



ICE CLEAR CREDIT REGULATION AND GOVERNANCE

Fact Sheet

ICE Clear Credit regulation

ICE Clear Credit is a credit default swaps (CDS) clearing house based in the United States. It is regulated by the Commodity Futures Trading Commission (CFTC) as a Derivatives Clearing Organization (DCO) and by the Securities and Exchange Commission (SEC) as a Securities Clearing Agency (SCA).

ICE Clear Credit was launched in March of 2009 as ICE Trust U.S. and was regulated as a bank by the New York State Banking Department and the Federal Reserve Board of Governors. On July 16, 2011, in accordance with Sections 725 and 763 the Dodd-Frank Wall Street Reform and Consumer Protection Act, the clearing house became a CFTC-regulated DCO and a SEC-regulated SCA and changed its name to ICE Clear Credit.

ICE Clear Credit was designated a Systemically Important Financial Market Utility by the Financial Stability Oversight Council in July of 2012.

ICE Clear Credit is independently owned and governed

ICE Clear Credit is wholly-owned by ICE US Holding Company L.P. (ICC Parent) which is ultimately owned by Intercontinental Exchange, Inc. (NYSE: ICE). ICE is a leading global operator of regulated exchanges, clearing houses and listing venues, and a provider of data services for commodity, fixed income and equity markets. ICE delivers transparent, reliable and accessible data, technology and risk management services to markets around the world through its portfolio of exchanges, including the New York Stock Exchange and ICE Futures.

ICE Clear Credit is governed by a nine-member Board of Managers. All Managers are elected by the ICC Parent. Five Managers are required to be independent, in accordance with the requirements of the New York Stock Exchange listing standards, the U.S Securities Exchange Act of 1934 (including SEC regulations), and ICE's Board of Director Governance Principles (Independence Requirements). Two Managers are members of ICE management. The ICE Clear Credit Risk Committee designates four nominees, two must be independent and two may be non-independent, for election by the ICC Parent. The current Managers are set out below.

ICE Clear Credit Board Members

- *Terrence Martell (Chairperson) - Director of the Weissman Center for International Business at Baruch College/CUNY, director at VVC Exploration Corporation, and also serves on the board of several other ICE subsidiaries.*
- *Amy Hong - Managing Director at Goldman Sachs.*
- *Stan Ivanov - President of ICE Clear Credit.*
- *Elizabeth King - Global Head of Clearing & Chief Regulatory Officer, Intercontinental Exchange, Inc.*
- *Sumit Roy - Former Senior Portfolio Manager at Magnetar Capital.*
- *Ritesh Shah - Strategic initiatives at Jump Trading.*
- *Judith Sprieser - Independent director of ICE.*
- *Marti Tirinnanzi - Independent director of ICE.*
- *Viktor Vadasz- Executive Director at Morgan Stanley.*

The ICE Clear Credit Risk Committee provides recommendations on risk management, consistent with industry practices

The ICE Clear Credit Risk Committee includes substantial clearing participant representation. This is necessary because of the risk mutualization function of a clearing house — non-defaulting participants are responsible for covering losses in the event of a default of another clearing participant. Clearing participants are also experts on risk, and the most motivated to ensure that risks are properly managed, because their own capital is at stake in the event of a default.

The ICE Clear Credit Risk Committee has 14 members, including nine representatives of ICE Clear Credit clearing participants, and two representatives of ICE Clear Credit clearing participant customers. The three additional ICE Clear Credit Risk Committee members include Managers of the ICE Clear Credit Board and members of ICE Clear Credit management. In addition, the ICE Clear Credit Risk Committee is chaired by an independent Manager of the ICE Clear Credit Board. The Risk Committee is reconstituted on annual basis in accordance with Rule 503. The ICE Clear Credit Board of Managers is required to consult with the Risk Committee regarding the clearing house's risk management policies and standards, including products cleared, margin and guaranty fund contribution methodologies, member qualifications and certain rulebook changes, among other risk management policy issues. The Risk Committee is described in Chapter 5 of the ICE Clear Credit Rules.

