Registered number
51976196

ICE Clear Netherlands B.V.

Annual Report

31 December 2017

Signed for identification

Ernst & Young Accountants LLP

EY Building a better working world

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Report and financial statements
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Company Information

Directors
J. Beckers
E. Bons

Secretary
B. Moolenbeek

Company number
51976196

Registered office
Hoogoorddreef 7
1101 BA
Amsterdam

Auditors
Ernst & Young Accountants LLP

ICE Clear Netherlands B.V.
Registered number: 51976196
Directors' report

The directors present their directors' report and audited financial statements for ICE Clear Netherlands B.V. ('the Company') for the year ended 31 December 2017.

Principal activities
The Company's ultimate parent is Intercontinental Exchange, Inc. ('ICE'), a corporation registered in Delaware, United States. Members of the ultimate parent company's group of companies in these financial statements refer to 'the ICE Group'. The Company is regulated and supervised in the Netherlands by the Authority for the Financial Markets ('AFM') and the Dutch Central Bank ('DNB') and is also authorised as a Central Counterparty ('CCP') under the European Market Infrastructure Regulation ('EMIR'). On 3 December 2014, ICE acquired a 75% ownership stake in the Company from ABN AMRO Clearing Investments B.V. purchasing the remaining 25% on 15 June 2017.

Financial results and review of the business
The Company made a profit before tax of €3,141,000 (2016: loss before tax of €2,268,000) for the year ended 31 December 2017 on revenues and other operating income of €6,937,000 (2016: €3,069,000). No dividends were declared in the General Meeting of Shareholders or paid during the year (2016: €nil).

Highlights 2017
Until 11 July 2017 the Company was the primary clearing house for TOM (The Order Machine) MTF, a multi-lateral trading facility for equity derivatives and index derivatives. As a clearing house the Company acts as a CCP, meaning the Company becomes the buyer to every seller and the seller to every buyer. On 31 March 2017 the Company was informed by TOM MTF that its shareholders approved the wind down of its operations as an MTF in due course. As a result of this notification the Company worked with TOM MTF, Clearing Participants, Euronext and the appropriate Regulatory Authorities to transition the remaining open interest recorded at the Company from TOM MTF to Euronext. As per 29 June 2017 all registered positions at the Company were migrated, with the exception of the derivatives position in SNS Reaal which remains in the Company's records.

In April 2017 it was publically announced that the Company signed a binding heads of terms with Euronext to provide clearing services for its financial derivatives and commodities markets which was expected to commence in the second half of 2018. This agreement was publically announced to be terminated by Euronext in August 2017. A €5,000,000 (5 Million) breakup fee was received by the Company related to the termination of the binding heads of terms.

The Company remains active and licensed as a Central Counterparty under EMIR.

Strategy and forecast for 2018 and beyond
In the second half of 2018, the Company plans to provide Clearing services for certain equity and index derivatives to be listed on ICE Endex, an ICE Group Regulated Market operating in The Netherlands. During the course of 2018, the provision of services will encompass a Block Trade Facility first, with an expansion to a Central Orderbook in Stage II of the project expected early 2019. It is the intention to provide a range of products for hedging, investing and trading with the Clearing built on a foundation of strong governance, proven risk frameworks and capital. The Company will bring additional transparency, discipline and security to the European marketplace.

During the expected Transitional Period for "Brexit" the Company will continue to work with other ICE entities, Clearing Members, Clients and Regulatory Authorities to prepare for a potential transfer of services to the Company when it is required to do so.

Regulatory and EMIR
After receiving EMIR authorisation on 12 December 2014, the Company further enhanced its legal and regulatory framework and has complied with the annual obligation to re-assess its EMIR authorisation by completing its EMIR re-assessment. Finally, the Company prepared and published its self-assessment based on the PFMI Disclosure Framework of CPMI-IOSCO.

The Company filed an application with the Regulatory Authorities during the course of 2017 for the extension of activities and services under Article 15 of EMIR to perform services to a Regulated Market as defined under MiFID. The Company's EMIR college voted unanimously in favour of the extension and the Company expects to receive it's extension letter on 13 July.

Risk Management
The Company employs its own risk management group for its activities. Where necessary, the Company also receives ICE Group risk management 2nd line support to fully embrace the ICE Group Three-Lines-of-Defence model. Audits are regularly performed on the Company's core processes as well on ICE intragroup services delivered to it. Business risks are evaluated regularly as well, applying a common methodology from the wider ICE Group. In parallel the Company has its own compliance function to ensure that it meets its own regulatory obligations at all times.

