Registered number: 1528617

ICE Futures Europe

Annual Report and Financial Statements

For the Year Ended 31 December 2016

ICE Futures Europe

Contents

Strategic Report
For the Year Ended 31 December 2016

The directors present their strategic report for ICE Future Europe ('the Company') for the year ended 31 December 2016.

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. In November 2016 the CFTC approved the Company's application to become 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, an ICE Group company, clears contracts traded on the Company's exchange.

The Company is a leading exchange for futures and options contracts based on energy and agricultural commodities, interest rates, equity derivatives and emissions.

The Company operates the leading market for trading in ICE Brent crude oil futures, as measured by the volume of contracts traded in 2016 according to the Futures Industry Association. The ICE Brent Crude futures contract is the benchmark for pricing light, sweet crude oil produced and consumed outside of the U.S. It is part of the Brent complex, which forms the price reference for approximately two-thirds of the world's internationally-traded physical oil. Based on 2016 contract volume, nearly half of the world's crude and refined oil futures contracts were traded through the Company. In 2015, open interest in Brent surpassed open interest in Nymex WTI.

The Company operates a regulated market for energy futures contracts and options on those contracts on a range of core products including contracts based on crude and refined oil, natural gas, power, emissions, coal, freight, iron ore and natural gas liquids. The Company is a leading commodity futures exchanges for the trading of agricultural commodities. The prices for the Company's agricultural contracts serve as global benchmarks for the physical commodity markets, including Sugar No. 11® (world raw sugar), white sugar, Coffee "C"® (Arabica coffee), robusta coffee. and London cocoa.

The Company also makes available for trading a range of financial futures products, including interest rate, equity index, and currency derivative products. Core products are short-term interest rate, or STIR, contracts, with its principal STIR contracts based on implied forward rates denominated in euro and sterling, such as Euribor, short-term Sterling and Gilt contracts, as well as U.S. rates including Eurodollar and GCF repo futures.

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 280 member firms as of 31 December 2016 (2015: 295).

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 offense 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.

The following table shows the volume statistics for 2016 compared with 2015:

	ADV* 2016 ('000s)	ADV* 2015 ('000s)	ADV* change %	Total Volume 2016 ('000s)	Total Volume 2015 ('000s)	Volume change %
ICE Brent Crude futures and options	900	784	15	226,712	197,447	15
ICE Gas Oil futures and options	264	252	5	66,413	63,520	5
ICE Other Oil**	380	340	12	95,800	85,691	12
ICE Natural Gas	57	60	(5)	14,451	15,197	(5)
ICE Emissions & Other***	35	32	10	8,847	8,074	10
Agricultural	76	61	24	19,063	15,402	24
Interest rates	1,636	1,466	12	412,204	369,533	12
Equities	487	561	(13)	122,749	141,447	(13)
Total	3,835	3,556	8	966,239	896,311	8

* 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 shares in the revenue derived from these contracts.

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.

	2016 ('000s)	2015 ('000s)	Change Fav/(adv)
Open interest			
ICE Brent Crude futures and options	3,723	3,641	2 %
ICE Gas Oil futures and options	854	750	14 %
ICE WTI Crude futures and options	1,310	986	33 %
ICE Emissions and futures options	941	1,200	(22) %
Swap futures	3,468	4,164	(17) %
Interest rates	13,943	19,143	(27) %
Equities	8,421	8,648	(3) %
Agricultural	912	973	(6) %
Other contracts*	1,665	1,203	38 %
Total	35,237	40,708	(13)%

* Other contracts include ICE Heating Oil futures, ICE Unleaded Gasoline Blendstock (RBOB) futures, ICE UK Natural Gas futures and options, ICE UK Electricity futures, ICE Coal futures and options.

