b>

\* Average Daily Volume.

\*\* ICE Other Oil includes Global Oil Products, WTI, Heating Oil and RBOB Gasoline.

\*\*\* ICE Emissions & Other includes all emissions contracts, Freight, Coal and Iron Ore. The Emissions futures and options contracts are the result of a cooperative relationship between the Company and the European Climate Exchange Limited (part of the ICE Group).

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

	2020 ('000s)	2019 ('000s)	Change Fav/(adv)
<b>Open interest</b>			
ICE Brent Crude futures and options	4,114	4,487	(8)%
ICE Gas Oil futures and options	942	940	-%
ICE Other Oil	5,191	5,506	(6)%
ICE Natural Gas	598	598	-%
ICE Emissions & Other	1,343	1,220	10%
Agricultural	582	741	(21)%
Interest rates	22,637	24,681	(8)%
Equities	5,550	5,712	(3)%
<b>Total</b>	<b>40,957</b>	<b>43,885</b>	<b>(7)%</b>

## ICE Futures Europe

### Strategic Report (continued) For the Year Ended 31 December 2020

#### Summary of the Company's financial results:

	Year ended 31 December		
	2020 \$000	2019 \$000	Change fav/(adv)
Transaction fees	123,215	110,050	12%
Membership fees	2,141	2,167	(1)%
Data services	138,803	137,254	1%
<b>Total turnover</b>	<b>264,159</b>	<b>249,471</b>	<b>6%</b>
Administrative expenses	(168,123)	(153,684)	(9)%
Other operating income	27,963	25,494	10%
Operating profit	123,999	121,281	2%
Loss on modification of intangible assets	(75)	-	-%
Interest receivable	642	2,532	(75)%
Taxation	(22,943)	(23,238)	1%
<b>Profit after tax (before dividends)</b>	<b>101,623</b>	<b>100,575</b>	<b>1%</b>
<i>Profit after tax %</i>	<i>38%</i>	<i>40%</i>	
<b>Cash and short-term deposits and investments</b>	<b>113,643</b>	<b>109,820</b>	<b>3%</b>
<b>Net assets</b>	<b>154,288</b>	<b>137,407</b>	<b>12%</b>

Transaction fees income increased by \$13,165,000 or 12%, in the year ended 31 December 2020 compared with the prior year as the result of higher trading volumes. Data income increased by \$1,549,000 or 1%, in the year ended 31 December 2020 compared with prior year due to increased data usage. Administrative expenses increased by \$14,439,000 or 9%, for the year ended 31 December 2020 from the comparable period in 2019, primarily due to a increases in certain intercompany charges, staff costs and license fees. As a result, overall operating profit increased by \$2,718,000 or 2%, for the year ended 31 December 2020 from the comparable period in 2019.

Dividends of \$82,500,000 were declared by the directors and paid during the year (2019: \$93,000,000).

## ICE Futures Europe

### Strategic Report (continued) For the Year Ended 31 December 2020

#### Section 172(1) statement - Stakeholder engagement

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

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

The tables that follow on pages 4 to 10, describe how the directors have performed their duty to promote the success of the Company as required by 172(1)(a) to (f) of the Companies Act 2006 during 2020.

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

Strategic Report (continued)  
For the Year Ended 31 December 2020

Stakeholder group	Form of Engagement	Key topics and impact of engagement
<p><b>People</b> Our people include colleagues directly employed by the Company, consultants and others who work throughout the Group.</p> <p>The Company's long-term success is predicated on the skills, commitment, engagement and success of our people.</p>	<p>Engagement includes interactive town halls and periodic staff update meetings, delivered by the President and other ICE Group and Company senior managers.</p> <p>Feedback is gathered across a mix of "always on feedback", employee surveys and individual employee-focused assessments. This allows actionable feedback to be gathered across a variety of populations, and circumstances, throughout the year. There is also an established whistleblowing policy.</p> <p>ICE put a dedicated team in place to manage the COVID-19 pandemic response, adapting to rapidly changing developments, addressing individual concerns, and sharing information across the ICE Group.</p> <p>Firm-wide emails sent frequently, with updates including preventative health guidance and work from home tips; a dedicated section on our employee intranet with an FAQ, the ability to track office closures and IT tools.</p>	<p>During the COVID-19 pandemic, the following steps have been taken:</p> <ul style="list-style-type: none"> <li>- Robust paid sick and family leave for all employees and contractors.</li> <li>- No workers laid off or furloughed as a result of COVID-19.</li> <li>- No government assistance.</li> </ul> <p>An employee survey was completed in 2020, the results of which were discussed with the Board and actions will be taken on the feedback gathered on topics such as collaboration, communication, problem solving and leadership.</p>
<p><b>Customers</b> The Company's customers include its Members and market participants including financial institutions, asset managers, pension funds, commodity producers and refiners, utilities and governments, as well as industrial and manufacturing businesses that are increasingly engaging in hedging, trading and risk management strategies.</p>	<p>Customer representation, where appropriate, on certain governance and product committees of the Exchange, chaired by certain directors, providing a forum to discuss matters such as membership, the Exchanges' regulations and the evolution of the ICE Brent Index.</p> <p>Regular meetings at senior management and operational levels, such as a periodic Technology and Operations Group call and bilateral customer meetings at senior management and operational levels.</p>	<p>Continuous dialogue with customers on enhancing transparency and liquidity in the markets we serve, developing and launching new energy, interest rate, equity and soft commodity futures contracts, post-Brexit regulatory landscape with a focus on contingency plans for members and participants domiciled within EU27 countries in preparation for the end of the Brexit transition period.</p>