The Company has set a framework for policies regarding internal control processes and this framework reflects the extremely low appetite the Company has for operational errors. The management team meets on frequent basis to discuss operational risk, the mitigations in place and to consider potential improvements to the control environment. In 2017, the highest inherent risks to the Company as established by the ICE Group were considered to be from Cyber risk, specifically, Economic Sabotage (Destructive attacks to undermine confidence in financial markets) and Asset Thefts (Cyber enabled theft of assets). These risks are monitored (amongst others) on a continuous basis and mitigated through several control measures by the ICE Group as well as by several Committees within the governance structure of the Company. The manifestation of risks of this nature could potentially have a significant negative impact on Company profits and its reputation and the Company has dedicated resources focused on addressing these risks. The Company continues to develop its risk management programme in line with ICE's strategy.

Further details of risk management objectives and policies have been disclosed in the notes to the financial statements and can be found in note 17.

Going concern
The Executive Directors have a reasonable expectation that the Company has adequate resources and appropriate shareholders assurances to continue in operational existence for the foreseeable future. They continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors
The directors of the Company who served during the year, and up to the date of the financial statements, were as follows:

J. Beckers
E. Bons

ICE Clear Netherlands B.V.
Registered number: 51976196
Directors' report

Auditors
A resolution to reappoint Ernst & Young Accountants LLP as auditors will be put to the members at the Annual General Meeting.

This report was approved by the board on 12 July 2018.

Executive Director and
President & COO
J. Beckers

Executive Director and
CRO
E. Bons

Company Secretary
B. Moolenbeek

Signed for identification
Ernst & Young Accountants LLP
EY

ICE Clear Netherlands B.V.
Statement of profit or loss and other comprehensive income
for the year ended 31 December 2017

	Notes	2017 €'000	2016 €'000
Continuing operations			
Revenue	2	1,937	3,069
Other operating income	3	5,000	-
Operating expenses	4	(3,714)	(5,287)
Operating profit/(loss)		3,223	(2,218)
Finance costs		(82)	(50)
Profit/(loss) before tax		3,141	(2,268)
Income tax	7	-	-
Profit/(loss) for the year		3,141	(2,268)
Other comprehensive income		-	-
Total comprehensive income for the year		3,141	(2,268)
Attributable to:			
Equity holders of the parent company		3,141	(2,268)

The results are derived from continuing operations.

See accompanying notes to the financial statements.

ICE Clear Netherlands B.V.
Statement of financial position
as at 31 December 2017

	Notes	2017 €'000	2016 €'000
Non-current assets			
Property, plant and equipment	8	176	25
		176	25
Current assets			
Trade and other receivables	9	10	455
Member balances: cash relating to margin and guaranty fund contributions	10	3,000	70,512
Cash and cash equivalents	11	16,022	12,328
Income tax receivable	7	-	22
		19,032	83,317
Total assets		19,208	83,342
Current liabilities			
Member balances: cash relating to margin and guaranty fund contributions	10	3,000	70,512
Trade and other payables	12	731	730
		3,731	71,242
Total liabilities		3,731	71,242
Equity			
Issued capital	14	7,000	7,000
Share premium	15	12,811	12,811
Retained earnings		(4,334)	(7,711)
Equity attributable to equity holders of the parent		15,477	12,100
Total equity and liabilities		19,208	83,342
Items not included in the Statement of financial position			
Contingent assets	16	-	20,000

See accompanying notes to the financial statements.

ICE Clear Netherlands B.V.
Statement of changes in equity
for the year ended 31 December 2017

	Issued capital €'000	Company contribution to guaranty fund €'000	Share premium * €'000	Share-based payments €'000	Retained earnings ** €'000	Total €'000
Balance as at 1 January 2016	7,000	1,875	8,936	-	(5,578)	12,233
Increase in share premium	-	-	2,000	-	-	2,000
Effect of capital contributions relating to IFRS 2 share-based payments	-	-	-	135	-	135
Loss for the year	-	-	-	-	(2,268)	(2,268)
Balance as at 31 December 2016	7,000	1,875	10,936	135	(7,846)	12,100
Effect of capital contributions relating to IFRS 2 share-based payments	-	-	-	236	-	236
Profit for the year	-	-	-	-	3,141	3,141
Balance as at 31 December 2017	7,000	1,875	10,936	371	(4,705)	15,477

* Share premium before Company contribution to guaranty fund, see note 15 for details.

** Retained earnings before share-based payments

See accompanying notes to the financial statements.

