Registered number: 8457573

ICE Benchmark Administration Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2018

ICE Benchmark Administration Limited

Contents

ICE Benchmark Administration Limited

Strategic Report
For the Year Ended 31 December 2018

The directors present their Strategic Report for ICE Benchmark Administration Limited ('the Company') for the year ended 31 December 2018.

Principal activities and review of the business

The Company is the regulated administrator of four systemically important benchmarks: ICE LIBOR, the ICE Swap Rate, the LBMA Gold Price and the LBMA Silver Price. The Company also operates the ISDA SIMM, Crowdsourcing Utility. The Company has implemented processes, governance, systems and technology that enhance the transparency and security of these benchmarks and services, which are relied upon globally.

The Company combines robust regulatory and governance frameworks with advanced technology to bring credibility and trust to globally important benchmarks. The Company is independently capitalised and is authorised and regulated by the Financial Conduct Authority ('FCA') in the UK for the regulated activity of administering a benchmark and is authorised as a benchmark administrator under the EU Benchmarks Regulation (Regulation (EU) 2016/1011 of 8 June 2016) (BMR). The Company is required to comply with the BMR, the FCA's rules for benchmark administrators and has also been assessed in respect of ICE LIBOR, ICE Swap Rate and the LBMA Gold Price against the IOSCO Principles for Financial Benchmarks.

The Company is a wholly-owned subsidiary of NYSE Holdings UK Limited, a private limited company registered in England. The ultimate parent company of the Company is Intercontinental Exchange, Inc., a corporation registered in Delaware, United States. Related entities in these financial statements refer to members of the ICE group of companies ('the Group').

ICE LIBOR is a widely-used global benchmark for short-term interest rates. The Company has worked closely with market participants, regulators and other stakeholders to strengthen the benchmark since assuming its administration in 2014, guided by regulatory recommendations and reform efforts. This includes the ongoing transition of LIBOR panel banks to making submissions under the "Waterfall" methodology contained in the LIBOR Output Statement.

In July 2017, the Chief Executive Officer of the FCA, Andrew Bailey, gave a speech where he examined important questions about the future of LIBOR. In this speech, he noted significant improvements made to LIBOR "through the work of its administrator, ICE Benchmark Administration", but also expressed concerns about the sustainability of the benchmark due to a reduction in activity in the unsecured wholesale term lending markets. He announced that the FCA was working with the panel banks to gain their voluntary agreement to sustain LIBOR through to the end of 2021, which was later confirmed, but also stated that it is the FCA's intention that it would no longer be necessary for the FCA to "persuade, or compel, banks to submit to LIBOR" after the end of 2021. The FCA and other regulators have continued to advise market participants of the need to end their reliance and transition away from LIBOR to alternative rates by the end of 2021.

The Company continues to work closely with market participants, regulators and other stakeholders regarding the future of LIBOR beyond the end of 2021, including surveying global banks and end-users of the benchmark. The results of the surveys and other outreach work will inform the Company's work in seeking the support of globally active banks for the potential publication of certain widely-used LIBOR settings after year-end 2021.

The primary goal of this work is to provide these settings to users with outstanding LIBOR-linked contracts that are impossible or impractical to modify. Any such settings will need to be compliant with relevant regulations and in particular those regarding representativeness. The Company's work is also designed to facilitate the industry's progress towards an orderly adoption of alternative 'risk-free' reference rates into the financial system, as called for by the FCA and the central banks.

Notwithstanding the results of the survey and the Company's work, there is no guarantee that any LIBOR settings will continue to be published after year-end 2021. Users of LIBOR should not rely on the continued publication of any LIBOR settings when developing transition or fall back plans.

Principal activities and review of the business (continued)

The LBMA Gold Price and LBMA Silver Price are the global benchmark prices for unallocated gold and silver delivered in London, derived from a daily, electronic auction process. A variety of entities participate in the Company's Gold and Silver Auctions. Banks, producers, the investment community, central banks, fabricators, jewellers and other consumers, as well as market participants from around the globe, use the benchmarks as reference prices. .

The ability to transact and reference a single transparent price, produced by a regulated benchmark administrator, provides significant benefits to the market. The LBMA Gold Price and LBMA Silver Price facilitate spot, monthly averaging, cash-settlement, location swaps, fixed for floating swaps, options and other derivative transactions important to price risk management.