Strategic Report (continued)  
For the Year Ended 31 December 2020

Stakeholder group	Form of Engagement	Key topics and impact of engagement
<p><b>Customers (continued)</b></p>	<p>Collaboration by senior management and certain directors with, and membership of, various industry organisations to help further engage with and understand multiple perspectives from a variety of customers and industry participants.</p>	<p>Outcomes of engagement included; the launch of several new markets and liquidity programmes and strategic alignment on preparations for the end of the Brexit transition period.</p> <p>Our customer base continues to grow due to our expansion into new markets and the expansion of our product set which has facilitated the continued emergence of new participants; the increased use of hedging programs by commercial enterprises and the increased access to our markets as a result of electronic trading.</p>
<p><b>Suppliers</b> To support operations, ICE, through various agreements, provides assorted services to the Company including those critical to supporting the matching and execution of contracts on its markets, distribution of data and the running of emissions auctions (EUA and EUAA) under EU ETS (see future developments on page 15). The Company uses technology owned and developed by ICE for the provision of services to its customers.</p> <p>The Company licenses and sources data from various providers for the purposes of settlement prices for certain of its contracts and other information services.</p> <p>The Company also has a wide range of other suppliers which provide the Company with the goods and services relied upon for operations, ranging from large multinational companies to smaller-scale local service providers.</p>	<p>Management and the Board utilises the mechanisms discussed in the Shareholder section, on page 4, to engage effectively with suppliers of services from the ICE Group.</p> <p>The Company has contractual outsourcing and data provision arrangements in place with its outsourced service providers. The Board reviews the performance of material outsourcing arrangements annually.</p> <p>The Company performs thorough due diligence on its external suppliers both during on-boarding and on a recurring basis.</p> <p>We expect all our customers to be compliant with the Modern Slavery Act and we work closely with our suppliers to build on our knowledge and promote best practice.</p>	<p>Key topics of engagement in relation to the ICE Group suppliers centred on technology development and operational resilience, cybersecurity and business continuity arrangements.</p> <p>The Company introduced a new Outsourcing Policy Framework in 2020.</p> <p>Generally, any changes to services or goods supplied and developing needs are worked on concurrently between the Company and its suppliers.</p> <p>The Board receives updates on the duty to report on prompt payment, practices and performance. The most recent published payment practices report showed the average time to pay an invoice was 26 days. The Company continues to engage with suppliers to improve workflow and refine payment practices.</p> <p>The Board approves the Company's Modern Slavery statement on an annual basis.</p>

**Strategic Report (continued)  
For the Year Ended 31 December 2020**

Stakeholder group	Form of Engagement	Key topics and impact of engagement
<p><b>Governments, regulators and policy makers</b> The Company's regulators are listed in the 'Principal activities and review of the business' section of this report on page 1.</p> <p>Effective engagement with the Company's regulators is fundamental to the business which requires various regulatory permissions to operate (refer to page 1).</p> <p>During 2020 the Company conducted auctions on behalf of the UK Government under Phase III of the EU ETS scheme.</p>	<p>The Board and senior management meet with the Company's regulators on an ongoing basis.</p> <p>Routine reports capturing a broad range of data are provided to the FCA and other regulators. Further, the President and senior management shares knowledge and expertise with regulators, legislators and industry organisations to contribute to the development of policy initiatives.</p> <p>Information provided by management to the directors and approved by the Board at its meetings is available to the Company's principal regulators including regulatory compliance reporting produced on a regular basis.</p>	<p>The Board agenda has been strongly focused on regulatory issues this year including those stemming from Brexit and preparation for the Open Access regulations.</p> <p>During the year, discussions with regulators enabled the launch of several new products and programmes to develop liquidity.</p> <p>The Company significantly increased communication and engagement with regulators over the extreme volatility and high market volumes of the early COVID-19 period to ensure transparency and contribute to market stability.</p> <p>Other key topics included LIBOR transition, technology and operational resilience, the Company's approach to Brexit contingency planning and the development of further regulatory policy in response to for example the UK's exit from the European Union.</p> <p>Maintaining good relationships with policy makers and regulators and ensuring compliance with applicable legal and regulatory obligations helps to contribute towards maintaining high standards of business conduct.</p>

