

Registered number: 6219884

ICE Clear Europe Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2021

ICE Clear Europe Limited

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ICE Clear Europe Limited

Strategic Report For the Year Ended 31 December 2021

Introduction

The directors present their Strategic Report for ICE Clear Europe Limited ('the Company') for the year ended 31 December 2021.

Principal activities and review of the business

The Company is primarily regulated in the UK by the Bank of England ('BOE') as a Recognised Clearing House. It is also subject to regulation by the US Commodity Futures Trading Commission ('CFTC') as a U.S. Derivatives Clearing Organisation ('DCO') and with the Securities and Exchange Commission ('SEC') as a Securities Clearing Agency in the United States because the Company clears security-based swaps. The Company is recognised by the European Securities and Markets Authority ('ESMA') as a third-country central counterparty ('TCCCP') under the European Market Infrastructure Regulation ('EMIR'); by the Swiss Financial Market Supervisory Authority ('FINMA') as a foreign central counterparty; and by the Abu Dhabi Global Market ('ADGM') Financial Services Regulation Authority ('FSRA') as a Remote Clearing House.

The Company is a wholly-owned subsidiary of IntercontinentalExchange Holdings, whose ultimate parent and controlling entity is Intercontinental Exchange, Inc., ('ICE'), a corporation registered in Delaware, United States.

As a clearing house the Company acts as a central counterparty, that, for its clearing members, becomes the buyer to every seller and the seller to every buyer. Through this CCP function, the clearing house provides financial security for each transaction, for the duration of the position, by limiting counterparty credit risk. The Company clears for ICE group exchanges ICE Futures Europe, ICE Futures U.S., ICE Endex, ICE Futures Abu Dhabi and in some cases outside these venues. Between these four exchanges it clears options and futures contracts for interest rates, equity index futures, energy products and agricultural products. Additionally the Company clears OTC (predominantly) European Credit Default Swaps ('CDS') instruments.

The credit and performance assurance provided by the Company to clearing members is designed to substantially reduce counterparty risk and is a critical component of the Company's contribution to providing a reliable and secure marketplace for global transactions. The Company is designed to protect the financial integrity of its markets by maintaining strong governance and rules, managing collateral, facilitating payments and collections, enhancing capital efficiency and limiting counterparty credit risk. The Company has a risk management program with both initial and ongoing membership standards.

The Company generally requires all members to deposit collateral in cash or certain pledged assets. The collateral deposits are known as "initial margin". In addition, the Company may make intraday initial margin calls in circumstances where market conditions require additional protection. The daily profits and losses due to and from the Company due to the marking-to-market of open contracts is known as "variation margin". In addition to the margin collected, each clearing member is required to make contributions to the guaranty fund which serves as a mechanism to provide additional protection in the event of a clearing member default. In September 2019 the Company also added a layer of insurance to further protect from clearing member default, see note 13.

Should a particular clearing member or participant fail to pay initial margin, provide their collateral, or make a variation margin payment, when and as required, the Company may liquidate or hedge its open positions and use the initial margin and guaranty fund contributions to make up any amount owed. In the event that the defaulting member's deposits are not sufficient to pay the amount owed in full, the Company will first use its contribution to the guaranty fund, often referred to as Skin In The Game, or SITG, to pay any remaining amount owed. In the event that the SITG is not sufficient, the Company may utilise the respective guaranty fund deposits, or collect limited additional funds from non-defaulting members on a pro-rata basis, to pay any remaining amount owed.

ICE Clear Europe Limited

Strategic Report (Continued) For the Year Ended 31 December 2021

The Company continues to expand its product range and has launched a total of 3,627 (2020: 3,432) new products since the launch of clearing in December 2008 (November 2013 for Liffe products). The Company also clears 148 CDS indices (2020: 146) and 207 single name OTC CDS instruments (2020: 206). As a performance measure, the Company tracks and reports on cleared contract volumes for its interest rate, equity index futures, agricultural and energy derivatives. The following table presents cleared contract volumes for the years ended 31 December 2021 and 2020.

Contracts

	Total Volume 2021 '000	Total Volume 2020 '000	Change %
ICE Brent Crude Futures and Options	272,686	257,743	6%
ICE Gas Oil Futures and Options	83,017	84,688	(2%)
ICE WTI Crude Futures and Options	53,911	53,306	1 %
Emissions Futures and Options	15,740	12,423	27%
Financial Gas	170,713	193,208	(12%)
Financial Power	10,998	9,992	10 %
Financial Oil	45,013	45,734	(2%)
Agricultural commodity products	15,210	17,248	(12)%
Financial products (interest rates and equities)	602,084	568,805	6 %
Other contracts*	125,164	110,867	13%
Total	1,394,536	1,354,014	3%

* Other contracts include ICE Heating Oil futures and options, ICE Unleaded Gasoline Blendstock (RBOB) futures, ICE UK Natural Gas futures and options, ICE UK Electricity futures, ICE Coal futures and options, LNG Freight, ICE Dutch TTF Gas futures and options, German Natural Gas Futures, Austrian Gas Futures, Financial LNG, Financial NGL, Physical Environmental, Freight, Belgian Power futures, Dutch Power futures, German Power futures and options, Financial Environmental, Italian PSV Natural Gas futures, Italian Power futures and options, French Power futures, Spanish Power futures, Nordic Power Futures, Dubai 1st Line futures UK NBP Gas 1st Line Financial futures and Dutch TTF Gas 1st Line Financial Futures.

The Company also tracks and reports on the gross notional volume cleared as a performance measure for its OTC CDS instruments. The following table presents the gross notional volume cleared for the years ended 31 December 2021 and 2020 (dollars in billions, except for percentages):

Notional Volumes

	Total Volume 2021	Total Volume 2020	Change %
CDS indices	1,534	2,017	(24%)
CDS single names	112	135	(17)%
Total	1,646	2,152	(24%)

Strategic Report (Continued)
For the Year Ended 31 December 2021

Summary of the Company's financial results

	Year ended 31 December		Change
	2021 \$000	2020 \$000	
Clearing and other fees	1,409,792	1,240,521	14%
Net interest income on margin and guaranty funds	57,697	47,008	23%
Turnover	1,467,489	1,287,529	14%
Administrative expenses	(343,516)	(321,417)	7 %
Operating profit	1,123,973	966,112	16%
<i>Operating profit %</i>	<i>77%</i>	<i>75%</i>	<i>3 %</i>
Interest receivable	165	3,945	(96)%
Interest payable	(2,637)	(2,000)	32 %
Taxation	(213,181)	(183,391)	16 %
Profit after tax (before dividends)	908,320	784,666	16%
<i>Profit after tax %</i>	<i>62%</i>	<i>61%</i>	
<i>Margin deposits and guaranty funds - Cash Initial margin</i>	<i>94,010,037</i>	<i>33,725,913</i>	<i>179%</i>
Guaranty fund	4,175,457	4,374,344	(5%)
	98,185,494	38,100,257	
<i>Margin deposits and guaranty funds - Non cash Initial margin</i>	<i>58,155,723</i>	<i>36,295,162</i>	<i>60%</i>
Guaranty fund	740,194	508,167	46%
	58,895,917	36,803,329	
Cash and short term deposits and investments	686,999	596,191	15 %
Net assets	1,037,926	906,045	15 %

Turnover increased by \$179,960,000 or 14%, for the year ended 31 December 2021, from the comparable period in 2020 due to increased clearing volumes. Administrative expenses increased by \$22,099,000 or 7%, for the year ended 31 December 2021, from the comparable period in 2020, primarily due to relative increases in certain intercompany charges, staff costs and net foreign exchange losses. As a result, operating profit increased by \$157,861,000, or 16%, for the year ended 31 December 2021, from the comparable period in 2020.

Dividends of \$795,000,000 were declared by the directors and paid during the year (2020: \$808,000,000).

Section 172(1) statement - Stakeholder engagement

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

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

Strategic Report (Continued)
For the Year Ended 31 December 2021

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

Stakeholder group	Form of Engagement	Key topics and impact of engagement
<p>Shareholder</p> <p>Intercontinental Exchange, Inc., as ultimate shareholder, and its affiliates (“ICE Group” or “ICE”). ICE serves customers by operating the exchanges, clearing houses and information services businesses they rely upon to invest, trade and manage risk across global financial and commodity markets.</p> <p>The Company is an integral part of this service offering as a provider of clearing services.</p>	<p>The Company’s and ICE’s directors and employees collaborate frequently on projects and expertise is shared in both directions in various ways including through directorships with affiliated companies and cross functional management meetings.</p> <p>Directors; Messrs. Sprecher and Edmonds have executive responsibilities elsewhere at ICE. Mr. Sprecher is the Chairman and CEO of ICE and Mr. Edmonds is the Global Head of Clearing & Risk and Chief Development Officer at ICE, both attend the Company’s Board meetings.</p> <p>The Chair (Ms. Silver, appointed December 2021) is also a member of the Board of ICE and the President is a member of the ICE Group Operational Oversight Committee, or OOC, (as is the Company COO) and participates in a weekly senior management call for all ICE global heads of business.</p>	<p>Key topics during the year were development and prioritisation of clearing services technology across all ICE clearing houses; harmonisation of risk management methodologies; strategic planning in respect of the UK’s withdrawal from the EU; the end of the Brexit transition period; EU equivalence determinations with respect to ICE’s clearing houses and the jurisdictions in which they operate; and the transition from LIBOR.</p> <p>The Company also engages with ICE on global best practices for enterprise risk management, treasury, operations and other key functions. Outcomes of this engagement included technology releases; enhancing clearing services and default management capabilities; strategic alignment with respect to the UK’s withdrawal from the EU; the end of the Brexit transition period; EU equivalence determinations with respect to ICE’s clearing houses and the jurisdictions in which they operate; and the transition from LIBOR.</p>
<p>People</p> <p>Our people include colleagues directly employed by the Company, consultants and others who work throughout the Group.</p> <p>The Company’s long-term success is predicated on the skills, commitment, engagement and success of our people and, in many functions, their specific expertise required in the provision of clearing services.</p>	<p>Engagement with our people includes interactive ‘town halls’, and periodic staff update meetings, often delivered by members of the Board.</p> <p>Feedback is gathered across a mix of “always on feedback”, employee surveys and individual employee-focused assessments. The President regularly communicates the outcome of this engagement with our people to the Board and provides feedback on various employee matters. There is also an established whistleblowing policy and procedure which was enhanced in 2021 with the adoption of a supplemental Whistleblowing Procedure for EMEA Regulated Entities, and a conduct dashboard which is presented to the Board.</p>	<p>During the COVID-19 pandemic, the following steps have been taken:</p> <ul style="list-style-type: none"> – Robust paid sick and family leave pay for all employees and contractors. – No workers laid off or furloughed as a result of COVID-19. – No government assistance. <p>The Group continues to conduct a biannual employee survey (last conducted 2020) and feedback gathered on topics such as collaboration, communication, problem solving and leadership is being used to develop our People’s work experience, with a focus on employee development.</p>

