

Registered number: 8457573

## **ICE Benchmark Administration Limited**

### **Annual Report and Financial Statements**

**For the Year Ended 31 December 2017**

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## **ICE Benchmark Administration Limited**

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## **ICE Benchmark Administration Limited**

### **Strategic Report**

**For the Year Ended 31 December 2017**

The directors present their Strategic Report for ICE Benchmark Administration Limited ('the Company') for the year ended 31 December 2017.

#### **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 benchmarks and services 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. The Company is required to comply with the FCA's rules for benchmark administrators and has also been formally assessed in respect of ICE LIBOR against the IOSCO Principles for Financial Benchmarks.

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.

ICE LIBOR is a benchmark rate produced for five currencies with seven maturities quoted for each - ranging from overnight to 12 months, producing 35 rates each business day. ICE LIBOR provides an indication of the average rate at which a LIBOR contributor bank can obtain unsecured funding in the London interbank market for a given period, in a given currency. Individual ICE LIBOR rates are the end-product of a calculation based upon submissions from LIBOR contributor banks.

The Company maintains a reference panel of between 11 and 16 contributor banks for each currency calculated. The Company currently fixes in the following five currencies:

- CHF (Swiss Franc)
- EUR (Euro)
- GBP (Pound Sterling)
- JPY (Japanese Yen)
- USD (US Dollar)

In July of 2017, the Chief Executive of the FCA, Andrew Bailey, gave a speech where he examined important questions about the future of LIBOR. In this speech, he noted the significant improvements to LIBOR "through the work of IBA", but also expressed longer term concerns about the sustainability of the benchmark due to a reduction in wholesale borrowing by LIBOR panel banks since the financial crisis. He announced that the FCA was working with the panel banks to gain their support for LIBOR through 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 2021. This speech resulted in much discussion on the future of LIBOR and whether it could exist alongside new reference rates being developed. The Company is in active dialogue with stakeholders in order to develop a plan that would help facilitate LIBOR's future publication after 2021.

The LBMA Gold Price and LBMA Silver Price are the global benchmark prices for unallocated gold and silver delivered in London. Producers, the investment community, banks and central banks, fabricators, jewellers and other consumers as well as market participants from around the globe, transact during the IBA Gold and Silver Auctions and 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

## ICE Benchmark Administration Limited

### Strategic Report (continued) For the Year Ended 31 December 2017

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.

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.

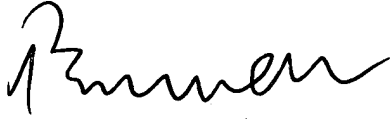
#### Principal risks and uncertainties

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. Any action by regulators or regulatory developments may be significant to the business. From 1 April 2016, the FCA's provisions on fair, reasonable and nondiscriminatory pricing restrictions (known as FRAND) came into force for regulated benchmark administrators. Also, the European Union 'Regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds' (known as the BMR) entered into force on 30 June 2016 and most of the provisions have been applicable since 1 January 2018, subject to some transitional provisions until 1 January 2020. The Company has applied for authorisation under the BMR.
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.

**ICE Benchmark Administration Limited**

**Strategic Report (continued)  
For the Year Ended 31 December 2017**

This report was approved by the board on 22 March 2018 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'P. Davis', with a stylized, cursive flourish at the end.

Patrick Davis  
Secretary

## **ICE Benchmark Administration Limited**

### **Directors' Report For the Year Ended 31 December 2017**

The directors present their report and the financial statements for the year ended 31 December 2017.

#### **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 \$26,034,000 (2016: \$22,296,000).

Dividends of \$22,550,000 were declared and paid during the year (2016: \$14,500,000).

#### **Directors**

The directors who served during the year were:

Finbarr Patrick Hutcheson (resigned 2 October 2017)  
André-François Hélier Villeneuve  
Michel André Jean-Edmond Prada  
David Goone  
Mary John Miller (resigned 31 January 2018)  
Roderick Louis Paris (resigned 31 January 2018)  
Dame Deanne Julius  
Timothy Bowler (appointed 2 October 2017)

#### **Future developments**

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.

**ICE Benchmark Administration Limited**

**Directors' Report (continued)  
For the Year Ended 31 December 2017**

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

**Auditors**

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

This report was approved by the board on 22 March 2018 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'Patrick Davis', is written over the printed name and title.

Patrick Davis  
Secretary

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ICE BENCHMARK ADMINISTRATION LIMITED**

### **Opinion**

We have audited the financial statements of ICE Benchmark Administration Limited for the year ended 31 December 2017 which comprise Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the related notes 1 to 19, 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 2017 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.