ICE Swap Rate is recognised as the principal global benchmark for swap rates and spreads for interest rate swaps. It represents the mid-price for interest rate swaps (the fixed leg), at particular times of the day, in three major currencies (EUR, GBP and USD) and in tenors ranging from 1 year to 30 years. ICE Swap Rate is used as the exercise value for cash-settled swaptions, for close-out payments on early terminations of interest rate swaps, for some floating rate bonds and for valuing portfolios of interest rate swaps.

ICE Swap Rate is the first global benchmark to transition from a submission-based rate, using inputs from a panel of banks to a rate based on tradable quotes sourced from regulated electronic trading venues – requiring no subjective or expert judgment. Under the new patented methodology, ICE Swap Rate accurately reflects what was tradable in the market.

The ISDA Standard Initial Margin Model (ISDA SIMMTM) is a common methodology for calculating initial margin for non-centrally cleared derivatives. The margin calculations depend upon the identification of appropriate ISDA SIMM Risk Buckets for each underlying asset. In order to achieve an independent consensus mapping for each asset, the Company, in collaboration with ISDA, has developed the ISDA SIMM Crowdsourcing Facility. This covers the aggregation and compilation of risk buckets for the underlying assets, enabling market participants to implement the ISDA SIMM consistently and agree the margin that needs to be exchanged. Parties use the results from the crowdsourcing facility as an input for their SIMM calculation.

Principal risks and uncertainties

1. The Company is subject to a number of risks. The Company's revenues depend heavily on the administration of benchmarks. Should the Company fail to adequately administer the benchmarks, there is a risk that the existing mandate to operate them will become untenable and opportunities to operate other benchmarks will be restricted.

2. The Company's compliance and risk methods might not be effective and may result in outcomes that could adversely affect reputation, financial condition and operating results.

3. The industry in which the Company operates is highly competitive and the Company expects the competition to intensify in the future.

4. The Company's systems and third party service providers may be vulnerable to security risks, hacking and cyber-attacks, especially, in the light of the Company's role in the global financial market place, which could result in wrongful use of information, or which could make the participants reluctant to use the Company's products.

5. The Company faces the risk of changes to the regulatory environment in which it operates, which may result in the loss of an exclusive license, reduced revenues, higher costs or changes to the business model. As a regulated administrator of a range of benchmarks, the Company will continue to be subject to extensive regulation, including the BMR. Any action by regulators or regulatory developments may be significant to the business.

6. Uncertainties exist surrounding the continuing use of LIBOR as a benchmark rate beyond 2021 as a result of regulatory announcements as discussed in the principal activities and review of the business.

Brexit

In March 2017, the U.K. officially triggered Article 50 and notified the EU of its intention of leaving the EU following the U.K.'s June 2016 referendum vote to leave the EU (commonly known as Brexit). The triggering of Article 50 began the process of withdrawal from the EU, which will last two years unless extended by the unanimous decision of Member States or withdrawn by the U.K. prior to the end of the two-year withdrawal period. In November 2018, the U.K and the 27 other countries involved in Brexit negotiations, commonly referred to as the EU27, agreed upon the terms of a withdrawal agreement which sets out the terms of the U.K.'s withdrawal from the EU and includes a transitional period until 31 December 2020, during which EU law will continue to apply in and to the U.K if the withdrawal agreement is ratified by the EU and the U.K. If the withdrawal agreement is not signed before the UK's exit from the EU, supervised entities in the EU could nevertheless continue to use the Company's benchmarks until 1 January 2020 by virtue of transitional provisions in Article 51(5) of the BMR. Other (i.e. non-supervised) entities in the EU could continue to use the Company's benchmarks without any time limit. The BMR has three mechanisms for third-country administrators, which are: Equivalence; Recognition; and Endorsement. The Company has considered these in its Brexit planning and is committed to ensuring continuity of licensing of the Company's benchmarks after Brexit.

LIBOR Litigation

On 15 January 2019 a purported class action complaint was filed by Putnam Bank, a savings bank based in Putnam, Connecticut, in the Southern District of New York against Intercontinental Exchange, Inc. ('ICE') and several of its subsidiaries, including the Company (the 'ICE Defendants'), as well as 18 multinational banks and various of their respective subsidiaries and affiliates (the 'Panel Bank Defendants'). Subsequent to this initial filing, additional virtually identical complaints have also been filed in the Southern District against the same defendants by certain municipal pension and union-affiliated funds located in the United States. As the administrator of LIBOR, the Company calculates the benchmark daily based upon the submissions from a reference panel (which includes the Panel Bank Defendants).