Strategic Report (Continued)
For the Year Ended 31 December 2021

Stakeholder group	Form of Engagement	Key topics and impact of engagement
<p>People (continued)</p>	<p>ICE put a dedicated team in place to manage the COVID-19 pandemic response, adapting to rapidly changing developments, addressing individual concerns, and sharing information across the ICE Group. Firm-wide emails sent frequently, with updates including preventative health guidance and work from home tips; a dedicated section on our employee intranet with an FAQ, the ability to track office closures and new IT tools.</p>	
<p>Customers</p> <p>The Company's customers are clearing members, clients, exchanges the Company provides clearing services to (see principal activities and review of the business section) and the financial markets supported by the Company's clearing services. The exchanges that the Company currently provides clearing services for are affiliated ICE Group exchanges.</p> <p>By delivering a clearing service that drives operational and capital efficiency with strong governance, proven risk frameworks and capital base, the Company, as a clearing house, brings transparency, discipline and security to financial markets.</p>	<p>Regular customer meetings (e.g. a monthly Technology and Operations call), and bilateral meetings at senior management and operational level.</p> <p>Clearing member, client and exchange representation, where appropriate, on the Company's Client Risk Committee ('CRC') and Product Risk Committees ('PRC') (see our Corporate Governance Arrangements on page 18 onwards).</p> <p>Clearing members are required to participate in default drills run periodically by the Company to ensure familiarity with and preparedness for a live default event. Clients are encouraged to participate in order to test porting of positions between clearing members.</p> <p>Collaboration by senior management with, and Company membership of, various industry organisations to help further engage and understand multiple perspectives from a variety of clients and other stakeholders.</p>	<p>Continuous dialogue with clearing members, clients and exchanges on post-Brexit regulatory landscape with a focus on contingency plans with clearing members domiciled within the EU27 countries in preparation for the end of the Brexit transition period and expiration of the UK's temporary third country equivalent status from the EU with respect to CCPs.</p> <p>Preparation for clearing by the Company for the new exchange (ICE Futures Abu Dhabi, or IFAD) which launched in March 2021.</p> <p>Results and feedback by clearing members from default drills, where appropriate, may result in changes to the Company's policies and procedures.</p> <p>A key topic of engagement for our exchange customers was strategic planning around Brexit, resulting in strategic alignment on Brexit preparations.</p>

Strategic Report (Continued)
For the Year Ended 31 December 2021

Stakeholder group	Form of Engagement	Key topics and impact of engagement
<p>Suppliers</p> <p>To support operations, ICE provides various services to the Company including those critical to the clearing and settlement of contracts. The Company uses technology owned and developed by ICE, and related services, to provide its clearing services.</p> <p>The Company also has a wide range of other suppliers and service providers which provide the Company with the goods and services relied upon for operations, ranging from large multinational companies to smaller-scale local service providers.</p>	<p>Management and the Board utilise the mechanisms discussed in the Shareholder section, on page 4, to engage effectively with suppliers of services from the ICE Group. In addition, the Company has an outsourcing policy which governs its relationships with both internal and external outsourced service providers.</p> <p>The Company performs thorough due diligence regarding its non-ICE Group suppliers both during on-boarding and on a recurring basis.</p> <p>Management periodically hosts a discussion forum for certain service providers who provide financial services to the Company and routinely discuss service levels.</p> <p>We expect all our customers to be compliant with the Modern Slavery Act and we work closely with our suppliers to build on our knowledge and promote best practice.</p>	<p>The key topic of engagement in relation to the ICE Group suppliers was clearing technology development. See the Shareholder section on page 4 for more detail.</p> <p>Generally, any changes to services and development initiatives are worked on concurrently between the Company and its service providers.</p> <p>The Board receives updates on the duty to report on prompt payment, practices and performance. The most recently published payment practices report showed the average time to pay an invoice was 27 days. The Company continues to engage with suppliers to improve workflow and refine payment practices.</p> <p>The Board approves the Company Modern Slavery statement on an annual basis.</p>
<p>Regulators and Policy Makers</p> <p>The Company's regulators are listed in the 'Principal activities' section of this report on page 1.</p> <p>Effective engagement with the Company's regulators and policy makers is fundamental to the business which requires various regulatory permissions to operate a clearing house.</p>	<p>The Company is subject to ongoing examination and inspection by its regulators. Members of the Board and senior management meet with the Company's regulators on various topics and frequencies on an ongoing basis.</p> <p>Routine reports on a broad range of data are provided to our Regulators. Further, the Company shares knowledge and expertise with regulators, legislators and industry organisations to contribute to the development of policy initiatives.</p> <p>Regulatory oversight and input extend to the Company's financial resources, participant and product eligibility, risk management, settlement procedures, treatment of funds, default rules and procedures, rule enforcement and system safeguards.</p>	<p>The Board agenda has been strongly focused on regulatory issues this year including those stemming from Brexit such as EU third country equivalence and recognition as a central counterparty under EMIR, and transition from LIBOR. The Company continues to develop its recently formed regulatory arrangements with ESMA.</p> <p>The Company continues to effectively communicate and engage with regulators to increase transparency and market stability. Key topics in the year included: price volatility caused by extreme weather events, demand for natural gas and ongoing COVID-19 impacts. The discussions enabled the implementation of changes to existing risk models and enhancements to stress testing practices.</p>

Strategic Report (Continued)
For the Year Ended 31 December 2021

Stakeholder group	Form of Engagement	Key topics and impact of engagement
<p>Regulators and Policy Makers (continued)</p>	<p>Papers from Board meetings are available to the Company’s principal regulators including regulatory compliance reporting produced on a regular basis.</p>	<p>The ongoing discussions with regulators regarding equivalence contributed to the Company’s chosen approach to Brexit and its ongoing approach with respect to EU equivalence determinations with respect to the UK.</p> <p>Maintaining good relationships with our regulators and ensuring compliance with applicable legal and regulatory obligations helps to contribute towards maintaining high standards of business conduct.</p> <p>Regulatory risks are discussed in the Principal risks and uncertainties section on page 10.</p>
<p>Community and society</p> <p>The global financial market community and wider society including the environment are stakeholders impacted by the actions and continued success of the Company.</p> <p>As a global systemically important clearing house, the Company’s business and success or failure impacts the community in which it operates and the wider society.</p> <p>The 2021 ICE Group’s Corporate Responsibility Report and more information about ICE’s approach to sustainability can be found by visiting: https://www.ice.com/about/corporate-responsibility.</p> <p>This report addresses a range of key topics that are also relevant for the Company.</p>	<p>The Company engages in consultation and advisory activities with governments, regulators and policy makers on matters such as Brexit and clearing house recovery and resolution.</p> <p>Staff Members and occasionally Directors, present at industry events, e.g. Eurofi, FIA and Institutional Investors.</p> <p>The global markets operated by the ICE Group and supported by the Company provide transparent, market-based pricing to help companies make better decisions when allocating resources and investing in more sustainable technologies and innovative solutions. ICE is a global leader in emissions and renewable energy markets that are cleared by the Company aiding businesses in meeting government-mandated emissions reduction targets and other regulations.</p> <p>We assess the impacts of our suppliers’ products and services, and engage with them whenever possible to limit environmental impacts.</p>	<p>Key topics of engagement included regulatory developments, e.g. third country equivalence, Brexit and clearing house recovery and resolution.</p> <p>The Company clears futures and options contracts for EU emission allowances, EU aviation allowances, Certified Emissions Reductions and RGGI allowances as well as US emissions contracts. The Company commenced clearing futures and options contracts for UK emissions allowances during the year and the Company and the ICE Group are actively engaged in activities to bring new voluntary carbon products to the listed and cleared derivatives market.</p> <p>The Company operates a certified environmental management system to ensure that we meet and, wherever possible, exceed compliance obligations such as legal and regulatory requirements, industry standards and other voluntary commitments related to our environmental aspects.</p> <p>ICE’s energy management program is heavily focused on its data centres; the Company’s UK data centre electricity supply is 100% from renewable energy sources.</p>

Strategic Report (Continued)
For the Year Ended 31 December 2021

Stakeholder group	Form of Engagement	Key topics and impact of engagement
Community and society (continued)	<p>We believe that it's important to create opportunities for ICE and its employees to make a difference by helping others in our communities. We pursue that goal through financial support and volunteering both our time and talents using several channels, including: an employee matching program, ICE NYSE Foundation, corporate sponsorships and community investments.</p>	<p>The Directors' Report, page 22, contains information on the Company's streamlined energy and carbon reporting.</p> <p>The ICE Group's Modern Slavery Statement and GDPR Statements have been published on the ICE website and these statements apply to the Company.</p>