ICE Clear Netherlands B.V.
Cash flow statement
for the year ended 31 December 2017

	Notes	2017		2016	
		€'000	€'000	€'000	€'000
Operating activities					
Profit/(loss) before tax			3,141		(2,268)
Adjustments to reconcile loss before tax to net cash flow:					
Depreciation	8	9		31	
Finance costs		82		50	
Equity-settled share-based payments		236		135	
Working capital adjustments:					
Decrease/(increase) in trade and other receivables		445		(436)	
Increase/(decrease) in trade and other payables		1		(223)	
Income tax receipt/(payment)		22		(22)	
			795		(465)
Net cash flow from operating activities			3,936		(2,733)
Investing activities					
Fixed asset investments	8	(160)		(35)	
Disposal of property, plant and equipment	8	-		39	
Net cash flow from investing activities			(160)		4
Financing activities					
Increase in share premium		-		2,000	
Interest paid		(82)		(50)	
Net cash flow from Financing activities			(82)		1,950
Increase/(decrease) in cash and cash equivalents			3,694		(779)
Net cash and cash equivalents at beginning of the year			12,328		13,107
Net cash and cash equivalents at end of the year	11		16,022		12,328

See accompanying notes to the financial statements.

1 Accounting policies and notes to the financial statements

Corporate information

The financial statements of the Company for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 12 July 2018. Until 11 July 2017 the Company was the primary clearing house for TOM (The Order Machine) MTF, a multi-lateral trading facility for equity derivatives and index derivatives. On 31 March 2017 the Company was informed by TOM MTF that its shareholders have approved the wind down of its operations as an MTF in due course. As a result of this notification the Company worked with TOM MTF, Clearing Participants and the appropriate regulatory authorities to transition the remaining open interest recorded at the Company. As per 29 June 2017 all registered positions at the Company were migrated, with the exception of SNS Reaal which remains in the Company's records. The Company will remain active and licensed as a Central Counterparty under the European Market Infrastructure Regulation (EMIR).

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as they apply to the financial statements of the Company for the year ended 31 December 2017 and applied in accordance with Part 9 of Book 2 of the Dutch Civil Code. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2017. Where accounting policies are not specifically mentioned below, reference should be made to the IFRS's as adopted by the European Union. The financial statements are prepared on a historical cost basis. The financial statements are expressed in Euros and rounded to the nearest thousand, unless otherwise stated.

Foreign Currency

The Euro (EUR) is the functional and presentational currency of the Company. Transactions in foreign currencies are recorded at the foreign exchange rate applying at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Euros at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Euros at the foreign exchange rates ruling at the dates the fair values were determined.

New/Amended standards

The Company applied the following standards and interpretations in these financial statements for the first time.

- IAS 7 Statement of Cash Flows: Disclosure Initiative. The amendments of IAS 7 require enhanced disclosures about changes in liabilities arising from financing activities.

- IAS 12 Income taxes: Recognition of Deferred Tax Assets for Unrealized Losses. The amendment clarifies how to account for deferred tax assets related to debt instruments measured at fair value.

Annual Improvements 2014-2016 cycle. This cycle of annual improvements comprises three amendments, one of which became effective on 1 January 2017. This amendment relates to IFRS 12 Disclosure of Interests in Other Entities and provides clarifications on the scope of the standard. The other two amendments became effective on 1 January 2018.

The adoption of these changes has not had a material effect on the Company's accounting policies or financial statements.

1 Accounting policies for the financial statements (continued)

New/Amended standards (continued)

Standards and interpretations issued but not yet effective as at the date these financial statements were authorised are listed below. The Company will adopt these standards when they become effective.

- IFRS 9 Financial instruments, effective 1 January 2018;
- IFRS 15 Revenue from Contracts with Customers, effective 1 January 2018;
- IFRS 16 Leases, effective 1 January 2019
- Amendments to IFRS 10, 11 and 12, IAS 1, 16, 19, 27, 8.
- Amendments to IFRS 2- Classification and Measurement of Share-based Payment Transactions, effective 1 January 2018;

The Company does not expect these standards to have a material impact on the financial statements in the period of initial application.

Critical judgements in applying the Company's accounting policies

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation and uncertainty

The most significant assumptions for the future and other key sources of estimation uncertainty at balance sheet date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are:

Trade Date and Settlement Date Accounting

All purchases and sales of financial assets requiring delivery within the time frame established by regulation or market convention are recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the financial assets.

Significant accounting policies

The significant accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1 Accounting policies for the financial statements (continued)

Property, plant and equipment
Property, plant and equipment are stated at net accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on a straight-line basis over the estimated useful lives of each asset and is charged into the period it arises. The estimated useful lives are as follows:

Computer equipment	3 years

Trade and other receivables
Trade and other receivables are stated at their amortised cost less impairment losses. Trade and other receivables are initially recognised at their fair value and subsequently measured at amortised cost using the effective interest rate method. A provision for impairment of trade and receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant debtor financial difficulties, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is not collectable. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Cash and cash equivalents and amounts due to banks
Cash and cash equivalents consist of cash and balances with banks with less than three months' original maturity.