**Strategic Report (continued)  
For the Year Ended 31 December 2020**

Stakeholder group	Form of Engagement	Key topics and impact of engagement
<p><b>Community and society</b> The global financial market community and wider society including the environment are stakeholders impacted by the actions and continued success of the Company.</p> <p>The ICE Group’s Corporate Responsibility Report 2020 can be found at <a href="https://www.intercontinentalexchange.com/about/corporate-responsibility">https://www.intercontinentalexchange.com/about/corporate-responsibility</a>. This report addresses a range of key Environmental, Social and Governance (ESG) topics that are also relevant for the Company.</p>	<p>The President and certain members of senior management and the Board engage in consultation and advisory activities with governments and policy makers on matters concerning key industry developments and initiatives.</p> <p>Additionally, the Company regularly responds to consultation documents issued by various regulatory bodies during policy formation. Such responses may be submitted on behalf the Company or as part of a response from the ICE Group. Staff Members and occasionally directors, present at industry events, for example Eurofi, FIA, CityUK, City Week and Institutional Investors.</p> <p>The global markets operated by the Company provide transparent, market-based pricing to help companies make better decisions when allocating resources and investing in more sustainable technologies and innovative solutions.</p> <p>We assess the impacts of our suppliers’ products and services and engage with them whenever possible to limit environmental impacts.</p> <p>We believe that it is important to create opportunities for ICE and its people to make a difference by helping others in our communities.</p> <p>We pursue that goal through financial support and volunteering our time and talents using several channels, including, charitable donations funded both by ICE and through fine income generated by enforcement action taken by the Company, an employee matching program, corporate sponsorships and community investments.</p>	<p>Key topics of engagement include Brexit, the energy transition, and interest rate benchmark reform.</p> <p>A focus on mitigating climate change is driving a transition toward cleaner energy sources. As demand for transparent pricing in carbon grows, the Company supports market-based solutions through its suite of environmental products.</p> <p>Our customers can access a broad portfolio of derivatives - covering emissions, carbon offsets, renewable energy and renewable fuels. We offer critical risk management tools and help businesses meet government-mandated emissions reduction targets in a cost-effective manner.</p> <p>The Company operates a certified environmental management system to ensure that we meet and, wherever possible, exceed compliance obligations such as legal and regulatory requirements, industry standards and other voluntary commitments related to our environmental aspects.</p> <p>The ICE Group’s Modern Slavery Statement and GDPR Statements are available on the ICE website and these statements apply to the Company.</p> <p>The Company’s Streamlined Energy and Carbon Report (‘SECR’) disclosures are presented at an ICE UK Group level in the financial statements of ICE Europe Parent Limited, which will be publicly available via Companies House.</p>

**Strategic Report (continued)  
For the Year Ended 31 December 2020**

**Principal decisions**

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

Decision	Impact	Stakeholder considerations
<p><b>Financial resources regulatory requirement</b> The Board reviewed and approved the annual FCA regulatory capital requirements and the amount of capital and financial resources allocated to meet these requirements (see note 15 for amounts).</p> <p>The Board also reviews and approves the annual budget which is used as part of the determination of the regulatory capital requirements.</p>	<p>Holding sufficient capital to safeguard against risk and meet ongoing regulatory requirements is necessary for the immediate and long-term sustainability and success of the Company and underpins the business model.</p> <p>The Board has established a risk appetite in respect of the minimum capital and financial resources it determines to be acceptable for the Company to hold.</p>	<p>Restricting and safeguarding appropriate amounts of capital is a fundamental consideration for all the Company's stakeholders. The Company seeks to ensure it has adequate levels of capital to protect against the risk of disruption to the provision of exchange services to customers or be able to wind down or restructure following a stress event, if necessary.</p> <p>The Company's approach to ensuring (i) capital held is sufficient, to ensure the Company is at all times able to comply with its regulatory obligation; and (ii) that it is robustly managed, contributes to overall market stability.</p>
<p><b>Dividends</b> The Board reviewed and approved a total of \$82.5 million in dividend distributions which were paid during the year, see note 21.</p>	<p>The Board duly considered the Company's ongoing operational, capital, regulatory and legal requirements and incorporated adequate contingency for reasonably foreseeable future events in order to assess suitability of making a distribution. These considerations included an assessment of any additional risks and potential financial and operational demands associated with the COVID-19 pandemic.</p> <p>At the time of each dividend declaration, there were no alternative uses of capital identified by the Company other than those already allocated for other principal decisions or the operations of the Company.</p>	<p>The Board considered the dividends to be in the best interests of the Company having carefully considered the impact to all stakeholders based on the information provided by senior management at the time of each dividend.</p> <p>No single or combined stakeholder groups were left disadvantaged or lacking resources otherwise needed following the dividends declarations.</p> <p>The Company has not, has no plans, nor any reasonable expectation that it will access the COVID Corporate Financing Facility (CCFF) or any other COVID-19 related government liquidity facilities.</p>

**Strategic Report (continued)  
For the Year Ended 31 December 2020**

Decision	Impact	Stakeholder considerations
<p><b>Board appointments</b> In December 2020 Ms. Dubin and Mr. Abbott were approved to be appointed to the Company's Board and Ms. Dubin was also appointed to the Risk and Audit Committee, being formally appointed in December 2020 and February 2021, respectively.</p>	<p>The new appointments bring extensive and diverse experience across a wide range of backgrounds and skills serving the needs of the Company and its stakeholders.</p>	<p>The appointment of a Director is subject to a rigorous process performed by the nominations committee of the Company including consultation with ICE Group. This process includes interviews with various members of management and the Board of Directors and notification to certain regulators.</p>