Principal decisions

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

Decision	Impact	Stakeholder considerations
<p>Regulatory capital requirements</p> <p>The Board reviewed and approved the annual regulatory capital requirements and the amount of capital and financial resources allocated to meet these requirements (see note 15 for amounts).</p>	<p>Holding sufficient capital to safeguard against risk and meet ongoing regulatory requirements is necessary for the immediate and long-term sustainability and success of the Company and underpins the business model. The Company believes the regulatory capital requirements to which it is subject are expansive and comprehensive and compliance with these regulatory capital standards to adequately protect against risk is of the highest priority for the Board.</p> <p>The Board has established a risk appetite in respect of the minimum capital and financial resources it is acceptable for the Company to hold. Capital held by the Company includes, at all times, an additional amount estimated to cover daily risks faced by the Company that cannot be reasonably quantified or forecast but which may impact the capital held to meet the capital requirements.</p>	<p>Restricting and safeguarding appropriate amounts of capital is a fundamental consideration for all of the Company's stakeholders. The Company seeks to ensure it has adequate levels of capital to protect against the risk of disruption to the provision of clearing services to customers or to be able to wind down or restructure following a stress event.</p> <p>The Company's approach to ensuring (i) capital held has sufficient headroom to cover reasonable uncertain events and (ii) that it is robustly managed, contributes to overall market stability.</p>

Strategic Report (Continued)
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Decision	Impact	Stakeholder considerations
<p>Dividends</p> <p>The Board reviewed and approved a total of \$795 million in dividend distributions which were paid during the year, see note 21.</p>	<p>The Board duly considered the Company’s ongoing operational, capital, regulatory and legal requirements and incorporated adequate contingency for reasonable foreseeable future events in order to assess suitability of making a distribution. These considerations included an assessment of any additional risks and potential financial and operational demands associated with the COVID-19 pandemic. The Company is not a public lender or liquidity provider and is not exposed to credit risk the same way Banks or insurance providers are that had their dividend payments restricted by regulators due to the COVID-19 pandemic.</p> <p>No alternative use of capital was identified as having been foregone in favour of the dividends paid as all financial resources and capital required for other principal decisions made had been provided for.</p>	<p>The Board considered the dividends to be in the best interests of the Company having carefully considered the impact to all of its stakeholders based on the information provided by senior management at the time of each dividend.</p> <p>No single or combined stakeholder groups were left disadvantaged or lacking resources otherwise needed following the dividend declarations.</p> <p>The Company did not access the COVID Corporate Financing Facility (CCFF) and has not accessed and has no plans to, nor any reasonable expectation that it will, access any other COVID-19 related government liquidity facilities</p>
<p>ICE Futures Abu Dhabi</p> <p>ICE Futures Abu Dhabi (“IFAD”) is a new derivatives Exchange based in Abu Dhabi Global Markets (“ADGM”), in the United Arab Emirates. IFAD launched on 29 March 2021 with the Company providing clearing and settlement services from this date as approved by the Board.</p>	<p>Products listed on IFAD are cleared exclusively by the Company. IFAD is home to the world’s first Murban Crude futures contract, offering transparent pricing for this global crude for the first time. ICE Murban Futures is complemented with a range of cash settled derivatives, which IFAD launched for day one of trading.</p> <p>A crude oil contract based on production in Abu Dhabi has the key strengths and attributes to become a global benchmark in the long term. The oil contract will be cleared by the Company alongside ICE Brent, ICE WTI, ICE (Platts) Dubai and ICE Low Sulphur Gasoil allowing customers to benefit from associated margin offsets, reducing costs and delivering meaningful capital efficiencies.</p>	<p>The Company conducted a detailed review of the impact of providing clearing services to IFAD and the physically delivered product. This review highlighted a number of legal, operational, regulatory and risk matters which have been assessed in detail and, where relevant, discussed with the appropriate stakeholders.</p> <p>The Company has received approval from the BOE to clear contracts traded on IFAD.</p> <p>Exchanges that the Company provides clearing services for are considered in the Customer stakeholder group above.</p>

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Decision	Impact	Stakeholder considerations
<p>LIBOR transition plan</p> <p>Following the FCA announcement to no longer compel banks to submit to ICE LIBOR (“LIBOR”) after 31 December 2021, by this date ICE developed and successfully executed a transition of all affected contracts (ICE Futures Europe contracts referencing GBP and CHF LIBOR rates cleared by the Company) to contracts referring replacement rates using a conversion mechanism of outstanding Open Interest (“OI”).</p>	<p>LIBOR is a widely used benchmark for short-term interest rates (STIRs). Used globally, LIBOR is often referenced in derivative, bond and loan documentation, and in a range of consumer lending instruments such as mortgages and student loans.</p> <p>Since the benchmark reform process began ICE, including ICE Futures Europe and the Company, alongside participants in global and domestic financial markets has worked to develop and adopt alternative RFR products as a replacement to LIBOR. The development of alternative RFR products, alongside a successful transition plan for affected contracts was essential for customers.</p>	<p>ICE Futures Europe has launched contracts, cleared by the Company, referencing SONIA, SOFR and SARON as the preferred alternative RFRs for pound Sterling, US Dollar and Swiss Franc, respectively. ICE Futures Europe’s product development efforts focused on RFRs and commitment to creating the broadest multi-currency product suite to service its users and support them through the transition process.</p> <p>ICE published a consultation paper in October 2020 ahead of the planned cessation date to members inviting comment regarding the transition plan and conversion approach of LIBOR based futures to RFRs. Rule changes required as part of the transition plan were subject to public consultation.</p>

Principal risks and uncertainties

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

1. Global economic, political and financial market events or conditions may negatively impact the Company including the impact of climate change and the transition to renewable energy and a net zero economy.
2. The Company’s business and the business of many of the Company’s clients has been and continues to be subject to extensive legislation and regulatory scrutiny, and the Company faces the risk of changes to its regulatory environment and 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. The Company faces the risk of significant actions by regulatory and tax authorities and could be subjected to new or substantially higher taxes or other governmental charges in connection with the undertaking of its business.
3. The Company’s business is subject to the impact of inflation, financial markets volatility, including the prices and interest rates of the underlying derivative products cleared, due to conditions that are beyond the Company’s control.
4. As a clearing house, the Company is exposed to risks, including risks related to defaults by clearing members, risks related to investing margin and guaranty funds (including the Company’s contribution) and risks relating to the cost of operating the clearing house.
5. A decline in the value of securities held as margin or guaranty fund contributions or default by a sovereign government issuer could pose additional risks of default by clearing members.
6. The Company faces intense competition. If the Company is unable to keep up with rapid changes in technology and client preferences it could negatively impact its competitive position. The Company may not be successful in offering new products or technologies or in identifying opportunities and damage to

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the Company's reputation could be incurred. Financial benchmark reform (LIBOR) and the evolution of energy benchmark products are factors that could have an adverse impact on transaction volumes.

7. The Company's systems and those of its third-party service providers may be vulnerable to cyber-attacks, hacking and other cyber security risks, which could result in wrongful manipulation, disclosure, destruction, or use of our information or that of a third party, or which could make the Company's members unable or reluctant to use its clearing services.
8. 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.
9. The Company's success largely depends on key personnel, including senior management, and having adequate succession plans in place. The Company may not be able to attract, retain and develop the highly skilled employees needed to support the business.

The directors believe the following to be key risks:

Regulation

EU market participant access

On 8 February 2022 the European Commission adopted a decision to extend temporary equivalence for UK central counterparties ('CCPs') until 30 June 2025. This followed the previous 18-month temporary equivalence decision, which began to apply as of 1 January 2021. Based on this temporary equivalence, the Company has been recognised by ESMA as a third-country CCP in accordance with EMIR. In December 2021, ESMA published its comprehensive review of the systemic importance of the Company, currently designated as a Tier 2 CCP, and determined not to issue a recommendation for derecognition. ESMA instead proposed that measures be considered by relevant EU institutions and authorities to mitigate risks related to Tier 2 CCP clearing services identified as being of substantial systemic importance to the EU (including services provided by the Company). ESMA also proposed regulatory and supervisory measures that incentivise EU clearing participants and clients to reduce their exposures towards Tier 2 CCPs and enhancements to ESMA's supervisory powers.

EMIR 2.2

On 1 January 2020, EMIR 2.2 became effective, which revised the EU's current regulatory and supervisory structure for EU and non-EU clearing houses. ESMA has recognised the Company as a third-country CCP under EMIR and determined that it is a Tier 2 CCP on the basis that it is systemically important to the financial stability of the EU or one or more of its Member States. ESMA's continuing implementation of these delegated regulations could still impact the Company.

Open Access

The non-discriminatory access provisions of the U.K.'s Markets in Financial Instruments Directive II, or U.K. MiFID II, and the EU Markets in Financial Instruments Directive II, or EU MiFID II, required U.K. and European CCPs, along with exchanges, to offer access to third parties on commercially reasonable terms. In May 2021, the U.K. Treasury concluded that the non-discriminatory access requirements for exchange-traded derivatives are not suitable in a U.K.-only context and they were deleted. With regard to EU MiFID II, in November 2021, the European Commission proposed that non-discriminatory access for exchange traded derivatives be removed from Markets in Financial Instruments, or MiFIR, regulation.

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For the Year Ended 31 December 2021**

Capital requirements for investment firms acting as market makers

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

Coronavirus (COVID-19) pandemic

Since March 2020, the coronavirus (COVID-19) pandemic has created economic and financial disruptions globally and has led governmental authorities to take unprecedented measures to mitigate the spread of the disease, including travel bans, border closings, business closures, quarantines and shelter-in-place orders, and to take actions designed to stabilise markets and promote economic growth.

From an operational perspective, the ICE Group and the Company have continued to operate and there are no plans to close any business operations as a result of the COVID-19 pandemic. However, due to the COVID-19 pandemic, preventative measures have been taken and contingency plans implemented, and in accordance with UK Government guidance many employees worked remotely for much of 2021.