Summary of the Company's financial results:

	Year ended 31 December		
	2016 $000	**2015 $000**	**Change fav/(adv)**
Levy income	94,592	229,121	(59) %
Membership fees	2,193	2,173	1 %
Total turnover	96,785	231,294	(58) %
Administrative expenses	(134,430)	(135,352)	1%
Other operating income	133,129	78,789	69 %
Operating profit	95,484	174,731	(45) %
Interest receivable	622	199	213 %
Taxation	(19,524)	(35,054)	44 %
Profit after tax (before dividends)	76,582	139,876	(45) %
Profit after tax %	79%	60%	
Cash and short term deposits and investments	89,576	119,664	(25) %
Net assets	96,982	128,224	(24) %

Total levy income decreased by $134,529,000 in the year ended 31 December 2016 compared with the prior year. This was largely attributable to an increase in the level of net incentives paid by the Company. The level of net incentives is dependent on volumes traded, other ICE Group entities contributions and the individual program terms. Administrative expenses have remained relatively constant as these are predominantly variable in nature and driven by volumes. Operating profit decreased by $79,247,000 or 45%. Dividends of $104,000,000 were declared by the directors and paid during the year (2015: $95,000,000).

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 and social events or conditions may impact volatility that may negatively impact the business. The Company's business is primarily transaction-based, and declines in trading volumes and market liquidity would adversely affect its business and profitability.

2. The Company's business and those of many of its clients have been and continue to be subject to increased legislation and regulatory scrutiny, and the Company faces the risk of changes to this regulatory environment and its business in the future. The Company's compliance and risk management methods, as well as its fulfillment of its regulatory obligations, might not be effective, which could lead to enforcement actions by its regulators.

3. System failures in the derivatives trading industry could negatively impact the Company along with computer and communications failures.

4. The Company's business is subject to the impact of financial markets volatility, including the prices and interest rates of the underlying the derivative products cleared, due to conditions that are beyond the Company's control. Trading volume is driven primarily by the degree of volatility (the magnitude and frequency of fluctuations) in prices of commodities. Volatility increases the need to hedge contractual price risk and creates opportunities for speculative or arbitrage trading. Were there to be a sustained period of stability in the prices of commodities, the Company could experience lower trading volumes, slower growth or declines in revenues.

5. As the Company operates an equity exchange this exposes it to additional risks, including the regulatory responsibilities to which the businesses is subject.

6. The Company's compliance and risk management methods, as well as its fulfillment of regulatory obligations, might not be effective.

7. The Company faces intense competition. If the Company is unable to keep up with rapid changes in technology and client preferences, it may not be able to compete effectively. The Company may not be successful in offering new products or technologies or in identifying opportunities.

8. The Company is dependent on ICE's trading platform. If ICE is unable to keep up with rapid changes in technology and participant preferences, the Company may not be able to compete effectively. In addition, its business may be harmed by computer and communications systems failures and delays.

9. The Company's systems and those of ICE and other of the Company's third party service providers may be vulnerable to security risks, hacking and cyber-attacks, especially in light of its role in the global financial marketplace, which could result in wrongful use of information or which could make our participants reluctant to use the Company's electronic platform.

10. The Company's business may be harmed by computer and communications systems failures and delays.

11. The Company relies on intercompany and third party service providers and other suppliers for a number of services that are important to the business. 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.

12. Fluctuations in foreign currency rates may adversely affect the Company's financial results.

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 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. The Company also has in place forward contracts on Euros in order to specifically manage the exchange rate risk related to the Euro.

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

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

ICE Futures Europe

Strategic Report
For the Year Ended 31 December 2016

This report was approved by the board on 26 April 2017 and signed on its behalf.

P. Davis
Secretary

Directors' Report
For the Year Ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

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 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 $76,582,000 (2015:$139,876,000).

Dividends of $104,000,000 were declared by the directors and paid during the year (2015: $95,000,000).

Directors

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

D. Peniket
J. Sprecher
C. Moorhouse (resigned 31 January 2017)
Sir C. McCarthy
T. Faithfull
R. Barton
D. Goone
P. Bruce
Lord W. Hague
V. Sharp (appointed 7 September 2016)
A. Whittaker (appointed 5 January 2017)

Directors' Report (continued)
For the Year Ended 31 December 2016

Future developments

The directors do not foresee any change in the Company's principal activities.

On 23 June 2016, the UK voted to leave the European Union. The impact of this decision is currently unknown as the UK government is yet to agree the terms and conditions upon which the UK will leave the European Union. Until such time as formal terms are agreed, there is a degree of uncertainty and the impact on the Company, if any, is yet to be determined.

Qualifying third party indemnity provisions

The Company has granted an indemnity to certain 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

Under section 487(2) of the Companies Act 2006, Ernst & Young LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 26 April 2017 and signed on its behalf.

P. Davis
Secretary

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 2016 which comprises of the Statement of Comprehensive Statement, Balance Sheet, Statement of Changes in Equity and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter 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.

