ICE Data Desktop Solutions Limited

2022 MIFIDPRU Disclosures

MIFIDPRU Disclosures

1. Introduction

1.1. Background

In January 2022 the Financial Conduct Authority ("FCA") introduced the Investment Firms Prudential Regime ("IFPR"), a new regime for UK firms authorised under the Markets in Financial Instruments Directive ("MiFID").

The FCA have set out certain regulatory disclosure requirements in Chapter 8 of the Prudential sourcebook for MiFID Investment Firms ("MIFIDPRU").

The information is known as MIFIDPRU Disclosures and is intended to contain an overview of the following aspects of ICE Data Desktop Solutions Limited's business ("IDDS" or the "Firm") as of 31 December 2022:

- The key characteristics of IDDS's remuneration policy and practices and specific qualitative and quantitative information.

1.2. Basis of Disclosure and Scope of Application

The MIFIDPRU disclosures set out in this document are provided solely in respect of IDDS, an SNI MIFIDPRU Investment Firm with no additional tier 1 capital.

IDDS will provide all disclosures in accordance with the requirements applicable to an SNI Firm with the exception of remuneration disclosures. IDDS is part of a consolidation group which contains non-SNI Investment Firms and is therefore required to apply the stricter remuneration requirements applicable to non-SNI Investment Firms. Accordingly, IDDS has included remuneration disclosures required of non-SNI Investment Firms in accordance with MIFIDPRU 8.6.

The information contained in this document has not been audited by the Firm's external auditors and does not constitute any form of financial statement.

MIFIDPRU includes further remuneration disclosure requirements for non-SNI MIFIDPRU firms (IDDS is treated like a non-SNI Investment Firm for the purposes of remuneration), should certain criteria set out in SYSC 19G.1.1(R) not be met. These disclosure requirements include additional qualitative and quantitative remuneration disclosures as set out within MIFIDPRU 8.6.8R(6) and MIFIDPRU 8.6.6R(4). It has been confirmed that for the period covering 01 January 2022 through 31 December 2022 (the "Reporting Period"), IDDS meets the criteria set out within SYSC 19G.1.1(R), therefore these additional disclosure requirements are not included as part of the Firm's MIFIDPRU disclosures.

1.3. Frequency of Disclosure

The Firm is required to make MIFIDPRU 8 disclosures annually concurrently with the publication of the Firm's Annual Accounts in accordance with regulatory requirements.

Unless otherwise stated, all financial figures are as of 31 December 2022, IDDS's financial year end.

1.4. Location

The Firm's MIFIDPRU 8 disclosure document will be published on the Firm's website: **https://www.theice.com/fixed-income-data-services/access-delivery/desktop-web-platforms**

1.5. Company Background

The Firm is a wholly owned subsidiary of Intercontinental Exchange, Inc. ("ICE"), a US company listed on the New York Stock Exchange.

IDDS supplies individuals and institutions with reliable, real-time financial market information by way of professional-level tools across a number of different platforms. The Firm is authorised by the Financial Conduct Authority to provide regulated products and services.

2. Remuneration Policy and Practices

The Firm has a Remuneration Policy which sets out the Firm's approach to remuneration, articulating the principles and structures that have been adopted in accordance with applicable legal and regulatory guidance, including the MIFIDPRU Remuneration Code and the Equality Act 2010.

For all staff, the Firm's approach to remuneration is designed to meet the following key objectives:

- To attract, motivate and retain high calibre and diverse employees across the Firm;
- Reward high performance and deliver a sustainable performance;
- Promote the achievement of the Firm's business strategy and objectives and its longer-term strategic and investment objectives;
- Be sustainably affordable;
- Be gender neutral; and
- Support good risk management procedures and a positive culture.

The Firm is committed to maintaining responsible and effective remuneration practices.

IDDS first required authorisation due to the FutureSource trade button functionality it offered, which provided order routing connectivity with multiple clearing firms and exchanges, including multiple accounts functionality, all from within the FutureSource desktop application, however this functionality is not currently available to customers.

The Firm is providing interim ETF Hub services in the last quarter of 2022 and into 2023. This arrangement is expected to only be temporary, the services are not expected to be provided in the long-term.

It does not hold client funds or safeguard client assets.

2.1. Governance and Oversight

The Management Body of the Firm in its supervisory function adopts and periodically reviews the Firm’s Remuneration Policy and has overall responsibility for overseeing its implementation. Development, review and implementation of the Remuneration Policy/remuneration arrangements, including variable remuneration, is supported by Control Functions of the Firm (including (where they exist) risk management, compliance, internal audit and human resources), with the assistance and advice of ICE executives, including members of the ICE Group Compensation Committee, as required.

The remuneration programs of the Firm have been designed in a manner that (i) is in line with the Firm’s business strategy (ii) is consistent with its risk profile and promotes sound and effective risk management, (iii) does not impair the long-term objectives and goals of the Firm, and (iv) complies with its legal and compliance obligations.