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

The ICE Group and the Company continue to monitor government mandates in determining office re-openings, re-closures and work-related travel. The full extent of the impact of the pandemic on the Company will depend on future developments, including the duration, spread and severity of the outbreak, the effectiveness of vaccines against COVID-19 over the long term and against new and emerging variants thereof, and the actions taken to contain the spread of the disease or mitigate its impact. We continue to monitor this dynamic situation, including guidance and regulations issued by governmental authorities. In light of the continually evolving nature of the COVID-19 outbreak, it is not possible at this time to estimate the ultimate effect of the pandemic on the Company's business, results of operations or financial condition in the future.

ICE put a dedicated team in place to manage the COVID-19 pandemic response in regards to Company and Group employees; adapting to rapidly changing developments, addressing individual concerns, and sharing information across the Company and the ICE Group. Firm-wide emails sent frequently, with updates including preventative health guidance and work from home tips; a dedicated section on our employee intranet with an FAQ, the ability to track office closures and new IT tools.

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

An overview of risk exposures and risk management

The Company's Board is actively involved in overseeing the Company's performance against its objectives as part of standard governance processes. The Chair keeps the performance of the Company's Directors under review and an annual self-assessment coordinated by the Company Secretarial Department is undertaken by the Board.

The Board, the Board advisory committees and the Executive Risk Committee receive regular reports on the Company's risk profile and assess the Company's performance by reviewing risk reporting, operational risk reports, financial statements and compliance reports on a periodic basis. Risk reporting includes emerging risks, the status of the risk indicators and residual risk levels.

**Strategic Report (Continued)
For the Year Ended 31 December 2021**

The risks that the Company is exposed to are similar to those faced by other financial market institutions. The Company's risk taxonomy provides a categorisation and terminology for certain risks that the Company is considered to have the greatest exposure to and breaks these down into subsequent categories. The Board has set the following high-level Risk Appetite statements expressing the level of risk the Company is prepared to incur or be exposed to:

Financial Risk

Provide sufficient protections to ensure the ongoing viability and financial sustainability of the Company by mitigating the impact of clearing member defaults and adopting a conservative approach to minimise risks from investment activity.

Operational Risk

Minimise operational risks to ensure business continuity and market stability during normal and stress markets, maintain a robust customer service and reduce the probability and severity of unexpected impacts, including those arising from outsourced activities or services.

Legal & Regulatory Risk

Fulfil all relevant legal and regulatory requirements to maintain the Company's licenses to operate.

Information Security (including Cyber Risk)

Minimise the Company's information security and cyber risks to avoid disruption of clearing services, maintain a robust customer service and reduce the probability and severity of market disruption.

The Company aims to identify and mitigate its risks through robust risk management and risk governance frameworks. These frameworks are designed to promote safety and efficiency and support the stability of the broader financial system, other relevant public interest considerations and the objectives of relevant stakeholders. Overall, they aim to ensure that the effects of potential default losses and non-default losses are identified and evaluated based on extreme but plausible stress scenarios. The risk management framework comprises, inter alia, risk management policies and procedures, operational policies and procedures (for example membership, finance, treasury, operations etc.), and Rules and Procedures which seek to ensure that clearing members properly manage and contain the risks they pose.

The Company assesses the impact of default losses incurred due to clearing member default. In the event of a clearing member default, the Company's primary objective is to maintain an uninterrupted and orderly clearing service in order to minimise effects upon non-defaulting clearing members. It does so by transferring, closing out or porting positions and by limiting liabilities or losses. By doing so, this protects the stability of the markets. The Company has extensive powers under its Rules, supported by legislation, that allow it to achieve this objective. This includes defining what would constitute an Event of Default. The Rules provide the Company with the power to promptly close out or manage the positions of a defaulting clearing member (including transferring positions, collateral and assets to another clearing member) and to apply the defaulting clearing member's collateral or other resources subject to regulatory approvals. The Rules also permit the Company to liquidate positions and margin of customers of the defaulting clearing member, and empower the Company to draw promptly on these Financial Resources to the extent permitted by the Rules and applicable law. The Company anticipates liquidity and contagion risks.

The risk of non-default losses incurred due to business and/or operational risk events arising is assessed as well as macroeconomic events such as a worldwide financial crisis or collapse of the Euro. In the circumstances of a non-default loss, the Company will assess the cause of the loss and any implications on the Company being able to continue to satisfy its obligations as they fall due. The Company has certain

**Strategic Report (Continued)
For the Year Ended 31 December 2021**

rights to mutualise certain non-default losses under its Rules and the Company will determine whether and on what basis fresh capital would be provided.

In the event that attempts to recover from losses that exceed the Company's pre-funded resources fail, the Company's wind down plan may be invoked, following consultation with regulators and clearing members.

Financial Resources

The Company requires all clearing members to deliver cash or certain assets by way of pledge or title transfer as margin and guaranty fund contributions. Assets other than cash may include government obligations, nongovernment obligations or on rare occasions gold, to guarantee performance on the clearing members' open positions. The Company may make intraday margin calls in circumstances where market conditions require additional protection. The daily profits and losses from and to the Company in respect of marked-to-market open contracts are known as 'variation margin'. The Company marks-to-market all outstanding contracts, and therefore pays and collects variation margin, at least once daily, and in some cases multiple times throughout the day. Marking-to-market allows the Company to identify any clearing members that may be unable to satisfy the financial obligations resulting from changes in the prices of their open contracts, before those financial obligations become exceptionally large and jeopardise the ability of the Company to ensure the financial performance of clearing members' open positions.

The Company requires that each clearing member contributes to pre-funded funds known as the 'Guaranty Funds'. The Guaranty Funds are used in the event that margin cover of a defaulted clearing member is insufficient to fully cover default losses.

The Company has equal and offsetting claims to and from its clearing members on opposite sides of each cleared contract; this allows the Company to serve as the central financial counterparty on every cleared contract. Accordingly, the Company accounts for this central counterparty guarantee as a performance guarantee. The Company performs calculations to determine the fair value of its counterparty performance guarantee, taking into consideration factors such as daily settlement of contracts, margin requirements, other elements of the Company's risk management program, historical evidence of default payments, and estimated probability of potential default payouts. Based on this analysis, the estimated counterparty performance guaranty liability was determined to be nominal and no liability has been recorded.

To provide a tool to address the liquidity needs of the Company and manage the liquidation of margin and guaranty fund contributions held in the form of high quality sovereign debt, the Company has entered into Committed Repurchase Agreement Facilities, or Committed Repos. As of 31 December 2021 the Company had \$1.0 billion in Committed Repos (2020: \$1.0 billion) available. The Committed Repos are available in U.S. dollars, Euro and Pound Sterling. The Committed Repo arrangements provide the Company with an additional liquidity tool that may be utilised in the event that there is a need to convert high quality sovereign debt into cash on a same-day basis during a market disruption that makes it difficult to sell and settle such sovereign debt on a same-day basis.

The Company maintains a euro-denominated account at the European Central Bank or ECB, as well as pounds sterling, euro and US dollar-denominated account at the BOE, the central bank of the U.K. These accounts provide the flexibility for the Company to place euro, pounds sterling and US dollar-denominated cash margin securely at national banks, in particular during periods when liquidity in repo markets may temporarily become contracted. Such accounts are intended to decrease the Company's custodial, liquidity and operational risk as compared to alternative custodial and investment arrangements.

Risk related to cash and collateral balances and payment flows

Counterparty credit risk

The Company acts as principal in relation to the cash and non-cash collateral transferred to it by clearing members to meet their requirements in respect of initial margin and the guaranty funds. It employs well capitalised banks as agents to invest the cash and safeguard the non-cash collateral. The placements of

**Strategic Report (Continued)
For the Year Ended 31 December 2021**

cash are made in accordance with specific criteria included in the Company's investment policy, including minimum credit-rating standards for counterparties, concentration limits for individual counterparties, certain investment maturity levels, types of investment instruments permitted, and a minimum level of investments in secured reverse repurchase agreements.

Market risk

Market risk arises from adverse movements in foreign currency 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 internal audit process.

1. Foreign currency exchange rate risk

The Company is exposed to foreign currency risk on a transactional basis, where receipts and payments occur in currencies other than the US Dollar, and on a translation basis, whereby assets and liabilities are denominated in currencies other than the US Dollar. The Company manages this risk 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 US Dollar. In addition, the Company also uses forward contracts on Euros and pound sterling in order to specifically manage exchange rate risk. The Company reviews its foreign currency risk policies and processes from time to time.

2. Interest rate risk

The Company is exposed to interest rate risk with the cash and investment balances it holds. The Company's cash is subject to interest rate volatility and is invested according to the Company's operating cash requirements.

3. Investment risk

Investment risk is the risk that invested cash reduces in value upon maturity, leaving the Company unable to fulfil its payment obligations. This risk is mitigated through the application of a strict investment policy which sets guidelines for the quality of permitted investments. The Company limits its exposure by rigorously selecting the counterparties with which investments are made and agreements executed. The Company's investment objective is to invest in securities that preserve principal while maximising yields, without significantly increasing risk. An ongoing review is performed to evaluate changes in the status of counterparties. In addition to the intrinsic creditworthiness of counterparties, the Company's policies require diversification of counterparties, including different banks, financial institutions and sovereign obligations, so as to avoid a concentration of risk.

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 is particularly relevant in the cases where the Company cannot meet its obligations to pay margin or physical settlement monies (for applicable physical delivery contracts) due to clearing members.

The Company's primary investment policy objective is to provide sufficient liquidity to meet all operational requirements and this is met by imposing strict maturity limits on its investments. These limits are kept under review by the Board and the treasury team ensures that the Company can meet its financing needs at all times. A liquidity risk management framework is maintained and the Company executes liquidity stress tests on a daily basis, assessing the usage of its liquidity resources under extreme but plausible stress scenarios.

The Company also has access to additional financial resources for short-term liquidity needs to ensure the continuity of business operations.