### **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.

### **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.

### **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.

*Ernst & Young LLP*

Andrew Gilder (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP; Statutory Auditor  
London  
27 March 2018

**ICE Benchmark Administration Limited**

**Statement of Comprehensive Income  
For the Year Ended 31 December 2017**

	<b>Note</b>	<b>2017 \$000</b>	<b>2016 \$000</b>
Turnover	2	<u>59,442</u>	<u>52,995</u>
<b>Gross profit</b>		<b>59,442</b>	<b>52,995</b>
Administrative expenses		<u>(26,950)</u>	<u>(25,328)</u>
<b>Operating profit</b>	3	<b>32,492</b>	<b>27,667</b>
Interest receivable and similar income	6	<u>223</u>	<u>94</u>
<b>Profit before tax</b>		<b>32,715</b>	<b>27,761</b>
Tax on profit	7	<u>(6,681)</u>	<u>(5,465)</u>
<b>Profit for the financial year</b>		<b>26,034</b>	<b>22,296</b>
<b>Other comprehensive income for the year</b>			
<b>Total comprehensive income for the year</b>		<u><b>26,034</b></u>	<u><b>22,296</b></u>

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

The notes on pages 11 to 22 form part of these financial statements.

**ICE Benchmark Administration Limited**  
**Registered number: 8457573**

**Balance Sheet**  
**As at 31 December 2017**

	Note	2017 \$000	2016 \$000
<b>Fixed assets</b>			
Intangible assets	8	976	1,292
Tangible assets	9	5	69
		<u>981</u>	<u>1,351</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	10	4,707	4,789
Cash at bank and in hand	11	32,244	26,809
		<u>36,951</u>	<u>31,598</u>
Creditors: amounts falling due within one year	12	(10,083)	(8,114)
<b>Net current assets</b>		<u>26,868</u>	<u>23,484</u>
<b>Total assets less current liabilities</b>		<u>27,849</u>	<u>24,835</u>
Creditors: amounts falling due after more than one year	13	(2,090)	(2,356)
<b>Net assets</b>		<u><u>25,759</u></u>	<u><u>22,479</u></u>
<b>Capital and reserves</b>			
Called up share capital	15	15,700	15,700
Profit and loss account		10,059	6,779
		<u><u>25,759</u></u>	<u><u>22,479</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 March 2018.



Timothy Bowler  
Director

**ICE Benchmark Administration Limited**

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

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
At 1 January 2017	15,700	6,779	22,479
<b>Comprehensive income for the year</b>			
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
<b>Total transactions with owners</b>	-	(22,754)	(22,754)
<b>At 31 December 2017</b>	<b>15,700</b>	<b>10,059</b>	<b>25,759</b>

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

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
At 1 January 2016	15,700	(525)	15,175
<b>Comprehensive income for the year</b>			
Profit for the year	-	22,296	22,296
Dividends: Equity capital	-	(14,500)	(14,500)
Payments under share-based payments agreements	-	(1,231)	(1,231)
Effect of capital contributions relating share-based payments	-	1,965	1,965
Increase in amounts due under share-based payments recharge agreements	-	(1,226)	(1,226)
<b>Total transactions with owners</b>	-	(14,992)	(14,992)
<b>At 31 December 2016</b>	<b>15,700</b>	<b>6,779</b>	<b>22,479</b>

The notes on pages 11 to 22 form part of these financial statements.

**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

**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 2017 and these financial statements may be obtained from [www.theice.com](http://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.

**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

**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.

**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

**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 Dividends**

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

**1.13 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.

The Company has entered into recharge agreements with ICE in respect of the Intercontinental Exchange Inc. 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 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.

## ICE Benchmark Administration Limited

### Notes to the Financial Statements For the Year Ended 31 December 2017

#### 1. Accounting policies (continued)

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.

#### 2. Turnover

	2017 \$000	2016 \$000
North America	10,144	8,712
Europe	36,364	33,023
Rest of the world	12,934	11,260
	<u>59,442</u>	<u>52,995</u>

#### 3. Operating profit

The operating profit is stated after charging:

	2017 \$000	2016 \$000
Depreciation of tangible fixed assets	54	57
Amortisation of intangible assets, including goodwill	316	316
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	126	69
Auditors' remuneration for non-audit services	64	39
Exchange differences	(481)	845
Defined contribution pension cost	196	187



**ICE Benchmark Administration Limited**

**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

**4. Employees**

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

	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
Wages and salaries	<b>6,625</b>	5,595
Social security costs	<b>703</b>	497
Cost of defined contribution scheme	<b>196</b>	187
	<b>7,524</b>	6,279

Included in the wages and salaries costs disclosed above was a charge of \$1,682,000 (2016: \$1,965,000) in respect of share-based payment transactions.

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

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
	<b>18</b>	18

**5. Directors' remuneration**

	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
Directors' emoluments	<b>2,405</b>	1,286
Company contributions to defined contribution pension schemes	<b>16</b>	21
	<b>2,421</b>	1,307

During the year retirement benefits were accruing to 1 director (2016: 1). The highest paid director received remuneration of \$1,005,000 (2016: \$810,000) 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 \$10,000 (2016: \$21,000).