The plaintiffs seek to litigate on behalf of a purported class of all U.S.-based persons or entities who transacted with a Panel Bank Defendant by receiving a payment on an interest rate indexed to a LIBOR-benchmarked rate during the period 1 February 2014 to the present. The plaintiffs allege that the ICE Defendants and Panel Bank Defendants engaged in a conspiracy to set the LIBOR benchmark at artificially low levels, with an alleged purpose and effect of depressing payments by the Panel Bank Defendants to members of the purported class.

The complaints assert claims for violations of the Sherman and Clayton Antitrust Acts and for unjust enrichment under common law, and seek unspecified treble damages and other relief. ICE and the Company intend to vigorously defend these matters but cannot reasonably estimate at this time what the outcomes and timings of these will be.

This report was approved by the board on 21 March 2019 and signed on its behalf.

Timothy Joseph Bowler
Director

Directors' Report
For the Year Ended 31 December 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

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 and dividends

The profit for the year, after taxation, amounted to $32,341,000 (2017: $26,034,000).

Dividends of $29,000,000 were declared and paid during the year (2017: $22,550,000).

Directors

The directors who served during the year were:

André-François Hélier Villeneuve
Michel André Jean-Edmond Prada
David Scott Goone
Mary John Miller (resigned 31 January 2018)
Roderick Louis Paris (resigned 31 January 2018)
Dame DeAnne Shirley Julius DCMG CBE
Timothy Joseph Bowler
Candice Koederitz (appointed 1 April 2018)
Paula Madoff (appointed 1 April 2018)
John David Crompton (appointed 1 May 2018)

ICE Benchmark Administration Limited

Directors' Report (continued)
For the Year Ended 31 December 2018

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 directors is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the directors 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 or will be deemed to be reappointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board on 21 March 2019 and signed on its behalf.

Timothy J Bowler

Timothy Joseph Bowler
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ICE BENCHMARK ADMINISTRATION LIMTED

Opinion

We have audited the financial statements of ICE Benchmark Administration Limited for the year ended 31 December 2018 which comprise Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the related notes 1 to 21, including a summary of significant accounting policies. 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".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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.

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.

In connection with our audit of the financial statements, 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 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 or a material misstatement of the other information. 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; and

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the 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 in relation to which 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 4, 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.

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
21 March 2019

ICE Benchmark Administration Limited

Statement of Comprehensive Income
For the Year Ended 31 December 2018

	Note	2018 $000	2017 $000
Turnover	2	**65,933**	59,442
Gross profit		**65,933**	59,442
Administrative expenses		**(26,789)**	(26,950)
Operating profit	3	**39,144**	32,492
Interest receivable	6	**498**	223
Interest payable	7	**(50)**	-
Profit before tax		**39,592**	32,715
Tax on profit	8	**(7,251)**	(6,681)
Profit for the financial year		**32,341**	26,034
Other comprehensive income for the year		-	-
Total comprehensive income for the year		**32,341**	26,034

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

The notes on pages 12 to 23 form part of these financial statements.

ICE Benchmark Administration Limited
Registered number: 8457573

Balance Sheet
As at 31 December 2018

	Note	2018 $000	2018 $000	2017 $000	2017 $000
Fixed assets					
Intangible assets	9		**660**		976
Tangible assets	10		**-**		5
			660		981
Current assets					
Debtors: amounts falling due within one year	11	**6,360**		4,707	
Cash at bank and in hand	12	**31,817**		32,244	
		38,177		36,951	
Creditors: amounts falling due within one year	13	**(9,181)**		(10,083)	
Net current assets			**28,996**		26,868
Total assets less current liabilities			**29,656**		27,849
Creditors: amounts falling due after more than one year	14		**(1,577)**		(2,090)
Net assets			**28,079**		25,759
Capital and reserves					
Called up share capital			**15,700**		15,700
Profit and loss account			**12,379**		10,059
			28,079		25,759

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 March 2019.

Timothy Joseph Bowler
Director

Statement of Changes in Equity
For the Year Ended 31 December 2018

	Called up share capital	Profit and loss account	Total equity
	$000	$000	$000
At 1 January 2018	15,700	10,059	25,759
Comprehensive income for the year			
Profit for the year	-	32,341	32,341
Contributions by and distributions to owners			
Dividends: Equity capital	-	(29,000)	(29,000)
Payments under share-based payments agreements	-	(2,682)	(2,682)
Effect of capital contributions relating share-based payments	-	1,437	1,437
Decrease in amounts due under share-based payments recharge agreements	-	224	224
Total transactions with owners	-	(30,021)	(30,021)
At 31 December 2018	15,700	12,379	28,079

The notes on pages 12 to 23 form part of these financial statements.