ICE Clear Europe Limited

Strategic Report (Continued)
For the Year Ended 31 December 2021

Concentration risk

Concentration risk arises from the Company investing its cash with a small number of counterparties thereby exposing it to the greater risk of loss should one of them fail. The Company manages this by including strict concentration guidelines in its investment policy to ensure investments are made across a large number of counterparties.

This report was approved by the board on 21 February 2022 and signed on its behalf.

A handwritten signature in blue ink, appearing to read 'Serafini', is positioned above the printed name and title.

H. Serafini
Director

ICE Clear Europe Limited

Directors' Report For the Year Ended 31 December 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

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 law company the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

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

Results

The profit for the year, after taxation, amounted to \$908,320,000 (2020: \$784,666,000).

Dividends of \$795,000,000 were declared by the directors and paid during the year (2020: \$808,000,000).

Directors

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

J.Sprecher
J. Repard
R. Barton
L. Johansen
A. Mack
A. Cairns (resigned on 10 December 2021)
G. Bainbridge
H. Serafini
C. Silver
C. Edmonds

C. Silver was appointed Chair of the Board on 8 December 2021.

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

**Directors' Report (Continued)
For the Year Ended 31 December 2021**

Corporate Governance Arrangements

Corporate Governance Statement

The Company is a private company, whose primary regulator is the Bank of England, therefore the Company must comply with the Bank of England's standards when it comes to corporate governance. Due to the heavily regulated nature of the Company and its business, the Company does not align itself to a single governance code, rather it adopts corporate governance arrangements which are based on the requirements of the Committee on Payments and Market Infrastructures ('CPMI') and the International Organization of Securities Commissions ('IOSCO') Principles for Financial Market Infrastructures ('PFMIs'). In particular, it has been articulated in regulation such as the European Market Infrastructure Regulation (as incorporated into UK law under the European Union (Withdrawal) Act 2018) ('UK EMIR') and applicable requirements of the Company's US regulators; the Commodities and Futures Trading Commission and the US Securities Exchange Commission that the Company is obliged to adhere to the PFMIs.

These principles are part of a set of standards that the international community considers essential to strengthening and preserving financial stability and are developed specifically for central counterparties and are therefore considered by the Board to be appropriate for the Company. The PFMIs cover a broad range of matters including detailed corporate governance arrangements and risk management processes. On an annual basis the Company is required, by its primary regulator, the Bank of England, to conduct a self-assessment of its performance against the PFMIs and the results of which are published on the Company's website.

In addition, the Company also takes into account other legislation, codes and guidance in relation to corporate governance, including:

- UK Corporate Governance Code
- The Wates Corporate Governance Principles for Large Private Companies
- Financial Reporting Council Guidance on Board Effectiveness and Audit Committees
- Prudential Regulation Authority - Corporate Governance: Board Responsibilities

The s172 statement in the Strategic Report gives information on the Company's main stakeholders.

A) Board composition, leadership and director responsibilities

Purpose and leadership

The Company is a clearing house and offers secure, capital-efficient clearing, risk management and physical delivery services. The Company offers multi-asset clearing across four exchanges and the CDS market. The Company is part of Intercontinental Exchange, Inc. (NYSE:ICE). As a Fortune 500 company that designs, builds and operates digital networks, ICE connects people to opportunity. It provides financial technology and data services across major asset classes that offer its customers access to mission-critical workflow tools that increase transparency and operational efficiencies. ICE operates exchanges, including the New York Stock Exchange, and clearing houses that help people invest, raise capital and manage risk across multiple asset classes. ICE's comprehensive fixed income data services and execution capabilities provide information, analytics and platforms that help its customers capitalise on opportunities and operate more efficiently. ICE Mortgage Technology is transforming and digitising the U.S. residential mortgage process, from consumer engagement through loan registration.

When assessing new Directors, the Nominations & Compensation Committee consider a range of factors.

Under the Articles of Association, independent directors only become eligible for retirement by rotation if they have served at least three consecutive years, and can subsequently be reappointed for two further three-year terms (i.e. up to nine years in total), unless the Company passes an ordinary resolution to extend their appointment further. A written resolution signed by the sole shareholder of the Company will be effective as if an ordinary resolution were passed at a general meeting of the Company for this purpose.

**Directors' Report (Continued)
For the Year Ended 31 December 2021**

CDS Directors retire and may offer themselves for reappointment on an annual basis. There are no restrictions to the number of terms a CDS Director may serve.

Board

Composition

In accordance with the Company's Articles of Association, there must be at least six and no more than twelve Directors. UK EMIR requires the members of the Company's board ('the Board') to be constituted of at least one third independent directors, which is also replicated in the Company's Articles of Association.

The Board is currently comprised of nine directors of whom three have executive roles within the Company or the Group, five independent non-executive directors. one of whom, Mr. Mack, is currently appointed as the Senior Independent Director ('SID'), and one CDS director. Ms. Serafini is the President and Executive Director of the Company and Messrs. Sprecher and Edmonds both have executive responsibilities within ICE Group.

Individuals are selected as Directors based on their skills and prior experience and are reviewed and recommended for appointment by the Nominations & Compensation Committee prior to approval by the Board. The Nominations & Compensation Committee considers a wide range of factors ensuring the Board is comprised of Directors with diverse backgrounds as well as appropriate skills and experience in financial services, risk management and clearing services to enable the Board to meet the ongoing needs of the Company.

Accountability

The Board is accountable through the Companies Act 2006, the Company's Articles of Association, other laws and regulations applicable to the Company and the requirements of the Company's regulators. In addition, the Board has identified certain matters which cannot be delegated, and these are set out within the Board's Terms of Reference / Matters Reserved.

Each year the Board completes an evaluation of its performance, the performance of its committees and individual directors' contribution.

Integrity of information

It is the duty of the Company Secretary to ensure that Directors receive reliable information to enable them to monitor and challenge the performance of the Company and make informed decisions and also to oversee the systems that ensure that good quality information flows within the Board and its committees and between senior management and Non-Executive Directors.

Tone at the top and organisational culture

The Board and management team set the cultural tone from the top and hold all colleagues accountable for operating ethically and in compliance with law, financial regulations and other standards that apply. Colleagues are provided with the relevant tools, resources and training to aid success and to identify ethical and risk informed decision-making; highly capable and engaged teams are of critical importance. The Company applies a code of conduct, which is based on the Group's core competencies, and outlines how all individuals within the Company, Directors and staff, should operate. The code of conduct also sets out the expected standards when doing business.

The Company is an equal opportunity employer and all qualified applicants will receive consideration without regard to race, colour, religion, gender, sexual orientation, gender identity, national origin or ancestry, age, disability status, or other protected status.

The Group's core competencies are an important part of the strong culture of compliance and trust. The core competencies are: Collaboration, Problem Solving, Communication, Integrity & Professionalism and Leadership.

**Directors' Report (Continued)
For the Year Ended 31 December 2021**

Audit Committee

The Audit Committee is a committee of the Board, responsible for providing oversight and assurance to the Board in relation to annual financial statements and financial reporting, legal, compliance and financial crime, internal audit and external audit. The Audit Committee is comprised entirely of independent directors and meets five times per annum and ad hoc as necessary.

Client Risk Committee

As required under Article 28 of EMIR, the Company has established an advisory Board level risk committee; the Client Risk Committee ('CRC'). The CRC is responsible for providing advice to the Board to enable it to ensure that the Company maintains and implements appropriate risk management policies, processes and controls in line with regulatory requirements. The CRC is comprised of three independent directors, four Clearing Member Representatives and four Client Representatives and meets five times per annum and ad hoc as necessary.

Board Risk Committee

The Board Risk Committee ('BRC') is a committee of the Board, responsible for providing oversight and assurance to the Board in relation to risk policies, risk appetite and risk profile, internal controls and risk control framework, liquidity, technology operations, technology governance, cyber risk and business continuity planning, and the Risk Oversight Department and Chief Risk Officer ('CRO'). The BRC is comprised entirely of independent directors and meets five times per annum and ad hoc as necessary. Information on the Company's principal risks and risk management is provided in the Strategic Report.

Nominations & Compensation Committee

The Nominations & Compensation Committee is a committee of the Board and is responsible for providing oversight to the Board in relation to the statutory, regulatory and corporate governance requirements regarding composition of the Board and its committees, succession planning for both Board and senior management, appointments and/or re-appointments to the Board and compensation matters, including; the review and application of the Compensation Policy as per the requirements of UK EMIR (which is available on the Company's website).

The principles of the Compensation Policy are to promote sound and effective risk management and not create incentives to relax risk standards. Staff engaged in the Risk Oversight Department, compliance, and internal audit are compensated in a manner that is independent of the performance of the business of the Company.

The Nominations & Compensation Committee is chaired by the Board Chair and comprised of four independent non-executive directors and a (non-independent) non-executive director. It meets three times per annum and ad hoc as necessary.

Product Risk Committees

As well as the Board level risk committees, the Company has established two advisory Product Risk Committees ('PRCs') which service the CDS and F&O sides of the business, both of which are constituted under the President's authority.

The CDS PRC is comprised of appointees nominated from CDS Clearing Members, independent directors and a representative of the Company. The CDS PRC Chair is an independent non-executive director of the Company. The CDS PRC's responsibilities are limited to the clearing of CDS contracts and the criteria for CDS clearing membership and aim, on behalf of the CDS clearing membership as a whole, to ensure the Company maintains and implements agreed procedures, processes and controls which are designed to protect the integrity of the CDS Guaranty Fund and to ensure that the Company can successfully handle the default of a CDS Clearing Member. The CDS PRC is also responsible for advising on the continued

**Directors' Report (Continued)
For the Year Ended 31 December 2021**

adequacy of the key policies and controls designed to manage counterparty risk and to cover market risk for CDS contracts, and reviewing the clearing of new CDS contracts.