**Principal risks and uncertainties**

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

1. Global economic, political, financial market events or conditions may negatively impact the business.
2. The Company's business and the business of many of the Company's clients has been and continues to be subject to increased legislation and regulatory scrutiny. The Company's compliance and risk management methods, as well as its fulfilment of regulatory obligations, might not be effective, which could lead to enforcement actions by the Company's regulators. The Company faces the risk of significant actions by regulatory and tax authorities and could be subjected to new or substantially higher taxes or other governmental charges in connection with the undertaking of its business.
3. The Company's business is subject to the impact of financial markets volatility, including the prices and interest rates underlying derivative products, due to conditions that are beyond the Company's control.
4. The Company faces intense competition; failure to keep up with rapid changes in technology and client preferences could negatively impact our competitive position. The Company may not be successful in offering new products or technologies or in identifying opportunities and damage to the Company's reputation could damage our business. Financial benchmark reform (LIBOR) and the evolution of energy benchmark products are factors that could have an adverse impact on transaction volumes.
5. The Company's systems and those of ICE and other of the Company's third party service providers may be vulnerable to cyber-attacks, hacking and other cyber security risks, which could result in wrongful manipulation, disclosure, destruction, or use of our information or that of a third party, or which could make the Company's members unable or participants unable or reluctant to use our electronic platforms.
6. The Company relies on intercompany and third party service providers and other suppliers for a number of services that are important to the business, including ICE's trading platform. An interruption or cessation of an important service, data or content supplied by any party, or the loss of an exclusive license, could have a material adverse effect on the business.
7. The Company's success largely depends on key personnel, including senior management, and having adequate succession plans in place. The Company may not be able to attract, retain and develop the highly skilled employees needed to support the business.

The directors believe the following to be key risks:

## **ICE Futures Europe**

### **Strategic Report (continued) For the Year Ended 31 December 2020**

#### **Regulation**

##### **Open Access**

The non-discriminatory access provisions of the U.K.'s Markets in Financial Instruments Regulation, or "U.K. MiFIR" require U.K. exchanges, along with central counterparty clearing houses ('CCPs'), to offer access to third parties on commercially reasonable terms. In addition, U.K. MiFIR could require U.K. exchanges and CCPs to allow participants to trade and/or clear at other venues, which may encourage competing venues to offer lookalike products. These provisions came into effect on 1 January 2021, following the end of the Brexit transition period. H.M. Treasury is currently reviewing the suitability of these requirements for exchange-traded derivatives markets.

##### **EU market participant access**

The European Commission, or EC, adopted an 18-month temporary equivalence decision for U.K. CCPs, which began to apply as of 1 January 2021. ICE Clear Europe Limited has been recognised by ESMA as a third-country CCP in accordance with the European Markets Infrastructure Regulation, or EMIR. Separately, the Company will continue to be able to permit access by EU and U.K. persons to transact on its platform. The absence of an equivalence decision by the EU for U.K. trading venues, however, may result in increased costs for certain EU market participants, which could impact the Company's trading volumes and the impact to our business and the potential for regulatory changes remain uncertain at this time. We are monitoring the impact to our business and are evaluating avenues to facilitate continued access for EU and U.K. customers.

##### **Basel III capital charges**

The implementation of capital charges in Basel III, particularly, the Supplemental Leverage Ratio with respect to certain clearing members of central counterparties, may impose burdensome capital requirements on clearing members and customers that may disincentivise clearing and therefore the Company's own trading volumes. In June 2019, the Basel Committee on Banking Supervision revised its treatment of the leverage ratio capital requirement for derivatives that a bank centrally clears on behalf of its clients. The revised treatment will permit both cash and non-cash forms of initial margin and variation margin received from a client to offset the replacement cost and potential future exposure for client cleared derivatives only. The revision will apply to the version of the leverage ratio standard that will serve as the Pillar 1 minimum capital requirement as of 1 January 2022. In November 2019, the Federal Reserve Board, the Federal Deposit Insurance Corporation, or FDIC, and the Office of the Comptroller of the Currency finalised rule changes to the derivative exposure calculations and leverage ratio requirements. The final rule also revised the treatment of the leverage ratio capital requirement for derivatives that a bank centrally clears on behalf of its clients to permit both cash and non-cash forms of initial margin and variation margin received from a client to offset the replacement cost and potential future exposure for client cleared derivatives only. The compliance date for the revised regulation is 1 January 2022, however early adoption was permitted beginning 1 April 2020.

##### **Capital requirements for investment firms acting as market makers**

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

##### **Market data requirements**

The Company could be impacted by changes to requirements related to the dissemination of market data. In its December 2019 report to the European Commission ('EC'), the European Securities and Markets Authority ('ESMA') recommended against, among other things, outright regulation of market data prices, however ESMA suggested that users could gain transparency into how market data prices are set with the help of new supervisory guidance and targeted changes to the MiFID II/Markets in Financial Instruments Regulation ("MiFIR") text. The EC is considering ESMA's report and is considering further legislative action in this area. Additionally, the FCA launched the "Accessing and using wholesale data Call for Input," which will explore the changing use and value of data in wholesale financial markets.

## ICE Futures Europe

### Strategic Report (continued) For the Year Ended 31 December 2020

#### Coronavirus (COVID-19) pandemic

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 most employees are working remotely. In accordance with recently amended UK Government guidance, the Company is currently requiring that all employees who can work from home to do so. Recognising that some employees cannot reasonably work from home, our office remains open with a rotation schedule and social distancing measures in place. The Company continues to monitor government mandates in determining office re-openings, re-closures and work-related travel.

From a financial perspective, global health concerns relating to COVID-19 and preventive measures taken to reduce its spread have created significant volatility in financial markets, which has resulted in higher trading volumes for some of the Company's contracts.

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.

In addition, to the extent that COVID-19 may adversely affect the business, financial condition or results of operations, it may also heighten other risks described in this section.