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

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 identified no 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.

Ernst & Young LLP

Andrew Gilder (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

27 April 2017

ICE Futures Europe

Statement of Comprehensive Income
For the Year Ended 31 December 2016

	Note	2016 $000	2015 $000
Turnover	2	**96,785**	231,294
Gross profit		**96,785**	231,294
Administrative expenses		**(134,430)**	(135,352)
Other operating income	3	**133,129**	78,789
Operating profit	4	**95,484**	174,731
Interest receivable	8	**622**	199
Profit before tax		**96,106**	174,930
Tax on profit	9	**(19,524)**	(35,054)
Profit for the year		**76,582**	139,876
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**76,582**	139,876

There were no recognised gains and losses for 2016 or 2015 other than those included in the statement of comprehensive income.

The notes on pages 14 to 27 form part of these financial statements.

ICE Futures Europe
Registered number: 1528617

Balance Sheet
As at 31 December 2016

	Note	2016 $000	2016 $000	2015 $000	2015 $000
Fixed assets					
Intangible assets	10		**389**		-
Tangible assets	11		**14,846**		17,113
			15,235		17,113
Current assets					
Debtors	13	**72,546**		68,818	
Cash at bank and in hand	14	**89,576**		119,664	
		162,122		188,482	
Creditors: amounts falling due within one year	15	**(62,805)**		(59,378)	
Net current assets			**99,317**		129,104
Total assets less current liabilities			**114,552**		146,217
Creditors: amounts falling due after more than one year	16		**(15,955)**		(16,953)
Provisions for liabilities					
Other provisions	18	**(1,615)**		(1,040)	
			(1,615)		(1,040)
Net assets			**96,982**		128,224
Capital and reserves					
Called up share capital	19		-		-
Share premium account			**10,000**		10,000
Profit and loss account			**86,982**		118,224
			96,982		128,224

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 April 2017.

D. Peniket
Director

The notes on pages 14 to 27 form part of these financial statements.

Statement of Changes in Equity
For the Year Ended 31 December 2016

	Called up share capital	Share premium account	Profit and loss account	Total equity
	$000	$000	$000	$000
At 1 January 2015	-	10,000	79,357	89,357
Comprehensive income for the year				
Profit for the year	-	-	139,876	139,876
Dividends: Equity capital	-	-	(95,000)	(95,000)
Payments under share-based payments agreements	-	-	(10,887)	(10,887)
Effect of capital contributions relating to share-based payments	-	-	8,548	8,548
Increase in amounts due under share-based payments recharge agreements	-	-	(3,670)	(3,670)
At 1 January 2016	-	10,000	118,224	128,224
Comprehensive income for the year				
Profit for the year	-	-	76,582	76,582
Dividends: Equity capital	-	-	(104,000)	(104,000)
Payments under share-based payments agreements	-	-	(8,908)	(8,908)
Effect of capital contributions relating to share-based payments	-	-	9,560	9,560
Increase in amounts due under share-based payments recharge agreements	-	-	(4,476)	(4,476)
At 31 December 2016	-	10,000	86,982	96,982

Notes to the Financial Statements
For the Year Ended 31 December 2016

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 Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- 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 11.39 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 2016 and these financial statements may be obtained from 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 the foreseeable future. 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 the 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 2016

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 Turnover

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

1.7 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.

1.8 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 bases:

Leasehold improvements and office equipment	5 - 15 years
IT 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.

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.

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.

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 the Statement of Comprehensive Income, 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 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 options granted, fair value is measured using the Black-Scholes pricing model.

The Company has entered into recharge agreements with ICE in respect of the IntercontinentalExchange Inc. 2000 Stock Option Plan, 2005 Equity Incentive Plan, 2009 Omnibus Incentive Plan and the 2013 Omnibus Incentive Plan. 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.

On 3 November 2016 a 5-for-1 split of ICE's common stock was effected in the form of a four share stock dividend per share of common stock to shareholders of record as of the close of market on 27 October 2016. The new shares began trading on a split-adjusted basis on 4 November 2016.

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. The recharge agreements are capped to a maximum payment level of $10,000,000 per annum under the 2013 Omnibus Incentive Plan and 2000 Stock Option Plan, $5,000,000 per annum under the 2005 Equity Incentive Plan and $5,000,000 per annum under the 2009 Omnibus Incentive Plan.