The F&O PRC is comprised of appointees nominated from F&O Clearing Members and an independent director. The F&O PRC Chair is an independent non-executive director of the Company. The F&O PRC's responsibilities are limited to the clearing of F&O contracts, and have been established such that the F&O PRC can provide advice and input on behalf of the F&O Clearing Membership on company practices with regard to the controls designed to protect the integrity of the F&O Guaranty Fund, manage counterparty and market risk, and to ensure that the Company could successfully manage the default of a F&O Clearing Member. The F&O PRC also considers the risks of F&O contracts, products and service offerings with novel risk features.

Executive responsibilities

The executive responsibility for the day-to-day management and operations rests with the President. The President delegates responsibilities to the senior management team in accordance with the relevant individual's roles and accountability. There are two Executive level committees; the Executive Risk Committee ('ERC') and the Model Oversight Committee ('MOC').

Executive Risk Committee

The ERC is a committee constituted under the President's authority. The members of the ERC are senior management from across the business. The role of the ERC is to consider and review key aspects of risk management and to assist the CRO in ensuring all risks are captured and appropriately managed. Where appropriate, the ERC makes recommendations to the Board or other committees within the Company.

Model Oversight Committee

The MOC is a committee constituted under the President's authority. The members of the MOC are senior management from across relevant areas of the business. The MOC considers and reviews key aspects of model risk management, in accordance with the Model Risk Governance Framework, assisting the CRO to ensure all model-related risks across the Company are captured and properly managed. Where appropriate, the MOC makes recommendations to the Board or other committees within the Company.

B) Risk Management and Oversight

The Company's overarching approach to risk-management is designed to ensure that it is safe and sound in all market conditions. The Board assumes final responsibility and accountability for managing the Company's risks, which are administered according to its enterprise risk management framework, which is overseen by the Board Risk Committee. This framework provides a structured and disciplined approach towards identifying and managing risk inherent in core business processes and decision-making activities. In particular, the enterprise risk management framework establishes the three lines of defence model, where the appropriate roles, responsibilities, and governance incentives are defined.

The President assists the Board in establishing an appropriate risk appetite which is consistent with the Company's legal and regulatory requirements, short and long-term strategy, business and capital plans and risk capacity. The articulation of the risk appetite into the business areas is achieved through the Risk Appetite Framework, Risk Appetite Statements and Risk Appetite Metrics. The Board and senior management ensure that the Company's policies and procedures are consistent with the defined Risk Appetite Statements and Risk Appetite Metrics and that they address how the Company identifies, reports, monitors and manages risks. Each risk appetite metric is calculated on a predetermined frequency and routinely reported to the Board and BRC along with regular reports on the Company's risk exposure, emerging risks and compliance throughout the year.

The Company's core risk management policies, procedures and control systems that form part of the risk management framework are reviewed at least annually, although there are several components of the risk

**Directors' Report (Continued)
For the Year Ended 31 December 2021**

assessment and testing program that are undertaken more frequently, for example quarterly. In addition, risk management practices and methodologies are tested for effectiveness on a regular basis as part of the routine daily and monthly risk reporting processes. Updates to these typically happen either as a result of the reviews or on an ad hoc basis initiated by owners. Ad hoc changes are typically prompted by new initiatives and business activities, regulatory changes, changes in market practices or changes in the risk environment and there are several processes to ensure that reviews of the policies, procedures and control systems are triggered.

Regulatory changes are also reviewed through business review and periodic testing through the Company's Compliance Monitoring and Testing Program. Changes in the risk environment are monitored on a continuous basis and through routine daily and monthly reporting and any changes required are assessed in order to determine their significance in relation to the risk profile and risk appetite of the Company.

C) Financial Reporting Process

Management is responsible for the preparation and integrity of the financial statements and for establishing and maintaining adequate internal control over financial reporting. The financial statements are prepared in accordance with Financial Reporting Standard ('FRS') 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and, accordingly, include certain amounts based on best judgments and estimates.

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements. Internal control over financial reporting is supported by a risk management program of internal audit and appropriate reviews by management, written policies and guidelines, careful selection and training of qualified personnel and a written Global Code of Business Conduct, which is applicable to all directors and employees. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements and even when determined to be effective, can only provide reasonable assurance with respect to financial statement preparation and presentation.

Share Capital

For details on the share capital and ownership of the Company see notes 20 and 24 respectively. The Ordinary Shares are not redeemable and carry full voting rights and rights to dividends. All Ordinary shares shall rank pari passu on a winding up of the Company

In relation to voting rights, a shareholder has one vote at a general meeting of the Company on a show of hands unless and where a poll is duly demanded in accordance with the Articles of Association a shareholder will have one vote per share. In relation to dividends, any dividend will be paid by reference to a shareholder's holding of shares or otherwise in accordance with the Articles of Association.

Streamlined Energy and Carbon Report

The Company's Streamlined Energy and Carbon Report ('SECR') disclosures are presented at an ICE UK Group level in the financial statements of ICE Europe Parent Limited, registered company number 7295772, which will be publicly available via Companies House prior to 30 September 2022.

Future developments

On 8 February 2022 the European Commission adopted a decision to extend temporary equivalence for UK central counterparties until 30 June 2025.

The Company will continue to seek to improve the service it provides to its members and will clear any new products developed and launched by the execution venues it serves, together with additional CDS contracts.

**Directors' Report (Continued)
For the Year Ended 31 December 2021**

Qualifying third party indemnity provisions

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

Disclosure of information to auditors

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

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

Auditors

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

This report was approved by the board on 21 February 2022 and signed on its behalf.



H. Serafini
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ICE CLEAR EUROPE LIMITED

Opinion

We have audited the financial statements of ICE Clear Europe Limited (the Company) for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 25, 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" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2021 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. 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 as applied to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- We obtained an understanding of the preparation of the going concern assessment including the governance process. We considered the method of assessment to be of the appropriate level of sophistication for the Company. The Company's assessment covered the period of 12 months from the approval of the financial statements.
- We challenged the completeness of the risk factors identified in the Company's assessment by comparing them to risks independently identified by us. We are satisfied that the Company has considered an appropriate range of risk factors.
- We assessed the reasonableness of the profit & loss and cash flow forecasts made by the Company through independent back-testing versus historical performance, and independent stressing of the Company's forecasts. We have cross-compared underlying assumptions on forecasts to work performed in other areas of our audit, such as in-year trend analysis and internal minute review, to identify any contradictory assumptions. We did not identify any such matters and we are satisfied that the forecasts made are appropriate for use in the going concern assessment.
- Our procedures included a review of internal risk committee meetings and regulatory correspondence.
- We challenged the sufficiency of the stress scenarios performed as part of the assessment and tested the clerical accuracy of workings. We consider that the stresses performed were appropriate for the going concern assessment.

- We have observed that the turnover and total comprehensive income have both increased by more than 10% in the last year and the Company has been historically profitable.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of up to 21 February 2023, being not less than twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; 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 17, 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.

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

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

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

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

Use of our report

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

A handwritten signature in black ink that reads "Andrew Bates". The signature is written in a cursive, slightly slanted style.

Andrew Bates
Senior statutory auditor
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
23 February 2022

ICE Clear Europe Limited

**Statement of Comprehensive Income
For the Year Ended 31 December 2021**

	Note	2021 \$000	2020 \$000
Turnover	2	<u>1,467,489</u>	1,287,529
Gross profit		1,467,489	1,287,529
Administrative expenses		<u>(343,516)</u>	(321,417)
Operating profit	3	1,123,973	966,112
Interest receivable	7	165	3,945
Interest payable	8	<u>(2,637)</u>	(2,000)
Profit before tax		1,121,501	968,057
Tax on profit	9	<u>(213,181)</u>	(183,391)
Profit for the financial year		<u>908,320</u>	<u>784,666</u>
Other comprehensive income for the year		—	—
Total comprehensive income for the year		<u>908,320</u>	<u>784,666</u>

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income.

The notes on pages 31 to 44 form part of these financial statements.

Balance Sheet
As at 31 December 2021

	Note	2021 \$000	2021 \$000	2020 \$000	2020 \$000
Current assets					
Debtors: amounts falling due after more than one year	12	20,601		9,138	
Debtors: amounts falling due within one year	12	193,278		157,026	
Member balances: cash and invested deposits relating to margin and guaranty fund contributions	13	98,185,494		38,100,257	
Guaranty fund: own contribution	14	247,000		237,000	
Cash at bank and in hand	15	686,999		596,191	
		<u>99,333,372</u>		<u>39,099,612</u>	
Member balances: cash and invested deposits relating to margin and guaranty fund contributions	13	(98,185,494)		(38,100,257)	
Creditors and other payables: amounts falling due within one year	16	<u>(107,317)</u>		<u>(90,105)</u>	
Net current assets			<u>1,040,561</u>		<u>909,250</u>
Total assets less current liabilities			<u>1,040,561</u>		<u>909,250</u>
Creditors: amounts falling due after more than one year	17		<u>(2,635)</u>		<u>(3,205)</u>
Net assets			<u>1,037,926</u>		<u>906,045</u>
Capital and reserves					
Called up share capital	20		257,000		247,000
Profit and loss account			780,926		659,045
			<u>1,037,926</u>		<u>906,045</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 February 2022.



H. Serafini
 Director

The notes on pages 31 to 44 form part of these financial statements.

ICE Clear Europe Limited

Statement of Changes in Equity
For the Year Ended 31 December 2021

	Called up share capital \$000	Profit and loss account \$000	Total equity \$000
At 1 January 2020	243,000	682,454	925,454
Comprehensive income for the year			
Profit for the year	—	784,666	784,666
Total comprehensive income for the year	—	784,666	784,666
Dividends: Equity capital	—	(808,000)	(808,000)
Shares issued during the year	4,000	—	4,000
Payments under share-based payment agreements	—	(6,149)	(6,149)
Effect of capital contributions relating to share-based payment agreements	—	4,357	4,357
Decrease in amounts due under share-based payments recharge agreements	—	1,717	1,717
Total transactions with owners	4,000	(808,075)	(804,075)
At 1 January 2021	247,000	659,045	906,045
Comprehensive income for the year			
Profit for the year	—	908,320	908,320
Total comprehensive income for the year	—	908,320	908,320
Dividends: Equity capital	—	(795,000)	(795,000)
Shares issued during the year	10,000	—	10,000
Capital contribution	—	9,072	9,072
Payments under share-based payment agreements	—	(4,922)	(4,922)
Effect of capital contributions relating to share-based payment agreements	—	3,606	3,606
Decrease in amounts due under share-based payments recharge agreements	—	805	805
Total transactions with owners	10,000	(786,439)	(776,439)
At 31 December 2021	257,000	780,926	1,037,926

The notes on pages 31 to 44 form part of these financial statements.