#### Risk management

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

##### *Credit risk*

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

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

##### *Market risk*

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

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

Currency risk results from adverse movements in the rates of exchange between currencies arising as a result

## ICE Futures Europe

### Strategic Report (continued) For the Year Ended 31 December 2020

of the existence of a net currency position in one or more currencies. The Company seeks to mitigate the effect of currency exposures by ensuring, as far as is possible, that it holds an equal amount of monetary assets and liabilities that are denominated in currencies other than the USD.

#### *Liquidity risk*

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

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

#### *Capital management*

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

#### *Operational risk*

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

This report was approved by the board on 29 April 2021 and signed on its behalf.



S. Williams  
Director

## ICE Futures Europe

### Directors' Report For the Year Ended 31 December 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

#### Directors' responsibilities statement

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

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

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

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

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

#### Results

The profit for the year, after taxation, amounted to \$101,623,000 (2019: \$100,575,000).

Dividends of \$82,500,000 were declared by the directors and paid during the year (2019: \$93,000,000).

#### Directors

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

P. Reed  
J. Sprecher  
T. Faithfull (resigned 10 December 2020)  
R. Barton  
D. Goone  
P. Bruce  
Lord W. Hague  
V. Sharp  
A. Whittaker  
S. Williams  
C. Dubin (appointed 10 December 2020)  
J. Abbott (appointed 1 February 2021)

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

## ICE Futures Europe

### Directors' Report (continued) For the Year Ended 31 December 2020

#### Streamlined Energy and Carbon Report

The Company's Streamlined Energy and Carbon Report ('SECR') disclosures are presented at an ICE UK Group level in the financial statements of ICE Europe Parent Limited, registered company number 7295772, which will be publicly available via Companies House prior to 30 September 2021.

#### Non-adjusting post balance sheet event

On 23 March 2021, a dividend of \$13,500,000 was approved by the Directors and paid by the Company on 25 March 2021.

#### Future developments

On 8 February 2021 it was announced that ICE EUA Futures and Options, ICE EUA Daily Futures and ICE EUAA Futures will be transitioned from the Company to ICE Endex Markets B.V., the Group's exchange in the Netherlands. The transition is a result of increasing customer demand for execution of European Union Emission Allowances in the European Union and is expected to occur during the second quarter of 2021, subject to the completion of regulatory and governance processes.

#### Qualifying third party indemnity provisions

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

#### Disclosure of information to auditors

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

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

#### Auditors

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

This report was approved by the board on 29 April 2021 and signed on its behalf.



S. Williams  
Director

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

We have audited the financial statements of ICE Futures Europe for the year ended 31 December 2020 which comprises of the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

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

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period up to 30 April 2022, being not less than twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

**Other information**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period up to 30 April 2022, being not less than twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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

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

## **ICE Futures Europe**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ICE FUTURES EUROPE (continued)**

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

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

#### **Matters on which we are required to report by exception**

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

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

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

#### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 14 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ICE FUTURES EUROPE (continued)**

***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the regulations, licence conditions and supervisory requirements of the Company's primary regulators the Financial Conduct Authority (FCA) and U.S. Commodity Futures Trading Commission (CFTC). We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Financial Reporting Standard 102 and the relevant direct and indirect taxation regulations
- We understood how the Company is complying with those frameworks by to prevent override of controls designed to prevent fraud by enquiry of management and the directors to understand how the Company maintains and communicates its policies and procedures as well as through the evaluation of corroborating documentation. We also reviewed correspondence with relevant authorities.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by making enquiries of management, and those charged with governance, and by considering their incentives to manage earnings or influence the perceptions of stakeholders.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved testing controls that exist at the entity level, as well as controls at the individual transaction level. We tested specific manual adjusting journal entries, where we exercised a heightened level of professional scepticism and included an element of unpredictability in the nature, timing and extent of our testing.

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

**Use of our report**

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

*Ernst & Young LLP*

Andrew Bates (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
30 April 2021

## ICE Futures Europe

### Statement of Comprehensive Income For the Year Ended 31 December 2020

	Note	2020 \$000	2019 \$000
Turnover	2	<b>264,159</b>	249,471
<b>Gross profit</b>		<b>264,159</b>	249,471
Administrative expenses		<b>(168,123)</b>	(153,684)
Other operating income	3	<b>27,963</b>	25,494
<b>Operating profit</b>	4	<b>123,999</b>	121,281
Loss on modification of intangible assets	10	<b>(75)</b>	-
Interest receivable	8	<b>642</b>	2,532
<b>Profit before tax</b>		<b>124,566</b>	123,813
Tax on profit	9	<b>(22,943)</b>	(23,238)
<b>Profit for the financial year</b>		<b>101,623</b>	100,575
<b>Total comprehensive income for the year</b>		<b>101,623</b>	100,575