Keystone Law Limited has assisted in the development of the Firm’s Remuneration Policy.

2.2. Remuneration Structure

The Firm rewards employees with fixed and variable remuneration.

Fixed remuneration is comprised of base annual salary, pension and benefits.

Variable remuneration, which is not guaranteed, may be comprised of: (i) a cash bonus; and/or (ii) an award of equity in the Firm’s ultimate parent company, ICE (“Equity Award”). Variable remuneration is awarded to staff only if applicable performance conditions have been satisfied and always in accordance with the Firm’s Remuneration Policy. Variable remuneration is based on a combination of the assessment of the performance of the relevant individual (financial and non-financial), the business unit concerned and ICE Group performance relative to Group Company goals.

The Firm ensures that the fixed and variable components of total remuneration are appropriately balanced, such that the fixed component represents a sufficiently high proportion of total remuneration to enable the operation of a fully flexible policy on variable remuneration (that is, a policy resulting in the possibility of nil or negligible variable remuneration in certain circumstances).

The discretionary annual bonus is determined by ICE Group Company performance relative to Group Company goals and the performance of eligible staff members, taking in to account their individual contribution to the success of the Firm and good conduct and compliance with applicable policies and procedures. The bonus pool, if any, is determined annually as part of the ICE Group’s budget process and approved by the ICE Board.

Where applicable (as eligibility to receive Equity Awards is typically limited to senior employees) the discretionary Equity Awards comprises EBITDA-based performance share units and restricted share units and have deferred vesting payment periods. All grants are awarded after the end of the performance period in which they are earned (to allow for performance adjustments as well as changes in Firm/ICE Group performance). The vesting periods of such awards mitigates against short-term risk taking and poor performance can trigger the operation of claw-back provisions.

The Firm's approach to Variable Remuneration recognises that the overriding consideration is the strengthening and maintenance of the Firm's capital base. Bonuses are paid out of annual realised profits of the ICE Group with such profits having no market risk and only limited credit risk. In addition, the ICE Group Compensation Committee and the Board of ICE has discretion to reduce the bonus pool or defer bonus decisions if it is concerned about the current or future capital position of the Firm and/or the ICE Group.

The Firm considers that its remuneration practices are appropriate, taking into account the size, internal organisation and the nature, scope and complexity of the activities of the Firm.

To avoid conflicts of interest within the Firm, the implementation of, or amendment to, any remuneration program is reviewed and approved by the ICE Group Compensation Committee. Input will be sought from such other departments as required. The Firm's Remuneration Policy and its implementation encourages responsible business conduct by expressly linking remuneration with risk and the Firm/ICE Group performance. Thus, when evaluating staff performance, the Firm includes factors such as performance in relation to ICE's core and functional competencies.

2.3. Link Between Pay and Performance

The Firm's remuneration practices are designed to reward staff for their performance and contribution to the success of the Firm and the ICE Group.

The Firm maintains remuneration programs and practices that are consistent with and promote prudent, sound and effective risk management and which take into account the type of risks and the degree of risk that an individual may take on behalf of the Firm. No employee will be encouraged to take, or be rewarded for, taking excessive risk.

As stated above, all staff receive fixed remuneration in the form of a base annual salary. Base salaries are established based on an evaluation of internal comparisons and external market rates for the position. An individual's initial base salary is set relative to this internal/external market rate based on the individual's experience, knowledge, skills and abilities. Base salaries are then reviewed each year during this process and adjusted to reflect merit and market (internal and external) considerations.

All staff are eligible for, but not guaranteed to receive, a cash bonus as part of their variable remuneration. Eligibility for a cash bonus is based on a combination of the assessment of the performance of the relevant individual (financial and non-financial), the business unit concerned and the overall performance results of the ICE Group relative to Group Company goals.

Senior employees and significant contributors to the Firm/ICE Group's long-term strategy are eligible for, but not guaranteed to receive, Equity Awards as part of their variable remuneration on the basis of the assessment of the performance of the relevant individual. All Equity Awards are awarded after the end of the performance period in which they are earned (to allow for performance adjustments (as well as changes in Firm/ICE Group performance). The vesting periods of such awards mitigates against short-term risk taking.

No staff receive remuneration only comprised of variable remuneration.

2.4. Performance Assessment

Variable remuneration is only awarded if it sustainable to the financial situation of the Firm and the ICE Group and if justified by the performance of the Firm, individual concerned and the ICE Group.

2.4.1 Firm and ICE Group Performance

The discretionary annual bonus is operated on the basis of the ICE Group's performance. The bonus pool, if any (since the pool comprises a percentage of pre-tax profits, including the cost of employer's NICs) is determined annually as part of the ICE Group's budget process and approved by the ICE Board.