On 26 March 2021 the Company allotted 10,000,000 further Ordinary shares respectively of nominal value \$1.

In October 2021 the Company's ultimate parent company, Intercontinental Exchange, Inc., settled an amount with a third party in respect of a legal claim. The portion of the settlement relating to the Company and settled on the Company's behalf was \$9,072,000, which has been accounted for as a capital contribution. There is no obligation for repayment, the gift does not attract dividends, no new shares have been issued in connection with the gift and there is no investment return. The gift is taken as a capital contribution, thereby directly increasing the Profit and loss account.

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

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.

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

This information is included in the consolidated financial statements of Intercontinental Exchange, Inc., as at 31 December 2021 and these financial statements may be obtained from www.ice.com.

1.3 Going concern

The Company has substantial financial resources with strong cash flows from operating activities generated primarily through 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 for a period up to at least 21 February 2023, being not less than 12 months from when these financial statements are authorised for issue. 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 services supplied during the year, net of value added tax, clearing fee discounts and customer incentives. Clearing and delivery fees and associated rebates and other incentives are recognised as incurred.

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

1.5 Tangible fixed assets and depreciation

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

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.

1.6 Investments

Fixed asset investments are shown at cost, less provision when it is considered that an impairment in value has occurred.

1.7 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and cash equivalents, which 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 three months or less from the date of acquisition.

1.8 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities.

Debt instruments that are payable or receivable within one year, typically trade receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

Basic financial liabilities including trade and other payables are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the liability is measured at the present value of the future payments discounted at a market rate of interest. Basic financial liabilities, other than short-term payables, are subsequently carried at amortised cost, using the effective interest rate method. The effective interest rate amortisation is included in interest payable and similar expenses in the Statement of Comprehensive Income. Short-term trade and other payables with no stated interest rate which are payable within one year are recorded at transaction price.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

1.9 Provisions and contingent liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are made, they are charged to the provision carried in the Balance Sheet.

Contingent liabilities are disclosed unless the probability of outflow of resources in settlement is remote.

1.10 Foreign currencies

The Company's functional and presentational currency is US dollars ("USD" or "\$"). 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 Derivatives

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

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.

1.12 Dividends

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

1.13 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.

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

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.

1.14 Interest receivable

Interest receivable is recognised as earned.

1.15 Interest payable

Interest payable is recognised as incurred.

1.16 Current and deferred taxation

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

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

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

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

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

1.17 Guaranty Funds and Initial Margin

Cash collateral paid by clearing members to the Company to cover their margin and guaranty funds requirements is included on the balance sheet as part of 'Member balances: cash relating to margin and guaranty fund contributions', as an asset with a corresponding liability.

Non-cash collateral provided by clearing members to cover their margin and guaranty funds requirements is not recorded on the Company's balance sheet unless the Company has sold or otherwise used the asset in the event of a member default where the member is no longer entitled to redeem the asset. In the case of a sale, the Company records on its balance sheet the proceeds of the sale together with a liability representing the obligation to return the non-cash collateral. In the event of a member default, the Company recognises the collateral as its

**Notes to the Financial Statements
For the Year Ended 31 December 2021**

asset initially measured at fair value or, if it has already sold the collateral, derecognises its obligation to return the collateral.

Net interest income on margin and guaranty funds is recognised when earned.

1.18 Share-based transactions

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

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

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

2. Turnover

Revenue is derived from the provision of services to clearing members, including interest received and paid on initial margin and guaranty funds.

An analysis of turnover by class of business is as follows:

	2021	2020
	\$000	\$000
Clearing and other fees	1,409,792	1,240,521
Net interest income on margin and guaranty funds	57,697	47,008
	<u>1,467,489</u>	<u>1,287,529</u>

All turnover arose within the United Kingdom.

Revenue, which is stated net of value added tax, clearing fee discounts and customer incentives amounting to \$452,090,000 in 2021 (2020: \$421,324,000), is derived from the continuing business of the Company, and is comprised as above.

ICE Clear Europe Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

3. Operating profit

The operating profit is stated after charging:

	2021	2020
	\$000	\$000
Exchange differences	<u>3,754</u>	<u>562</u>

4. Audit remuneration

	2021	2020
	\$000	\$000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	463	455
Auditors' remuneration - non-audit	172	172
	<u>635</u>	<u>627</u>

5. Employees

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

	2021	2020
	\$000	\$000
Wages and salaries	26,603	25,329
Social security costs	2,333	2,074
Cost of defined contribution scheme	1,168	1,048
	<u>30,104</u>	<u>28,451</u>

Included in the wages and salaries costs disclosed above was a charge of \$3,606,000 (2020: \$4,357,000) in respect of share-based payment transactions.

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

	2021	2020
	No.	No.
	<u>101</u>	<u>96</u>

ICE Clear Europe Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

6. Directors' remuneration

	2021	2020
	\$000	\$000
Directors' emoluments	2,522	2,846
Company contributions to defined contribution pension schemes	—	3
Compensation for loss of office	146	1,407
	<u>2,668</u>	<u>4,256</u>

During the year retirement benefits were accruing to no directors (2020: 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of \$1,581,000 (2020: \$1,288,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to \$nil (2020: \$1,000).

8 directors (2020: 9) received shares in respect of qualifying services during the year. No directors exercised share options during the year (2020: 1).

Additional directors' remuneration in respect of qualifying services borne by the ultimate parent company, ICE, for the year is currently estimated at \$2,338,000 (2020: \$2,265,000).

7. Interest receivable

	2021	2020
	\$000	\$000
Other interest receivable	165	3,945
	<u>165</u>	<u>3,945</u>

8. Interest payable

	2021	2020
	\$000	\$000
Bank interest payable	2,334	2,000
Other interest payable	303	—
	<u>2,637</u>	<u>2,000</u>

Notes to the Financial Statements
For the Year Ended 31 December 2021

9. Taxation

	2021	2020
	\$000	\$000
Current tax		
Current tax on profit for the year	213,175	183,127
Adjustments in respect of previous periods	—	123
	213,175	183,250
Total current tax	213,175	183,250
Deferred tax		
Origination and reversal of timing differences	109	202
Changes to tax rates	(103)	(61)
	6	141
Total deferred tax	6	141
Tax charge on profit on ordinary activities	213,181	183,391

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021	2020
	\$000	\$000
Profit on ordinary activities before tax	1,121,501	968,057
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	213,085	183,931
Effects of:		
Adjustments to tax charge in respect of prior periods	—	123
Expenses not deductible/(income not taxable) for the year	19	(634)
Statutory deduction on share schemes in shortfall of accounting charges	180	32
Change in rates	(103)	(61)
Total tax charge for the year	213,181	183,391

Factors that may affect future tax charges

The headline rate of UK corporation tax for the period was 19%. On 3 March 2021 it was announced, and later enacted on 10 June 2021, that the UK corporation tax rate would increase from 19% to 25% from 1 April 2023.

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. Given the 25% rate was enacted at the time of the balance sheet date, the closing deferred tax balances have been calculated with reference to this rate. The deferred tax asset is expected to decrease by \$181,000 before 31 December 2022.

ICE Clear Europe Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

10. Tangible fixed assets

	IT equipment \$000
Cost	
At 1 January 2021	105
At 31 December 2021	<u>105</u>
Depreciation	
At 1 January 2021	105
At 31 December 2021	<u>105</u>
Net book value	
At 31 December 2021	<u><u>—</u></u>
At 31 December 2020	<u><u>—</u></u>

The tangible fixed assets that are fully depreciated remain in use.

11. Fixed asset investments

The Company has a 50% interest in ICE Clear EU CDS LLP, a partnership incorporated and registered in England and Wales. ICE Clear EU CDS LLP was incorporated on 20 December 2010 and is currently dormant. The investment has no cost and IntercontinentalExchange Holdings, a fellow ICE Group company, holds the remaining 50% interest.

12. Debtors

	2021 \$000	2020 \$000
Due after more than one year		
Prepayments and accrued income	<u>20,601</u>	<u>9,138</u>
	<u><u>20,601</u></u>	<u><u>9,138</u></u>
Due within one year		
Trade debtors	1,478	96
Amounts owed by group undertakings	5,238	5,370
Other debtors	—	5
Prepayments and accrued income	184,903	149,261
Tax recoverable	1,003	1,632
Deferred taxation	656	662
	<u><u>193,278</u></u>	<u><u>157,026</u></u>

Notes to the Financial Statements
For the Year Ended 31 December 2021

13. Member balances: cash relating to margin and guaranty fund

	2021	2020
	\$000	\$000
Assets		
Margin balances	94,010,037	33,725,913
Guaranty balances	4,175,457	4,374,344
	98,185,494	38,100,257
Liabilities		
Margin balances	(94,010,037)	(33,725,913)
Guaranty balances	(4,175,457)	(4,374,344)
	(98,185,494)	(38,100,257)

The Company generally requires all members to deposit collateral in cash or certain pledged assets. The collateral deposits are known as “initial margin”. In addition, the Company may make intraday initial margin calls in circumstances where market conditions require additional protection. The daily profits and losses due to and from the Company due to the marking-to-market of open contracts is known as “variation margin”. The Company marks all outstanding contracts to market, and therefore pays and collects variation margin, at least once daily. In addition to the margin collected, each clearing member is required to make contributions to the guaranty fund which serves as a mechanism to provide additional protection in the event of a clearing member default.