Member balances: cash relating to margin and guaranty fund contributions
Cash collateral paid by clearing members to the Company to cover their margin and guaranty fund 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 fund requirements is not recorded on the Company's balance sheet unless the Company has sold the asset or repledged it or in the event of a member default where the member is no longer entitled to redeem the pledged asset. In the case of a sale or repledging, 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 asset initially measured at fair value or, if it has already sold the collateral, derecognises its obligation to return the collateral.

The interest income and associated interest expense payable to clearing members is recognised on a time-apportioned basis.

Impairment
The carrying amounts of the Company's assets, other than deferred tax assets if recognised, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

Calculation of recoverable amount
The recoverable amount of the Company's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a duration that is less than one year are not discounted.

1 Accounting policies for the financial statements (continued)

Employee benefits

(i) Defined contribution plans
For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income as incurred.

(ii) Share-based payment transactions
The cost of employees' services received in exchange for the grant of rights under equity-based employee compensation schemes is measured at the fair value of the equity instruments at the date of the grant and is expensed over the vesting period. This expense in the statement of comprehensive income is offset by the recognition of a capital contribution in reserves.

Trade and other payables
Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. These are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Contingent Assets
Contingent assets are possible assets that arise from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. In 2017 ICE provided an additional guarantee in respect of clearing participant default of up to €20 million and this was recognised as a contingent asset.

Revenue recognition
Revenue is recognised in the period in which services are rendered, including interest received and paid on margin and guaranty fund contributions, to the extent that it is probable that the economic benefits will flow to the Company and if the revenue can be measured reliably. The Company recognises the following types of revenue:

Clearing and delivery fees
Clearing fees are recognised, net of exchange incentives if appropriate, when services are rendered.

Finance income and costs
Finance income and costs relate to the costs of transactions and interest receivable and payable. Interest is calculated using the effective interest rate method.

1 Accounting policies for the financial statements (continued)

Income Tax

The tax expense for the period comprises current and deferred income tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in Other Comprehensive Income, in which case it is recognised in equity. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Going Concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2 Revenue

	2017 €'000	2016 €'000
Clearing and delivery fees	1,927	3,073
Clearing and delivery expenses	(23)	(9)
Interest income on margin and guaranty fund contributions	161	27
Interest expense on margin and guaranty fund contributions	(128)	(22)
	1,937	3,069

Clearing and delivery fees have reduced in line with the change of principal activities of the Company detailed in the Directors' report.

Segmental reporting

Segmental reporting is not applicable to the Company as the Company has no debt or equity instruments that are traded on a public market, nor files or is in the process of filing for the purpose of issuing any class of instruments in a public market.

3 Other operating income

	2017 €'000	2016 €'000
Other operating income	5,000	-

In relation to the termination of the Clearing Services agreement with Euronext the Company received €5,000,000 and this was recognised as other operating income.

4 Operating expenses

	2017 €'000	2016 €'000
Compensation and benefits (note 6)	2,028	1,848
Technology costs	7	52
Depreciation	9	31
Professional services	595	2,724
Dues and subscriptions	70	66
Intercompany charges	740	415
Selling, general and administrative costs	269	114
Loss on disposal of fixed assets	-	39
Foreign exchange gains	(4)	(2)
	3,714	5,287

Professional service costs includes auditors remuneration for audit services of €74,000 (2016: €76,000), there was no remuneration for non-audit services during the current year or prior year.

The decrease in professional services fees and increase in intercompany charges is due to the migration of technology support to ICE's global systems.

5 Remuneration of key management personnel of the Company

	2017 €'000	2016 €'000
Short-term benefits	521	436
Pension	26	14
Other	-	110
Total compensation fees paid to key management personnel	547	560

Key management personnel consists of the directors of the Company.

6 Compensation and benefits

	2017 €'000	2016 €'000
Wages and salaries	1,376	1,447
Share based payments	236	135
Social security costs	102	97
Pension costs	90	79
Other personnel costs	224	90
	2,028	1,848

The average number of persons employed by the Company during the year was as follows:

	2017 Number	2016 Number
Monthly average number of staff members	10	10

7 Income Tax

The major components of the income tax for the year ended 31 December are:

Recognised in the statement of profit or loss	**2017 €'000**	**2016 €'000**
Income tax credit in the statement of profit or loss	-	-

Tax payable	**2017 €'000**	**2016 €'000**
At beginning of year	22	-
(Received)/paid during the year	(22)	22
Tax refundable	-	22

The current tax asset at 31 December 2016 of €22,000 represented the amount of income taxes repayable to the Company in respect of the year ended 31 December 2014. There is no tax payable in respect of the current year as the Company had tax losses for the period (2016: €nil).