Statement of Changes in Equity
For the Year Ended 31 December 2017

	Called up share capital	Profit and loss account	Total equity
	$000	$000	$000
At 1 January 2017	15,700	6,779	22,479
Comprehensive income for the year			
Profit for the year	-	26,034	26,034
Dividends: Equity capital	-	(22,550)	(22,550)
Payments under share-based payments agreements	-	(2,152)	(2,152)
Effect of capital contributions relating share-based payments	-	1,682	1,682
Decrease in amounts due under share-based payments recharge agreements	-	266	266
Total transactions with owners	-	(22,754)	(22,754)
At 31 December 2017	15,700	10,059	25,759

The notes on pages 12 to 23 form part of these financial statements.

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 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 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 2018 and these financial statements may be obtained from www.theice.com.

1.3 Going concern

The Company has adequate financial resources and growing revenue streams from a number of different sources. 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 Turnover

Turnover comprises revenue recognised by the Company in respect of goods and services supplied during the year, exclusive of value added tax and trade discounts.

1. Accounting policies (continued)

1.5 Interest receivable

Interest receivable is recognised as earned.

1.6 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.

1.7 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:

IT equipment - 3 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. Accounting policies (continued)

1.9 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.

1.10 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 US 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.

1.11 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 payments 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.

1.12 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.13 Dividends

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

1. Accounting policies (continued)

1.14 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 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 the 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, mcalculated 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.

2. Turnover

	2018 $000	2017 $000
North America	**11,347**	10,144
Europe	**40,560**	36,364
Rest of the world	**14,026**	12,934
	65,933	59,442

3. Operating profit

The operating profit is stated after charging:

	2018 $000	2017 $000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**120**	126
Auditors' remuneration for non-audit services	**60**	64
Exchange differences	**720**	(481)

4. Employees

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

	2018 $000	2017 $000
Wages and salaries	6,097	6,625
Social security costs	549	703
Cost of defined contribution scheme	231	196
	6,877	7,524

Included in the wages and salaries costs disclosed above was a charge of $1,437,000 (2017: $1,682,000) in respect of share-based payment transactions.

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

	2018 No.	2017 No.
	20	18

5. Directors' remuneration

	2018 $000	2017 $000
Directors' emoluments	1,602	2,405
Company contributions to defined contribution pension schemes	13	16
	1,615	2,421

During the year retirement benefits were accruing to 1 director (2017: 1). The highest paid director received remuneration of $1,051,000 (2017: $1,005,000) and received shares in respect of qualifying services during the year. The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to $13,000 (2017: $10,000).

6. Interest receivable

	2018 $000	2017 $000
Other interest receivable	498	223
	498	223

7. Interest payable

	2018 $000	2017 $000
Other interest payable	**50**	-
	50	-

8. Taxation

	2018 $000	2017 $000
Corporation tax		
Current tax on profits for the year	**7,185**	6,205
Adjustments in respect of previous periods	**(1)**	147
	7,184	6,352
Foreign tax		
Foreign tax on income for the year	**119**	90
	119	90
Total current tax	**7,303**	6,442
Deferred tax		
Changes to tax rates	**20**	(3)
Deferred tax (credit)/charge for the year	**(72)**	242
Total deferred tax	**(52)**	239
Taxation on profit on ordinary activities	**7,251**	6,681

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017: higher than) the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018 $000	2017 $000
Profit on ordinary activities before tax	**39,592**	32,715
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	**7,522**	6,298
Effects of:		
(Income not taxable)/expenses not deductible for tax purposes	**(50)**	18
Statutory deduction on share schemes less/(greater) than accounting charges	**(359)**	131
Foreign tax on income for the year	**119**	90
Change in rates	**20**	(3)
Adjustments to tax charge in respect of prior periods	**(1)**	147
Total tax charge for the year	**7,251**	6,681

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 2016 on 15 September 2016 it will reduce further to 17% from 1 April 2020. Given that this rate was 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 maximum effect on deferred tax of the reduction in the UK corporation tax rate to 17% is expected to be $27,000. The deferred tax asset of $282,000 (note 15) is expected to decrease by $86,000 before 31 December 2019.

9. Intangible assets

	Pre contract-completion costs $000
Cost	
At 1 January 2018	**2,214**
At 31 December 2018	**2,214**
Amortisation	
At 1 January 2018	**1,238**
Charge for the year	**316**
At 31 December 2018	**1,554**
Net book value	
At 31 December 2018	**660**
At 31 December 2017	976

The intangible fixed assets are the pre contract-completion costs for the LIBOR administration contract. The pre contract-completion costs recognised by the Company are amortised in equal annual amounts over the 7 year commitment to administer LIBOR, commencing 1 February 2014.