The amounts that the clearing members and participants are required to maintain are determined by proprietary risk models and are reviewed by relevant regulators, independent model validators, risk committees and the directors and may fluctuate over time. Each of the ICE Clearing Houses are separate legal entities and are not subject to the liabilities of the others, or the obligations of the members of the other ICE Clearing Houses.

Should a particular clearing member or participant fail to pay initial margin, provide their collateral, or make a variation margin payment, when and as required, the Company may liquidate or hedge its open positions and use the initial margin and guaranty fund contributions to make up any amount owed. In the event that the defaulting member's deposits are not sufficient to pay the amount owed in full, the Company will first use its contribution to the guaranty fund, often referred to as Skin In The Game, or SITG, to pay any remaining amount owed. In the event that the SITG is not sufficient, the Company may utilise the respective guaranty fund deposits, or collect limited additional funds from non-defaulting members on a pro-rata basis, to pay any remaining amount owed.

The Company also maintains default insurance as an additional layer of clearing member default protection. The default insurance was added in September 2019 and has a three-year term, subject to renewal, and resides after and in addition to Company SITG contributions and before the guaranty fund contributions of the non-defaulting clearing members. At 31 December 2021 the amount was \$75,000,000 (2020: \$75,000,000). Similar to SITG, The default insurance layer is not intended to replace or reduce the position risk-based amount of the guaranty fund. As a result, the default insurance layer is not a factor that is included in the calculation of the clearing members' guaranty fund contribution requirement. Instead, it serves as a new, additional, distinct, and separate default resource that should serve to further protect the non-defaulting clearing members' guaranty fund contributions from being mutualised in the event of a default.

The Company has recorded cash and invested margin deposits and amounts due as current assets with corresponding current liabilities to the clearing members. Included within Member balances is \$3,163,931,000 (2020: \$1,774,796,000) invested margin deposits in securities with maturities of more than three months at the time of purchase.

Notes to the Financial Statements
For the Year Ended 31 December 2021

The Company's cash and invested margin and guaranty fund deposits are maintained in accounts with national banks and highly-rated financial institutions or secured through direct investments, primarily in U.S. Treasury and other highly-rated government securities or reverse repurchase agreements with primarily overnight maturities. Cash held at 31 December 2021 of \$25,518,367,000 (2020: \$23,696,239,000) is secured in reverse repurchase agreements with primarily overnight maturities, cash held at 31 December 2021 of \$12,487,483,000 (2020: \$3,500,823,000) is held in direct investments of sovereign debt, and cash held at 31 December 2021 of \$231,243,000 (2020: \$16,000,000) is held in demand deposits. The Company maintains a euro-denominated account at the European Central Bank, or ECB, as well as pounds sterling, euro and US dollar-denominated accounts at the Bank of England, or BOE, the central bank of the U.K. These accounts provide the flexibility for the Company to place euro, pounds sterling and US dollar-denominated cash margin securely at national banks, in particular during periods when liquidity in repo markets may temporarily become contracted. Such accounts are intended to decrease the Company's custodial, liquidity and operational risk as compared to alternative custodial and investment arrangements. The Company held the total equivalent of \$59,948,401,000 (2020: \$10,886,507,000) in these accounts at 31 December 2021.

In addition to the cash and cash equivalent margin and guaranty fund contributions, the Company has also received other assets from clearing members, which include government obligations, and may include other non-cash collateral such as, on rare occasions, gold to mitigate credit risk. For certain assets the Company may impose discount or "haircut" rates to ensure adequate collateral if market values fluctuate. The value-related risks and rewards of these assets remain with the clearing members. Any gain or loss accrues to the clearing member. The Company does not, in the ordinary course of business, rehypothecate or re-pledge these assets. These assets are not reflected in the Company's balance sheet. At 31 December 2021, the total net amount of non-cash collateral held in respect of initial margin was \$58,155,723,000 (2020: \$36,295,162,000) and in respect of the guaranty funds was \$740,194,000 (2020: \$508,167,000).

The Company's risk management framework for its CDS markets is separate from its non-CDS clearing operations. The clearing house is open-access, consistent with regulatory requirements, and the Company accepts qualifying trades for clearing that are executed on other venues. Of the \$98,185,494,000 (2020: \$38,100,257,000) cash contributions as of 31 December 2021, which are primarily held in U.S. dollars, Euros and Pounds sterling, \$91,994,884,000 (2020: \$31,776,809,000) relates to futures and options products and \$6,190,610,000 (2020: \$6,323,448,000) relates to cleared OTC European CDS instruments.

To provide a tool to address the liquidity needs of the Company and manage the liquidation of margin and guaranty fund contributions held in the form of cash and high quality sovereign debt, the Company has entered into Committed Repurchase Agreement Facilities, or Committed Repos. As of 31 December 2021 the Company had \$1.0 billion in Committed Repos to finance U.S. dollar, Euro and Pound Sterling sovereign debt deposits (2020: \$1.0 billion).

14. Guaranty fund: own contribution

	2021	2020
	\$000	\$000
At 31 December	247,000	237,000
	<u>247,000</u>	<u>237,000</u>

The Company has contributed \$247,000,000 (2020: \$237,000,000) to its guaranty fund including exchange contributions of \$72,000,000 (2020: \$62,000,000) in total arising from clearing services agreements with group exchanges ICE Futures Europe, ICE Futures U.S., ICE Endex and ICE Futures Abu Dhabi. Such amounts are at risk and could be used in the event of a clearing member

Notes to the Financial Statements
For the Year Ended 31 December 2021

default where the amount of the defaulting clearing member's initial margin and guaranty fund contributions are insufficient. The contributions include \$197,000,000 for futures and options and \$50,000,000 to CDS.

The exchange contributions would be utilised pro rata along with the other contributions in the event of default and are subject to a minimum \$10,000,000 and based on average clearing member futures and options guaranty fund contributions and are re-assessed at least annually.

15. Cash and cash equivalents

	2021	2020
	\$000	\$000
Cash at bank and in hand	686,999	596,191
	<u>686,999</u>	<u>596,191</u>

As a UK Recognised Clearing House, the Company is required by the BOE and EMIR to restrict as cash at bank and in hand in an amount to reflect an estimate of the capital required to wind down or restructure the activities of the clearing house, cover operational, legal and business risks and to reserve capital to meet credit, counterparty and market risks not covered by the members' margin and guaranty funds. As such, it is calculated taking into account the operating expenditures, revenues and credit exposures associated with the assets and investments.

As of 31 December 2021 the regulatory capital restricted cash for the Company was \$550,000,000 (2020: \$495,000,000) and these amounts form part of the cash at bank and in hand balance. The increase in the regulatory capital restricted cash was due to the growth of the businesses, a related increase in costs and the consequential additional regulatory capital buffers required by the BOE.

The Company, in addition to being regulated by the BOE, is also regulated by the Commodity Futures Trading Commission, or CFTC, as a U.S. Derivatives Clearing Organization, or DCO and by ESMA as a TCCCP. The regulatory capital available to the Company, as described above, exceeds the CFTC requirements.

16. Creditors and other payables: Amounts falling due within one year

	2021	2020
	\$000	\$000
Trade creditors	5	105
Amounts owed to group companies	40,706	39,865
Taxation and social security	9,101	7,698
Accruals and deferred income	57,505	42,437
	<u>107,317</u>	<u>90,105</u>

All creditors are unsecured. Accruals and deferred income include \$2,144,000 (2020: \$2,379,000) due under share-based payments recharge agreements.

Notes to the Financial Statements
For the Year Ended 31 December 2021

17. Creditors and other payables: Amounts falling due after more than one year

	2021	2020
	\$000	\$000
Accruals and deferred income	2,635	3,205
	<u>2,635</u>	<u>3,205</u>

Accruals and deferred income consists of \$2,635,000 (2020: \$3,205,000) due under shared-based payments recharge agreements.

18. Deferred taxation

	2021	2020
	\$000	\$000
At beginning of year	662	803
Debit to the profit and loss	(6)	(141)
At end of year	<u>656</u>	<u>662</u>

The deferred tax asset is made up as follows:

	2021	2020
	\$000	\$000
Decelerated capital allowances	28	29
Other timing differences	628	633
	<u>656</u>	<u>662</u>

19. Derivatives

The Company recognised no asset or liability at 31 December 2021 or 31 December 2020 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 \$4,269,000 (2020: losses of \$13,796,000), these are included in administrative expenses in the statement of other comprehensive income.

20. Share capital

	2021	2020
	\$000	\$000
Allotted, called up and fully paid		
257,000,100 (2020: 247,000,100) Ordinary shares of \$1.00 each	<u>257,000</u>	<u>247,000</u>

The Company is a private company limited by shares and incorporated under the laws of England and Wales.

ICE Clear Europe Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

On 26 March 2021 the Company allotted 10,000,000 further Ordinary shares respectively of nominal value \$1.

21. Dividends

	2021 \$000	2020 \$000
Dividends paid on equity capital	<u>795,000</u>	<u>808,000</u>
	<u>795,000</u>	<u>808,000</u>

22. Pension commitments

The Company operates money purchase pension schemes for eligible employees. The assets of the schemes are held separately from those of the Company in independently administered funds. There were no contributions outstanding at 31 December 2021 (2020: nil).

23. Other financial commitments

To provide a tool to address the liquidity needs of the Company and manage the liquidation of margin and guaranty fund contributions held in the form of cash and high quality sovereign debt, the Company has entered into Committed Repurchase Agreement Facilities, or Committed Repos. As of 31 December 2021 the Company had \$1.0 billion in Committed Repos to finance U.S. dollar, Euro and Pound Sterling sovereign debt deposits (2020: \$1.0 billion).

24. Controlling party

The Company is a wholly-owned subsidiary of IntercontinentalExchange Holdings, 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.ice.com.

25. Registered office

The registered office of the Company is:

Milton Gate
60 Chiswell Street
London
EC1Y 4SA
United Kingdom