2. Turnover

By activity:

	2016 $000	2015 $000
Levy income	**94,592**	229,121
Membership fees	**2,193**	2,173
	96,785	231,294

All turnover arose within the United Kingdom.

Turnover, which is stated net of value added tax and net incentives amounting to $211,180,000 in 2016 (2015: $51,859,000), is derived from the continuing business of the Company, and is comprised as above.

3. Other operating income

	2016 $000	2015 $000
Intercompany income	**133,129**	78,789
	133,129	78,789

Intercompany income is largely attributable to revenue received for the Company's market data which is distributed by an affiliated ICE entity.

4. Operating profit

The operating profit is stated after charging:

	2016 $000	2015 $000
Depreciation of tangible fixed assets	**4,008**	3,046
Amortisation of intangible assets	**223**	-
Exchange differences	**2,034**	1,900
Defined contribution pension cost	**1,646**	1,773

Notes to the Financial Statements
For the Year Ended 31 December 2016

5. Auditors' remuneration

	2016 $000	2015 $000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**164**	181
Fees payable for audit related assurance services	**275**	320

6. Employees

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

	2016 $000	2015 $000
Wages and salaries	**32,084**	33,043
Social security costs	**3,054**	3,151
Cost of defined contribution scheme	**1,646**	1,773
	36,784	37,967

Included in the wages and salaries costs disclosed above was a charge of $9,560,000 (2015: $8,548,000) in respect of share-based payment transactions.

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

2016 No.	2015 No.
167	166

Notes to the Financial Statements
For the Year Ended 31 December 2016

7. Directors' remuneration

	2016 $000	2015 $000
Directors' emoluments	**2,017**	1,785
Company contributions to defined contribution pension schemes	**86**	88
	2,103	1,873

During the year retirement benefits were accruing to 1 director (2015: 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of $1,337,000 (2015: $1,358,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to $86,000 (2015: $88,000).

The highest paid director received shares in respect of qualifying services during the year. 10 directors (2015: 8) 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 $713,000 (2015: $696,000).

8. Interest receivable

	2016 $000	2015 $000
Other interest receivable	**622**	199
	622	199

Notes to the Financial Statements
For the Year Ended 31 December 2016

9. Taxation

	2016 **$000**	2015 $000
Corporation tax		
Current tax on profits for the year	**18,670**	33,925
Adjustments in respect of previous periods	**(29)**	120
	18,641	34,045
Total current tax	**18,641**	34,045
Deferred tax		
Origination and reversal of timing differences	**169**	694
Effect of change in tax rate	**703**	502
Adjustments in respect of previous periods	**11**	(187)
Total deferred tax	**883**	1,009
Taxation on profit on ordinary activities	**19,524**	35,054

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015: lower than) the standard rate of corporation tax in the UK of 20% (2015:20.25%). The differences are explained below:

	2016 **$000**	2015 $000
Profit on ordinary activities before tax	**96,106**	174,930
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 20.25%)	**19,221**	35,423
Effects of:		
Expenses not deductible for tax purposes	**(103)**	(72)
Adjustments to tax charge in respect of prior periods	**(19)**	(67)
Statutory deduction on share schemes in excess of accounting charges	**(278)**	(732)
Change in rates	**703**	502
Total tax charge for the year	**19,524**	35,054

9. Taxation (continued)

Factors that may affect future tax charges

The headline rate of UK corporation tax reduced from 21% to 20% on 1 April 2015 and, following the enactment of Finance (No 2) Act 2015 it will reduce further to 19% from 1 April 2017. Following the announcement of the 2016 Budget on 16 March 2016 a further reduction in the rate of Corporation Tax was announced to reduce the corporation tax rate to 17% from 1 April 2020. As the provisions in the Budget were enacted on 15 September 2016 the 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 law) that have been enacted or substantively enacted by the balance sheet date. The deferred tax asset is estimated to increase by $137,000 before 31 December 2017.

10. Intangible assets

	Other intangibles $000
Cost	
Additions	612
At 31 December 2016	612
Amortisation	
Charge for the year	223
At 31 December 2016	223
Net book value	
At 31 December 2016	389
At 31 December 2015	-

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 of 4 years and 2.5 years for the costs of the initial incentive scheme and subsequent drawdown, respectively. The estimated useful life is based on the expiry of the prepaid incentive scheme which is June 2019. Amortisation is included in administration expenses in the profit and loss account.