In addition, the ICE Group Compensation Committee and the Board of Intercontinental Exchange, Inc. has discretion to reduce the bonus pool or defer bonus decisions if it is concerned about the current or future capital position of the Firm and/or the ICE Group.

2.4.2 Individual Performance

When assessing individual performance, the Firm takes into account a number of financial and non-financial criteria, which are considered in the context of the individual's performance based on the role of the staff member.

Non-financial criteria include, but are not limited to:

- Compliance with and adherence to the Firm's and ICE's policies and procedures and the Firm's regulatory requirements;
- Establishing and maintaining client relationships, including the fair treatment of clients and quality of service provided;
- Individual performance in relation to specifications of the role;
- Level of seniority and responsibility associated with the role;
- Performance consistent with the Firm's/ICE's business strategy; and
- Performance consistent with the Firm's core competencies.

Financial criteria include, but are not limited to:

- The financial performance of the Firm, e.g., trading volumes and revenue;
- The financial performance of the ICE Group; and
- The current and projected future capital position of the Firm and/or the ICE Group.

2.5. Performance Adjustments

Performance adjustment, in the form of malus and clawback, may be applied to all elements of variable remuneration awarded to any individual.

Malus is the adjustment of any portion of variable remuneration which has not been awarded or paid. Any malus adjustment applied under the Firm's Remuneration Policy will typically be made on an "in year" (or ex ante) basis in the event a performance adjustment matter (see below) occurs or comes to light before the variable remuneration has been awarded or paid.

Clawback is the recovery of variable remuneration which has been awarded and paid. Recovery may be applied in respect of any sums or equity which are held during the relevant deferral period.

Malus and/or clawback may be applied, as determined by the ICE Group Compensation Committee and Board, in its absolute discretion, to take account of certain events, crystallised risks or matters of an adverse nature which occur or come to light.

Performance adjustment matters includes, but are not limited to circumstances, where:

- there is evidence of conduct or behaviour falling below the standards expected by the Firm;
- there is evidence of conduct or behaviour which in the reasonable opinion of the ICE Group Compensation Committee has brought or is capable of bringing the Firm into disrepute;
- the individual is found to no longer be considered as fit and proper to perform their role;
- there is evidence of a material error or negligence by the individual;
- the Firm suffers, or the individual is responsible for, a material failure of risk management; including Health and Safety; and/or
- the individual is dismissed by the Firm.

2.6. Guaranteed Variable Remuneration

The Firm does not award, pay or provide guaranteed variable remuneration except in exceptional circumstances. The Firm's Remuneration Policy includes provisions related to guaranteed variable remuneration, as follows:

- Sign-On Bonuses - The Firm may permit the payment of sign-on bonuses, with any such payments being limited to the first year of service and in circumstances where the Firm has a strong capital base.
- Buy-out awards - The Firm may permit the payment of buyout bonuses where these align with the long-term interests of the Firm and contain provisions on periods of retention, deferral, vesting and ex-post risk adjustment which correspond with the schedule of unvested variable remuneration under the previous contract of employment.

- Retention awards - The Firm may consider retention bonuses, to be paid after a defined event - usually relating to mergers, acquisitions and restructure.

Any guaranteed variable remuneration award will be subject to performance terms applied to the employee in writing.

2.7. Severance Pay

In the event that Firm management or employees are entitled to a discretionary pay-out on termination, such payment must:

- be subject to an appropriate limit, or management approval;
- be aligned with the Firm's overall financial condition and performance over an appropriate time horizon;
- not be payable in the case of failure or threatened failure of the Firm, particularly to an individual whose actions may have contributed to the failure or potential failure of the Firm; and
- accord with the relevant scheme rules.

2.8. Quantitative Remuneration Disclosures

For the Reporting Period, three (3) individuals were identified as Material Risk Takers ("MRT") for the Firm in accordance with the criteria set out in the FCA's MiFIDPRU Remuneration Code (SYSC 19G.5).

Total remuneration of £150,595 was paid to all staff of the Firm during the Reporting Period.

The total aggregate remuneration split between Senior Management and Other MRTs, and Other Staff is as follows:

	Senior Management and Other MRTs	Other Staff	Total (All Staff)
Fixed Remuneration	£90,896	£0	£90,896
Variable Remuneration	£59,699	£0	£59,699
Total Remuneration	£150,595	£0	£150,595

IDDS is able to aggregate the information to be disclosed for senior management and other material risk takers in accordance with MIFIDPRU 8.6.8 R(7)(a) in relation to the information items required in MIFIDPRU 8.6.8R(4), since splitting the information between those two categories would lead to the disclosure of information about one or two people.

IDDS has no Other Staff.

There were no guaranteed variable remuneration awards made or severance payments awarded to Senior Management or other MRTs during the Reporting Period.