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

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

**ICE Futures Europe**  
**Registered number: 1528617**

**Balance Sheet**  
**As at 31 December 2020**

	Note	2020 \$000	2020 \$000	2019 \$000	2019 \$000
<b>Fixed assets</b>					
Intangible assets	10		79		498
Tangible assets	11		5,736		7,531
Investments	13		32,000		28,000
			<u>37,815</u>		<u>36,029</u>
<b>Current assets</b>					
Debtors	14	77,874		74,870	
Cash at bank and in hand	15	113,643		109,820	
		<u>191,517</u>		<u>184,690</u>	
Creditors: amounts falling due within one year	16	(65,667)		(74,280)	
<b>Net current assets</b>			<u>125,850</u>		<u>110,410</u>
<b>Total assets less current liabilities</b>			<u>163,665</u>		<u>146,439</u>
Creditors: amounts falling due after more than one year	17		(7,588)		(7,296)
<b>Provisions for liabilities</b>					
Other provisions	19	(1,789)		(1,736)	
			<u>(1,789)</u>		<u>(1,736)</u>
<b>Net assets</b>			<u>154,288</u>		<u>137,407</u>
<b>Capital and reserves</b>					
Called up share capital	20		-		-
Share premium account			10,000		10,000
Profit and loss account			144,288		127,407
			<u>154,288</u>		<u>137,407</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 April 2021.



S. Williams  
 Director

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

## ICE Futures Europe

### Statement of Changes in Equity For the Year Ended 31 December 2020

	Called up share capital \$000	Share premium account \$000	Profit and loss account \$000	Total equity \$000
<b>At 1 January 2019</b>	-	10,000	121,505	131,505
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	100,575	100,575
Dividends: Equity capital	-	-	(93,000)	(93,000)
Payments under share-based payments agreements	-	-	(7,972)	(7,972)
Effect of capital contributions relating to sharebased payments	-	-	5,496	5,496
Decrease in amounts due under share-based payments recharge agreements	-	-	803	803
<b>At 1 January 2020</b>	-	10,000	127,407	137,407
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	101,623	101,623
Dividends: Equity capital	-	-	(82,500)	(82,500)
Payments under share-based payments agreements	-	-	(7,447)	(7,447)
Effect of capital contributions relating to sharebased payments	-	-	5,543	5,543
Increase in amounts due under share-based payments recharge agreements	-	-	(338)	(338)
<b>At 31 December 2019</b>	-	10,000	144,288	154,288

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

**Notes to the Financial Statements  
For the Year Ended 31 December 2020**

**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

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

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

The following principal accounting policies have been applied:

**1.2 Financial reporting standard 102 - reduced disclosure exemptions**

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Intercontinental Exchange, Inc., as at 31 December 2020 and these financial statements may be obtained from [www.theice.com](http://www.theice.com).

**1.3 Going concern**

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

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period up to 29 April 2022, being not less than twelve months from when the financial statements are authorised for issue. In reaching this determination they have considered the strong cash flows and capital resources of the Company. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**1.4 Operating leases**

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

**Notes to the Financial Statements  
For the Year Ended 31 December 2020**

**1. Accounting policies (continued)**

**1.5 Derivatives**

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

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

**1.6 Intangible assets and amortisation**

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

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

**1.7 Turnover**

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

**1.8 Tangible fixed assets and depreciation**

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

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

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

**1.9 Impairment review**

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

**Notes to the Financial Statements  
For the Year Ended 31 December 2020**

**1. Accounting policies (continued)**

**1.10 Investments**

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

**1.11 Dilapidation provision**

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

**1.12 Cash at bank and in hand**

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

**1.13 Foreign currencies**

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

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

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

**1.14 Dividends**

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

**1.15 Pensions**

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

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

**Notes to the Financial Statements  
For the Year Ended 31 December 2020**

**1. Accounting policies (continued)**

**1.16 Interest receivable**

Interest receivable is recognised as earned.

**1.17 Current and deferred taxation**

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

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

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

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

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

**1.18 Share-based transactions**

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

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

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

## ICE Futures Europe

### Notes to the Financial Statements For the Year Ended 31 December 2020

#### 2. Turnover

By activity:

	<b>2020</b>	2019
	<b>\$000</b>	\$000
Transaction fees	<b>123,215</b>	110,050
Membership fees	<b>2,141</b>	2,167
Data services	<b>138,803</b>	137,254
	<b>264,159</b>	249,471

All turnover arose within the United Kingdom.

Turnover, which is stated net of value added tax and net incentives amounting to \$309,437,000 in 2020 (2019: \$258,995,000), is derived from the continuing business of the Company, and is comprised as above.

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

#### 3. Other operating income

	<b>2020</b>	2019
	<b>\$000</b>	\$000
Services provided to group entities	<b>27,963</b>	25,494
	<b>27,963</b>	25,494

#### 4. Operating profit

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

	<b>2020</b>	2019
	<b>\$000</b>	\$000
Foreign exchange differences	<b>826</b>	(744)

#### 5. Auditors' remuneration

Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	<b>322</b>	310
Fees payable for audit related assurance services	<b>135</b>	50

## ICE Futures Europe

### Notes to the Financial Statements For the Year Ended 31 December 2020

#### 6. Employees

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

	<b>2020</b>	2019
	<b>\$000</b>	\$000
Wages and salaries	<b>34,333</b>	32,040
Social security costs	<b>3,690</b>	3,508
Cost of defined contribution scheme	<b>1,866</b>	1,812
	<b>39,889</b>	37,360

Included in the wages and salaries costs disclosed above was a charge of \$5,543,000 (2019: \$5,496,000) in respect of share-based payment transactions.