The actual tax charge differs from the expected tax charge as follows:

	2017 €'000	**2016 €'000**
Profit/(loss) before tax	3,141	(2,268)
Corporation income tax charge/(credit) 25% (2016: 25%)	785	(567)
Effects of:		
Expenses not deductible for tax purposes	61	35
Unutilised tax losses and other timing differences not recognised	-	532
Benefit of previously unrecognised tax losses	(846)	-
Income tax credit in profit or loss	-	-

Deferred tax assets

The Company had unrecognised deferred tax assets of €19,000 (2016: €865,000) in relation to tax losses. The Company would benefit from these in the event that it generates taxable profits in the future.

8 Property, plant and equipment

	Computer equipment €'000
Net book value as at 1 January 2016	60
Additions	35
Depreciation	(31)
Disposals	(39)
Net book value as at 31 December 2016	25
Additions	160
Depreciation	(9)
Net book value as at 31 December 2017	176

9 Trade and other receivables

	2017 €'000	2016 €'000
Accrued income	-	445
Amounts due from group undertakings	10	10
	10	455

10 Member balances: cash relating to margin and guaranty fund contributions

	2017 €'000	2016 €'000
Guaranty fund contributions	3,000	48,900
Margin contributions	-	21,612
	3,000	70,512

Clearing members are required to place initial and variation margin funds to cover their outstanding positions. The margin can take the form of either cash or non-cash collateral or a combination of the two. The contributions made to these margin accounts and to the guaranty fund are recorded in the balance sheets as current assets with corresponding liabilities to the clearing members that contributed them. Margin amounts will fluctuate over time as a result of, among other things, the extent of open positions held at any point in time by market participants in contracts and the margin rates then in effect for such contracts. As there is no open interest as at 31 December 2017 there are no margin contributions.

Amounts of non-cash collateral held in respect of the Margin and Guaranty fund contributions are as

	2017 €'000	2016 €'000
Guaranty fund contributions	-	33,500
Margin contributions	-	350,000
	-	383,500

Non-cash collateral provided by clearing members to cover their margin and guaranty fund requirements and associated interest of €nil (2016: €384,000) at the year-end is not recorded on the Company's balance sheet unless the Company has sold the asset or repledged it or in the event of a member default where the member is no longer entitled to redeem the pledged asset.

11 Cash and cash equivalents

	2017 €'000	2016 €'000
Cash and cash equivalents	16,022	12,328

The Company, as a continental European derivatives clearing house, is regulated and supervised in the Netherlands by the AFM and the DNB and is required to maintain regulatory capital equal to various solvency and risk based calculations, subject to EMIR minimum regulations. As of 31 December 2017 the regulatory capital, including the Company's own resources contribution to the guaranty fund, was €10,125,000 (2016: €10,125,000) and forms part of the cash and cash equivalents balance.

12 Trade and other payables

	2017 €'000	2016 €'000
Trade creditors	8	2
Amounts due to group undertakings	180	149
Accruals	535	537
Other creditors	1	1
Other taxes	7	41
	731	730

The accruals mainly relate to legal fees, employee bonuses, holiday allowances and amounts payable for social security and taxes.

13 Employee benefits

Share-based transactions
In May 2013, ICE adopted the 2013 Omnibus Incentive Plan, under which all of the Company's employees' restricted share and options awards are made. Equity-based compensation is granted at the discretion of the Remuneration Committee of the Board of Directors of ICE.

Restricted shares have been reserved for potential issuance as performance-based or time-based restricted shares for certain Company employees. Performance-based shares vest over a three year period based on ICE's financial performance targets set by the ICE Compensation Committee. Time-based shares usually vest based on a three or four year vesting schedule. Granted but unvested shares are forfeited upon termination of employment. The grant date fair value of each award is based on the closing share price at the date of grant.

Restricted shares
A table of restricted shares outstanding as at 31 December 2017 is shown below:

	2017	2017	2016	2016
	Number	Weighted average fair value	Number	Weighted average fair value
Outstanding at 1 January	5,975	$50.46	-	-
Granted	5,179	$53.64	5,945	$50.60
Transferred	-	-	125	$42.30
Vested	(2,028)	$50.33	(95)	$48.43
Outstanding at 31 December	9,126	$54.37	5,975	$50.46

The total charge for the year relating to restricted shares under the employee share-based payment plans was €236,000 (2016: €135,000) all of which related to equity-settled share-based payment transactions.