The Risk Committee does not manage, govern or otherwise set policy for ICE Clear Credit. Rule 501 of the ICE Clear Credit Rules is explicit on this point:

Notwithstanding anything to the contrary in the ICE Clear Credit Rules, the Board shall not have any obligation to accept any proposal made by, or take any action proposed by, the Risk Committee, and any deliberation and/or decision by the Board with respect to any such proposal shall be made at the sole discretion of the Board, with no obligation whatsoever to the Risk Committee in respect of such deliberation or decision.

ICE Clear Credit Risk Committee Members

Terrence Martell (Chairman)	Citi
Stanislav Ivanov, ICE Clear Credit	Deutsche Bank
Richard Jordan, ICE Clear Credit	Goldman Sachs
BAML	JPMorgan
Barclays	Morgan Stanley
BNP	Wells Fargo, N.A.

ICE Clear Credit's governance structure complies with Dodd-Frank governance principles and explicitly incorporates the views of buy-side and other non-member market participants.

The ICE Clear Credit Rules establish that the ICE Clear Credit Risk Committee will receive input from the ICE Clear Credit Risk Advisory Working Group. The ICE Clear Credit Risk Advisory Working Group provides a forum to seek risk-based input from a broad array of market participants on all matters that could materially affect the risk profile of ICE Clear Credit. The ICE Clear Credit Risk Advisory Working Group shall be comprised of a minimum of five members. As documented in the ICE Clear Credit Clearing Rules, each member of the ICE Clear Credit Risk Advisory Working Group must have risk management expertise and is annually appointed by the ICE Clear Credit President, following consultation with the Chairperson of the Risk Advisory Working Group. One member of the ICE Clear Credit Risk Advisory Working Group shall be the ICE Clear Credit Chief Risk Officer, who will act as Chairperson. A minimum of two members of the ICE Clear Credit Risk Advisory Working Group shall be representatives of ICE Clear Credit clearing participants; and a

minimum of two members of the ICE Clear Credit Risk Advisory Working Group will be representatives of ICE Clear Credit clearing participant customers.

ICE Clear Credit’s membership requirements reflect the unique risks of the CDS market

ICE Clear Credit membership requirements reflect the binary nature and unique risks of the CDS market. CDS transactions are relatively illiquid and present substantially higher risks — including jump-to-default risk — than futures and other exchange-traded derivatives. Accordingly, ICE Clear Credit members must be able to meet the risk management and operational requirements that are unique to CDS clearing, including submitting reliable end-of-day settlement prices, bidding on auctioned positions in the event of a clearing participant default, and assuming allocated positions in the event of a failed auction.

Membership requirements are set to minimize systemic risk while permitting participation

The ICE Clear Credit Rules provide for open access to qualified entities and membership has increased since the launch of the clearing house in 2009. The clearing house’s initial membership requirements were established following the financial crisis of 2008, and reflected an emphasis by policy makers on risk management in the early stages of CDS clearing.

In May of 2012 the requirements were adjusted to comply with Dodd-Frank Act. As required by the CFTC and SEC regulations, ICE Clear Credit Rules include a minimum capital requirement for clearing participants of \$50 million and measures to ensure that capital requirements are appropriately risk-adjusted. Additionally, ICE Clear Credit requires that clearing participants be regulated for capital adequacy by a competent authority such as the CFTC, SEC, Federal Reserve Board, Office of the Comptroller of the Currency, European Securities and Markets Authority, U.K. Prudential Regulatory Authority or another regulatory body designated by ICE.

The ICE Clear Credit profit sharing agreement

ICE Clear Credit has a profit sharing arrangement with certain previous owners of The Clearing Corporation (TCC), some of which are current clearing participants of ICE Clear Credit or have an affiliate that is a current clearing participant. ICE acquired TCC in March 2009 to provide the risk management framework, operational processing and clearing infrastructure for CDS clearing. TCC’s previous owners included, among others, the 10 initial clearing participants of ICE Clear Credit.