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

	<b>2020</b>	2019
	<b>No.</b>	No.
	<b>197</b>	193

#### 7. Directors' remuneration

	<b>2020</b>	2019
	<b>\$000</b>	\$000
Directors' emoluments	<b>2,085</b>	1,715
Directors pension costs - defined contributions	<b>55</b>	50
	<b>2,140</b>	1,765

During the year retirement benefits were accruing to 1 directors (2019: 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of \$1,374,000 (2019: \$1,007,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to \$55,000 (2019: \$50,000).

The highest paid director received shares in respect of qualifying services during the year. 10 directors (2019: 10) received shares in respect of qualifying services during the year.

Additional directors' remuneration in respect of qualifying services borne by the ultimate parent company, ICE, for the year is estimated at \$1,433,000 (2019: \$1,342,000).

## ICE Futures Europe

### Notes to the Financial Statements For the Year Ended 31 December 2020

#### 8. Interest receivable

	2020 \$000	2019 \$000
Other interest receivable	642	2,532
	<u>642</u>	<u>2,532</u>

#### 9. Taxation

	2020 \$000	2019 \$000
<b>Corporation tax</b>		
Current tax on profits for the year	22,983	22,611
Adjustments in respect of previous periods	8	61
	<u>22,991</u>	<u>22,672</u>
<b>Foreign tax</b>		
Foreign tax on income for the year	3	3
	<u>22,994</u>	<u>22,675</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	372	547
Effect of change in tax rate	(423)	8
Adjustments in respect of previous periods	-	8
	<u>(51)</u>	<u>563</u>
<b>Taxation on profit on ordinary activities</b>	<u>22,943</u>	<u>23,238</u>

**Notes to the Financial Statements  
For the Year Ended 31 December 2020**

**9. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	<b>2020</b>	2019
	<b>\$000</b>	\$000
Profit on ordinary activities before tax	<b>124,566</b>	123,813
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	<b>23,668</b>	23,524
<b>Effects of:</b>		
Expenses not deductible/(income not taxable) for tax purposes	<b>5</b>	(36)
Adjustments to tax charge in respect of prior periods	<b>8</b>	69
Statutory deduction on share schemes in excess of accounting charges	<b>(318)</b>	(330)
Foreign tax on income for the year	<b>3</b>	3
Change in rates	<b>(423)</b>	8
<b>Total tax charge for the year</b>	<b>22,943</b>	23,238

**Factors that may affect future tax charges**

The headline rate of UK corporation tax reduced from 20% to 19% on 1 April 2017 and, following the enactment of Finance Act 2020 on 22 July 2020 it will remain at 19%. Given that this rate was already enacted at the time of the balance sheet date, the closing deferred tax balances have been calculated with reference to this rate.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. The deferred tax asset is expected to decrease by \$538,000 before 31 December 2021.

On 3 March 2021 it was announced that the UK corporation tax rate would rise to 25% from 1 April 2023. Any deferred tax balances included within the accounts have been calculated with reference to the currently enacted rate of 19%, as required under FRS 102. However, following the substantive enactment of the rate of 25%, it is anticipated that the reversal of any timing differences will occur with reference to this rate and that the maximum impact on the quantum of the net deferred tax asset recognised will be \$752,000.

## ICE Futures Europe

### Notes to the Financial Statements For the Year Ended 31 December 2020

#### 10. Intangible assets

	<b>Other intangibles \$000</b>
<b>Cost</b>	
At 1 January 2020	1,378
Disposals	(113)
At 31 December 2020	<u>1,265</u>
<b>Amortisation</b>	
At 1 January 2020	880
Charge for the year on owned assets	231
Loss on modification	75
At 31 December 2020	<u>1,186</u>
<b>Net book value</b>	
At 31 December 2020	<u>79</u>
At 31 December 2019	<u>498</u>

The intangible fixed assets recognised during the year are in relation to the costs associated with prepaid incentive schemes from which the Company expects to derive future revenue. The intangible fixed assets are amortised evenly over their useful lives which are between 4.5 and 7 years for the costs of the initial incentive scheme and subsequent drawdowns. The estimated useful life is based on the expiry of the prepaid incentive scheme which is September 2022. Amortisation is included in administrative expenses in the profit and loss account.

## ICE Futures Europe

### Notes to the Financial Statements For the Year Ended 31 December 2020

#### 11. Tangible fixed assets

	Leashold improvements and office equipment \$000	Computer equipment \$000	Total \$000
<b>Cost</b>			
At 1 January 2020	26,648	6,231	32,879
Additions	78	7	85
Disposals	-	(332)	(332)
At 31 December 2020	<u>26,726</u>	<u>5,906</u>	<u>32,632</u>
<b>Depreciation</b>			
At 1 January 2020	19,348	6,000	25,348
Charge for the year	1,739	143	1,882
Disposals	-	(334)	(334)
At 31 December 2020	<u>21,087</u>	<u>5,809</u>	<u>26,896</u>
<b>Net book value</b>			
At 31 December 2020	<u>5,639</u>	<u>97</u>	<u>5,736</u>
At 31 December 2019	<u>7,300</u>	<u>231</u>	<u>7,531</u>

#### 12. Investments

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

## ICE Futures Europe

### Notes to the Financial Statements For the Year Ended 31 December 2020

#### 13. Fixed asset investments

	<b>Other fixed asset investments \$000</b>
<b>Cost</b>	
At 1 January 2020	<b>28,000</b>
Additions	<b>4,000</b>
At 31 December 2020	<b>32,000</b>

Pursuant to the Company's ongoing agreement with ICE Clear Europe Limited for clearing services, on 30 April 2020, the Company purchased an additional \$4 million preference shares issued by a Group entity, Exchange Participations Limited. The proceeds from the preference share issuance have been contributed to ICE Clear Europe Limited which has added the amount to its own resources contribution to the guaranty fund. This reflects the alignment of risk sharing between the Company in its role as the exchange, the clearing house and its members. The amount of the minimum contribution is reassessed annually; no additional contribution is required in 2021. The investments are an integral part of the agreement with ICE Clear Europe Limited and are expected to be held without curtailment for the foreseeable future.