13 Employee benefits (continued)

Pension scheme

The Company operates defined contribution 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 unpaid contributions at 31 December 2017.

14 Share capital

	2017 Number	2016 Number	2017 €'000	2016 €'000
Authorised:				
Equity: Ordinary shares of €1,000 each	10,000	10,000	10,000	10,000

	2017 Number	2016 Number	2017 €'000	2016 €'000
Allotted, called up and fully paid:				
Equity: Ordinary shares of €1,000 each	7,000	7,000	7,000	7,000

15 Share premium

	2017 €'000	2016 €'000
At 1 January 2017	12,811	10,811
Additions	-	2,000
At 31 December 2017	12,811	12,811

Should a Clearing Participant become insolvent, the Company has financial resources which can be used in case of a Clearing Participant's default. The Company will apply its dedicated own resources contributioninto a guaranty fund, also known as “skin in the game”, in the event of a member default, prior to the use of clearing fund contributions of non-defaulting clearing members. The Company must commit financial resources of at least 25% of the minimum required capital. Current skin in the game is €1,875,000 and forms part of share premium and the cash and cash equivalents balance.

16 Contingent Assets

	2017 €'000	2016 €'000
Contingent Assets	-	20,000

Up until August 2017 ICE provided an additional guarantee in respect of clearing participant default of up to €20 million which at 31 December 2016 was recognised as a contingent asset.

17 Financial risk management objectives and policies

Financial risk management objectives

The Company follows the policies approved by the ultimate parent company's board of directors, which provide written principles on interest rate risk, credit risk, the use of non-derivative financial instruments and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed on a continuous basis. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Company has a one-tier board structure ('the Board').

The Board

The Board's responsibilities and activities are governed by Dutch company law. As of 31 December 2017, the composition is as follows:

· Paul Swann, non-executive; Chairman of the Board
· Scott Hill, non-executive ; ICE nominee
· David Peniket, non-executive; ICE nominee
· Mark Post Independent; non-executive
· Hans Brouwer Independent; non-executive
· Joost Beckers President/COO ICNL; executive; statutory director
· Edwin Bons Chief Risk Officer ICNL; executive; statutory director

The Board meets at least four times a year in its full composition. Board meetings are generally held at the Company's offices in Amsterdam. Board members are appointed at general shareholder meetings. The tasks, duties and appointment procedure for statutory directors are set out in the Articles of Association of the Company.

The Board is accountable to the Company's shareholders for the performance of its duties and is responsible for the general policy and the strategy, as well as the day-to-day management of the Company, including but not limited to:
• administering the Company's general affairs, operations and finance;
• representing the Company when entering into agreements on its behalf;
• monitoring the Company's compliance with all relevant legislation and regulations and managing risks associated with the Company's business;
• preparing operational and financial objectives and strategies;
• execution of operation plans and applying sound business practices; and
• approving annual budget and financing, operational- and investment plans;

In discharging its duties, the Board aims to take into account the interests of the Company, its business, shareholders, other stakeholders and all other parties (including employees) involved in or with the Company. Additionally, Board members are provided with direct access to senior executives and external advisors.

17 Financial risk management objectives and policies (continued)

Director Qualifications

All Statutory Directors and Board members have skills, qualifications, experience and expertise that are essential to meet their responsibilities and obligations. All Board members have been screened and approved by the Dutch Central Bank. Board members must be able to devote a sufficient amount of time to prepare, attend and participate in the Board meetings.

Independence

Some members of the Board have an indirect relationship with the Company as a result of their position with companies that hold shares in the ICE Group:

• Scott Hill, Chief Financial Officer of ICE Inc. (shareholder)

Audit Committee

The Company has an Audit Committee in place. In 2017 the Committee met 4 times. The composition is as follows:

• Mark Post (Independent; non-executive; Chair)
• David Peniket (ICE nominee; non-executive; Member)
• Hans Brouwer (Independent; non-executive; Member)

The Committee is allowed to invite certain individuals (Invitees) in a non-voting capacity. In practice these are employees of ICE Internal Audit, External Auditors and/or the Company.

Rules have been set for the way the Committee operates. The Audit Committee assists and advises the Board in decision making and reports its findings to the Board. The Audit Committee convenes at least once a year. The Audit Committee is charged with monitoring the adequacy and effectiveness of the Company's financial reporting, its financial reporting policy and procedures, its internal control framework, risk management, the independent external audit of the financial statements and the performance and evaluation of the external auditor. Given the specific tasks of the Audit Committee, its members have sufficient business, industry and financial expertise to act effectively.

The Board is responsible for developing the Company's strategy and achieving business objectives, operating within relevant rules and regulations, managing the business risks, and is accountable to the General Meeting of Shareholders.