11. Tangible fixed assets

	Leashold improvements and office equipment $000	Computer equipment $000	Total $000
Cost			
At 1 January 2016	**25,442**	**5,619**	**31,061**
Additions	**1,005**	**845**	**1,850**
Disposals	**(50)**	**(123)**	**(173)**
At 31 December 2016	**26,397**	**6,341**	**32,738**
Depreciation			
At 1 January 2016	**11,638**	**2,310**	**13,948**
Charge for the year	**2,159**	**1,849**	**4,008**
Disposals	**(28)**	**(36)**	**(64)**
At 31 December 2016	**13,769**	**4,123**	**17,892**
Net book value			
At 31 December 2016	**12,628**	**2,218**	**14,846**
At 31 December 2015	13,804	3,309	17,113

12. Fixed asset 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.

Notes to the Financial Statements
For the Year Ended 31 December 2016

13. Debtors

	2016 $000	2015 $000
Due after more than one year		
Other debtors	**10,000**	10,093
	10,000	10,093
Due within one year		
Trade debtors	**33**	129
Amounts owed by group undertakings	**28,395**	22,713
Other debtors	**77**	85
Prepayments and accrued income	**27,995**	28,870
Deferred taxation	**6,046**	6,928
	72,546	68,818

14. Cash at bank and in hand

	2016 $000	2015 $000
Cash at bank and in hand	**89,576**	119,664
	89,576	119,664

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, subject to certain deductions, in cash or cash equivalents or investments at all times. As of 31 December 2016 and 2015 the regulatory capital restricted cash held by the Company was $77,045,000 and $56,733,000 respectively and these amounts form part of the cash at bank and in hand balance.

15. Creditors: Amounts falling due within one year

	2016 $000	2015 $000
Trade creditors	**1,246**	2,118
Amounts owed to group undertakings	**4,342**	9,038
Corporation tax	**9,001**	18,281
Other taxation and social security	**2,112**	2,342
Other creditors	**59**	-
Accruals and deferred income	**46,045**	27,599
	62,805	59,378

All creditors are unsecured. Accruals and deferred income includes $6,477,000 (2015: $1,499,000) due under share-based payments recharge agreements.

16. Creditors: Amounts falling due after more than one year

	2016 $000	2015 $000
Accruals and deferred income	**15,955**	16,953
	15,955	16,953

Accruals and deferred income includes $13,319,000 (2015: $13,821,000) due under share-based payments recharge agreements.

17. Deferred taxation

	2016 $000	2015 $000
At beginning of year	**6,928**	7,937
Charged to the profit or loss	**(882)**	(1,009)
At end of year	**6,046**	6,928

	2016 $000	2015 $000
Decelerated capital allowances	**4,080**	5,141
Short term timing differences	**1,966**	1,787
	6,046	6,928

18 Other provisions

	Provision for dilapidation $000
At 1 January 2016	**1,040**
Utilised in year	**575**
At 31 December 2016	**1,615**

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

Notes to the Financial Statements
For the Year Ended 31 December 2016

19. Share capital

	2016 $	2015 $
Shares classified as equity		
Allotted, called up and fully paid		
101 Ordinary shares of $1 each	**101**	101

The Company is a private unlimited company incorporated in the United Kingdom.

20. Dividends

	2016 $000	2015 $000
Dividends paid on equity capital	**104,000**	95,000
	104,000	95,000

21. 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 2016 (2015: nil).

22. Commitments under operating leases

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 $000	2015 $000
Not later than 1 year	**4,549**	5,487
Later than 1 year and not later than 5 years	**18,469**	22,261
Later than 5 years	**12,697**	20,785
	35,715	48,533

Total lease payments recognised as an expense during the year were $5,855,000 (2015: $6,558,000).

23. Derivatives

The Company recognised a liability of $59,000 at 31 December 2016 for its forward foreign currency contracts held at fair value. During the year the Company recognised total gains in the fair value of forward foreign currency contracts of $1,667,000, these are included in administrative expenses in the profit and loss account.

24. 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 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.

25. Registered office

The registered office of the Company is:

Milton Gate
60 Chiswell Street
London
EC1Y 4SA
United Kingdom