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

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

#### 14. Debtors

	<b>2020 \$000</b>	2019 \$000
<b>Due after more than one year</b>		
Other debtors	<b>7,290</b>	8,343
	<b>7,290</b>	8,343
<b>Due within one year</b>		
Trade debtors	<b>19</b>	39
Amounts owed by group undertakings	<b>29,649</b>	27,319
Other debtors	<b>6</b>	748
Prepayments and accrued income	<b>36,334</b>	34,680
Corporation tax	<b>784</b>	-
Deferred taxation (note 18)	<b>3,792</b>	3,741
	<b>77,874</b>	74,870

## ICE Futures Europe

### Notes to the Financial Statements For the Year Ended 31 December 2020

#### 15. Cash at bank and in hand

	<b>2020</b>	2019
	<b>\$000</b>	\$000
Cash at bank and in hand	<b>113,643</b>	109,820
	<b>113,643</b>	109,820

As a Recognised Investment Exchange, the Company is required by the Financial Conduct Authority to restrict the use of the equivalent of six months of operating expenditures plus an amount for an operational risk buffer, subject to certain deductions, in cash or cash equivalents or investments at all times. As of 31 December 2020 the amount held by the Company was \$100,000,000 (2019: \$90,000,000) and this amount forms part of the cash at bank and in hand balance.

#### 16. Creditors: Amounts falling due within one year

	<b>2020</b>	2019
	<b>\$000</b>	\$000
Trade creditors	<b>442</b>	500
Amounts owed to group undertakings	<b>5,252</b>	4,895
Corporation tax	-	11,595
Other taxation and social security	<b>4,205</b>	5,219
Other creditors	-	96
Accruals and deferred income	<b>55,768</b>	51,975
	<b>65,667</b>	74,280

All creditors are unsecured. Accruals and deferred income includes \$3,123,000 (2019: \$3,484,000) due under share-based payment recharge agreements.

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

	<b>2020</b>	2019
	<b>\$000</b>	\$000
Accruals and deferred income	<b>7,588</b>	7,296
	<b>7,588</b>	7,296

Accruals and deferred income includes \$6,554,000 (2019: \$5,855,000) due under share-based payment recharge agreements.

## ICE Futures Europe

### Notes to the Financial Statements For the Year Ended 31 December 2020

#### 18. Deferred taxation

	2020 \$000	2019 \$000
At beginning of year	3,741	4,304
Credited/(charged) to the profit or loss	51	(563)
<b>At end of year</b>	<b>3,792</b>	<b>3,741</b>

  

	2020 \$000	2019 \$000
Decelerated capital allowances	2,714	2,742
Short-term timing differences	1,078	999
	<b>3,792</b>	<b>3,741</b>

#### 19. Other provisions

	Provision for dilapidation \$000
At 1 January 2020	1,736
Charged to profit or loss	53
<b>At 31 December 2020</b>	<b>1,789</b>

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

#### 20. Share capital

	2020 \$	2019 \$
<b>Allotted, called up and fully paid</b>		
101 (2019: 101) Ordinary shares of \$1.00 each	101	101

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

## ICE Futures Europe

### Notes to the Financial Statements For the Year Ended 31 December 2020

#### 21. Dividends

	2020 \$000	2019 \$000
Dividends paid on equity capital	82,500	93,000
	<u>82,500</u>	<u>93,000</u>

On 23 March 2021, a dividend of \$13,500,000 was approved by the Directors and paid by the Company on 25 March 2021.

#### 22. Pension commitments

The Company operates money purchase pension schemes for eligible employees. The assets of the schemes are held separately from those of the Company in independently administered funds. There were no contributions outstanding at 31 December 2020 (2019: nil).

#### 23. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 \$000	2019 \$000
Not later than 1 year	5,165	5,012
Later than 1 year and not later than 5 years	14,068	18,619
	<u>19,233</u>	<u>23,631</u>

Total lease payments recognised as an expense during the year were \$4,360,000 (2019: \$4,374,000).

#### 24. Derivatives

During the year the Company recognised total losses in the fair value of forward foreign currency contracts of \$1,785,000 (2019: \$46,000); these are included in administrative expenses in the profit and loss account. The Company did not recognise any assets at 31 December 2020 (2019: \$nil) for its forward foreign currency contracts held at fair value.

#### 25. Ultimate parent undertaking and controlling party

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

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

The group financial statements of Intercontinental Exchange, Inc., may be obtained from the website [www.theice.com](http://www.theice.com).

## **ICE Futures Europe**

### **Notes to the Financial Statements For the Year Ended 31 December 2020**

#### **26. Registered office**

The registered office of the Company is:

Milton Gate  
60 Chiswell Street  
London  
EC1Y 4SA  
United Kingdom