The Company has set a framework for policies regarding internal control processes. The Board is responsible for managing processes within this framework for the Company. The Company is required to prepare annual plans including operating budgets, investment plans and financing requirements. The consolidated business plan is subsequently approved by the Board and the General Meeting of Shareholders, as laid out in the Articles of Association.

New business activities and investments that are outside the scope of the approved business plan require specific approval by the Board and the Shareholders. The Audit Committee monitors the quality of the financial reporting and internal controls. The Audit Committee together with the Board discusses the annual report and the underlying accounting principles on an annual basis.

17 Financial risk management objectives and policies (continued)

Internal Control Framework (continued)

During 2017 the Company continued the process of harmonising its internal control framework and alignment with the ICE framework. Features of the framework include periodic analysis of risks to the business objectives of the Company and an integrated system of risk and control monitoring and reporting. This will continue to be developed and improved in the future.

Having assessed its internal risk management and control systems, the Board is of the opinion that the Company's risk management and control systems provide reasonable assurance that this annual report does not contain material inaccuracies.

Externally imposed capital requirements

See note 11 for information on capital requirements imposed on the Company.

Categories of financial instruments

	2017 €'000	2016 €'000
Financial assets:		
Trade and other receivables	10	455
Member balances: cash relating to margin and guaranty fund contributions	3,000	70,512
Cash and cash equivalents	16,022	12,328
	19,032	83,295
Financial liabilities:		
Trade and other payables	731	730
Member balances: cash relating to margin and guaranty fund contributions	3,000	70,512
	3,731	71,242

The fair value approximates the book value of these assets and liabilities, therefore fair value disclosures have not been included. The maximum credit risk amounts to the sum of the financial assets.

Clearing house specific risk

Although the types of risk to which the Company is exposed are similar to those faced by many companies, its core business as a clearing house centres on the explicit assumption of the risks of financial failure and default in the various derivatives markets in which it acts as central counterparty. In order to ensure that defaults of clearing members can be effectively managed, and the integrity of the markets preserved, the Company has adopted specific risk management policies and practices to limit the counterparty credit risk represented by clearing members and to cover the market risk relating to price movements in any contracts that it would have to manage should any of the clearing members default.

The collection of initial margin, in the form of cash and non-cash collateral, the collection of marked-to-market losses and the payment of corresponding gains, and the maintenance of the guaranty fund, expose the Company to a different set of counterparty credit risk, market risks, as well as liquidity and concentration risks.

17 Financial risk management objectives and policies (continued)

Clearing house specific risk (continued)

Counterparty credit risk

The Company seeks to reduce its exposure through a risk management program that includes initial and ongoing financial standards for clearing member admission and continued membership, original and variation margin requirements, and mandatory contributions to the guaranty fund. The amounts that the clearing members are required to maintain in the original margin and guaranty fund accounts are determined by standardised parameters. The Company also has powers of assessment that provide the ability to collect additional funds from the clearing members to cover a defaulting member's remaining obligations up to the limits established under the rules of the Company.

Should a particular clearing member fail to deliver original margin, or to make a variation margin payment, when and as required, the Company may liquidate or hedge the clearing member's open positions and use the clearing member's margin and guaranty fund contributions to make up the amount owed. In the event that those amounts are not sufficient to pay the amount owed in full, the Company may utilise its own guaranty fund contribution followed by the respective guaranty fund contributions of all clearing members on a prorata basis for that purpose.

Market risk

The Company requires all clearing members to maintain cash on deposit or pledge certain assets, which may include government obligations, certificates of deposit or gold to guarantee performance on the clearing members' open positions. Such amounts in total are known as "original margin." The Company may make intraday original margin calls in circumstances where market conditions require additional protection. The daily profits and losses from and to the Company in respect of marking to market open contracts are known as "variation margin". The Company marks all outstanding contracts to market, 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 jeopardize the ability of the Company to ensure financial performance of clearing members' open positions.

Should a Clearing Participant become insolvent, the Company has financial resources which can be used in case of a Clearing Participant's default. The Company will apply its own dedicated financial resources into a guaranty fund, also known as “skin in the game”, in the event of a member default, prior to the use of clearing fund contributions of non-defaulting clearing members. In January of each calendar year, the Company must commit financial resources which represent 25% of the minimum required capital. Current skin in the game is €1,875,000 and forms part of share premium and the cash and cash equivalents balance.

The Company requires that each clearing member make contributions into a fund known as the guaranty fund, which is maintained by the Company. These amounts serve to secure the obligations of a clearing member to the Company to which it has made the guaranty fund contribution and may be used to cover losses sustained by the Company in the event of a default of a clearing member.