10. Tangible fixed assets

	Computer equipment $000
Cost	
At 1 January 2018	**170**
At 31 December 2018	**170**
Depreciation	
At 1 January 2018	**165**
Charge for the year	**5**
At 31 December 2018	**170**
Net book value	
At 31 December 2018	**-**
At 31 December 2017	5

11. Debtors

	2018 $000	2017 $000
Trade debtors	**529**	111
Amounts owed by group undertakings	**1,348**	1,262
Other debtors	**709**	6
Prepayments	**3,492**	3,098
Deferred taxation	**282**	230
	6,360	4,707

12. Cash at bank and in hand

	2018 $000	2017 $000
Cash at bank and in hand	**31,817**	32,244
	31,817	32,244

The Company is required by the FCA to restrict the use of the equivalent of six months of operating expenditure, as agreed at the time of authorisation, in cash or cash equivalents at all times. At 31 December 2018 this amount was $14,583,000 (2017: $12,602,000).

The Company is also expected to hold an operational risk buffer equivalent to three months of operating expenditure in cash or cash equivalents. At 31 December 2018 this amounted to $7,291,000 (2017: $6,301,000).

13. Creditors: Amounts falling due within one year

	2018 $000	2017 $000
Trade creditors	**27**	186
Amounts owed to group undertakings	**1,624**	960
Corporation tax	**3,444**	3,230
Other taxation and social security	**173**	183
Accruals and deferred income	**3,913**	5,524
	9,181	10,083

All creditors are unsecured. Accruals and deferred income includes $962,000 (2017: $673,000) due under shared-based payments recharge agreements.

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

	2018 $000	2017 $000
Accruals and deferred income	**1,577**	2,090
	1,577	2,090

Accruals and deferred income represents $1,577,000 (2017: $2,090,000) due under shared-based payments recharge agreements.

15. Deferred taxation

	2018 $000
At beginning of year	230
Credited to the profit or loss	52
At end of year	**282**

The deferred tax asset is made up as follows:

	2018 $000	2017 $000
Decelerated capital allowances	51	64
Short term timing differences	231	166
	282	230

16. Share capital

	2018 $000	2017 $000
Allotted, called up and fully paid		
15,700,000 (2017: 15,700,000) Ordinary shares of $1 each	15,700	15,700
1 (2017: 1) Ordinary share of £1	-	-
	15,700	15,700

17. Dividends

	2018 $000	2017 $000
Dividends paid on equity capital	29,000	22,550
	29,000	22,550

18. 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 2018 (2017: $nil).

19. Contingent liability

On 15 January 2019 a purported class action complaint was filed by Putnam Bank, a savings bank based in Putnam, Connecticut, in the Southern District of New York against Intercontinental Exchange, Inc. ('ICE') and several of its subsidiaries, including the Company (the 'ICE Defendants'), as well as 18 multinational banks and various of their respective subsidiaries and affiliates (the 'Panel Bank Defendants'). Subsequent to this initial filing, additional virtually identical complaints have also been filed in the Southern District against the same defendants by certain municipal pension and union-affiliated funds located in the United States. As the administrator of LIBOR, the Company calculates the benchmark daily based upon the submissions from a reference panel (which includes the Panel Bank Defendants).

The plaintiffs seek to litigate on behalf of a purported class of all U.S.-based persons or entities who transacted with a Panel Bank Defendant by receiving a payment on an interest rate indexed to a LIBOR-benchmarked rate during the period 1 February 2014 to the present. The plaintiffs allege that the ICE Defendants and Panel Bank Defendants engaged in a conspiracy to set the LIBOR benchmark at artificially low levels, with an alleged purpose and effect of depressing payments by the Panel Bank Defendants to members of the purported class.

The complaints assert claims for violations of the Sherman and Clayton Antitrust Acts and for unjust enrichment under common law, and seek unspecified treble damages and other relief. ICE and the Company intend to vigorously defend these matters but cannot reasonably estimate at this time what the outcomes and timings of these will be.

20. Ultimate parent undertaking and controlling party

The Company is a wholly-owned subsidiary of NYSE Holdings UK Limited, a company incorporated and registered in England and Wales. 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.

21. Registered office

The registered office of the Company is:

Milton Gate
60 Chiswell Street
London
EC1Y 4SA
United Kingdom