**6. Interest receivable**

	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
Other interest receivable	<b>223</b>	94
	<b>223</b>	94

**ICE Benchmark Administration Limited**

**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

**7. Taxation**

	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
<b>Corporation tax</b>		
Current tax on profits for the year	<b>6,205</b>	5,472
Adjustments in respect of previous periods	<b>147</b>	86
	<b>6,352</b>	5,558
Double taxation relief	-	(69)
	<b>6,352</b>	5,489
<b>Foreign tax</b>		
Foreign tax on income for the year	<b>90</b>	69
	<b>90</b>	69
<b>Total current tax</b>	<b>6,442</b>	5,558
<b>Deferred tax</b>		
Changes to tax rates	<b>(3)</b>	5
Deferred tax charge/(credit) for the year	<b>242</b>	(98)
<b>Total deferred tax</b>	<b>239</b>	(93)
<b>Taxation on profit on ordinary activities</b>	<b>6,681</b>	5,465

# ICE Benchmark Administration Limited

## Notes to the Financial Statements For the Year Ended 31 December 2017

### 7. Taxation (continued).

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016: lower than) the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

	2017 \$000	2016 \$000
Profit on ordinary activities before tax	<u>32,715</u>	<u>27,761</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20.25%)	6,298	5,552
Effects of:		
Expenses not deductible for tax purposes	18	-
Non-taxable income	-	(88)
Statutory deduction on share schemes less/(greater) than accounting charges	131	(90)
Foreign tax on income for the year	90	-
Change in rates	(3)	5
Adjustments to tax charge in respect of prior periods	147	86
<b>Total tax charge for the year</b>	<u><b>6,681</b></u>	<u><b>5,465</b></u>

#### 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 15th 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 \$24,000. The deferred tax asset is expected to decrease by \$62,000 before 31 December 2018.

**ICE Benchmark Administration Limited**

**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

**8. Intangible assets**

	<b>Pre contract- completion costs \$000</b>
<b>Cost</b>	
At 1 January 2017	<u>2,214</u>
At 31 December 2017	<u>2,214</u>
<b>Amortisation</b>	
At 1 January 2017	922
Charge for the year	<u>316</u>
At 31 December 2017	<u>1,238</u>
<b>Net book value</b>	
At 31 December 2017	<u>976</u>
At 31 December 2016	<u>1,292</u>

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.

**ICE Benchmark Administration Limited**

**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

**9. Tangible fixed assets**

	<b>Computer equipment \$000</b>
<b>Cost</b>	
At 1 January 2017	170
At 31 December 2017	<u>170</u>
<b>Depreciation</b>	
At 1 January 2017	111
Charge for the year on owned assets	54
At 31 December 2017	<u>165</u>
<b>Net book value</b>	
At 31 December 2017	<u>5</u>
At 31 December 2016	<u>59</u>

**10. Debtors**

	<b>2017 \$000</b>	<b>2016 \$000</b>
Trade debtors	111	592
Amounts owed by group undertakings	1,262	1,237
Other debtors	6	4
Prepayments and accrued income	3,098	2,487
Deferred taxation	230	469
	<u>4,707</u>	<u>4,789</u>

**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

**11. Cash at bank and in hand**

	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
Cash at bank and in hand	<b>32,244</b>	26,809
	<b>32,244</b>	26,809

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 2017 this amount was \$12,602,000 (2016: \$11,167,000).

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 2017 this amounted to \$6,301,000 (2016: \$5,583,000).

**12. Creditors: Amounts falling due within one year**

	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
Trade creditors	<b>186</b>	274
Amounts owed to group undertakings	<b>960</b>	791
Corporation tax	<b>3,230</b>	3,152
Other taxation and social security	<b>183</b>	8
Accruals and deferred income	<b>5,524</b>	3,889
	<b>10,083</b>	8,114

All creditors are unsecured. Accruals and deferred income includes \$673,000 (2016: \$673,000) due under shared-based payments recharge agreements.

**13. Creditors: Amounts falling due after more than one year**

	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
Accruals and deferred income	<b>2,090</b>	2,356
	<b>2,090</b>	2,356

Accruals and deferred income represents \$2,090,000 (2016: \$2,356,000) due under shared-based payments recharge agreements.

# ICE Benchmark Administration Limited

## Notes to the Financial Statements For the Year Ended 31 December 2017

### 14. Deferred taxation

	2017 \$000
At beginning of year	469
Credited to the profit or loss	(239)
<b>At end of year</b>	<b>230</b>

The deferred tax asset is made up as follows:

	2017 \$000	2016 \$000
Decelerated capital allowances	64	68
Short term timing differences	166	401
	<b>230</b>	<b>469</b>

### 15. Share capital

	2017 \$000	2016 \$000
<b>Allotted, called up and fully paid</b>		
15,700,000 Ordinary shares of \$1 each	15,700	15,700
1 Ordinary share of £1	-	-
	<b>15,700</b>	<b>15,700</b>

### 16. Dividends

	2017 \$000	2016 \$000
Dividends paid on equity capital	22,550	14,500
	<b>22,550</b>	<b>14,500</b>

### 17. 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 2017 (2016: nil).

**Notes to the Financial Statements  
For the Year Ended 31 December 2017**

**18. 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](http://www.theice.com).

**19. Registered office**

The registered office of the Company is:

Milton Gate  
60 Chiswell Street  
London  
EC1Y 4SA  
United Kingdom