17 Financial risk management objectives and policies (continued)

Clearing house specific risk (continued)

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, margining 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.

Non-clearing house specific risk

Market risk - foreign exchange

There are no material assets or liabilities held by the Company that are not denominated in Euro, therefore there is currently no material exposure to foreign exchange risk.

Market risk - 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 on a short to medium-term basis, according to the Company's operating cash requirements.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The carrying amount of financial assets recorded in the financial statements, which is net of any impairment losses, represents the Company's maximum exposure to credit risk. The Company does not hold collateral over these balances.

For cash and cash equivalents, the Company only transacts with entities that are rated the equivalent to investment grade and above. Other financial assets consist of amounts receivable from related parties. The Company's exposure to significant concentration of credit risk on receivables from related parties is detailed in Note 19. For clearing member counterparty credit risk see 'Counterparty credit risk' section.

17 Financial risk management objectives and policies (continued)

Liquidity risk management

The Company has an appropriate risk management framework for the management of short, medium and long-term funding and liquidity management requirements. The Company's primary investment policy objective is to provide sufficient liquidity to meet all operational requirements.

Liquidity tables

The following tables detail the Company's remaining contractual maturities for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

2017

	Less than 1 month €'000	1 - 3 months €'000	3 months to 1 year €'000	1 - 5 years €'000	5 + years €'000	Total €'000
Non-interest bearing	731	-	-	-	-	731
Variable interest rate	3,000	-	-	-	-	3,000
	3,731	-	-	-	-	3,731

2016

	Less than 1 month €'000	1 - 3 months €'000	3 months to 1 year €'000	1 - 5 years €'000	5 + years €'000	Total €'000
Non-interest bearing	730	-	-	-	-	730
Variable interest rate	70,512	-	-	-	-	70,512
	71,242	-	-	-	-	71,242

Capital risk management

For the purpose of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value. In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial obligations. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial obligations. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares if required.

Concentration Risk

The Company determines concentration risk by determining the exposure to an individual counterparty and by country for received securities.

18 Other financial commitments

The Company has entered into a lease agreement with fellow ICE group company ICE Endex Holding B.V. for office space. The current operating lease contract has a yearly estimated cost of €101,000.

19 Related party transactions

Transactions with parent and subsidiary companies

Some of the Company's transactions and arrangements are with related parties, the effect of these on the basis determined between the parties at arm's length is reflected in these financial statements. The intercompany balances are interest-free, unsecured and repayable on demand, unless otherwise stated.

The nature of transactions with related parties is as follows:

	Nature of relationship	**Nature of transaction**
Intercontinental Exchange, Inc.	Ultimate parent company	Guarantee provider, share-based payment charges and technology service charge
ICE Futures Europe, ICE Endex Holding B.V., ICE Trade Vault Europe Limited and ICE Data Derivatives Inc.	Fellow group subsidiaries	Service charges
ABN AMRO Clearing Investments B.V. ('AACI')	Minority interest parent until 15 June 2017	Service charges (IT services)

Contingent assets and liabilities

For details on the contingent asset with related party recognised by the Company see note 16.

Revenue from related parties during the year comprised:

	2017 €'000	**2016 €'000**
ABN AMRO Group companies (up to 15 June 2017)	2,055	3,039

19 Related party transactions (continued)

Service charges from related parties during the year were:

	2017 €'000	2016 €'000
ICE Futures Europe	192	210
ICE Endex Holding B.V.	30	101
Imperium Centre Limited	-	13
Super Derivatives, Inc.	-	6
ICE Trade Vault Europe Limited	74	9
ICE Data Derivatives Inc.	17	-
Intercontinental Exchange, Inc.	356	76
ABN AMRO Group companies (up to 15 June 2017)	-	2,218
	669	2,633

Finance costs from related parties during the year were:

	2017 €'000	2016 €'000
Intercontinental Exchange, Inc.	31	41

Finance income from related parties during the year were:

	2017 €'000	2016 €'000
ABN AMRO Group companies (up to 15 June 2017)	31	29

Member balances held on behalf of related parties at year end were:

	2016 €'000
ABN AMRO Group companies	38,750

Cash and cash equivalents held with related parties at year end were:

	2016 €'000
ABN AMRO Group companies	100

19 Related party transactions (continued)

Amounts due to group undertakings at year end were:

	2017 €'000	2016 €'000
Intercontinental Exchange, Inc.	-	94
ICE Clear Europe Limited	169	-
ICE Futures Europe	-	22
European Climate Exchange Limited	-	-
ICE Endex Holding B.V.	10	10
ICE Trade Vault Europe Limited	-	9
Superderivatives, Inc.	-	6
Superderivatives UK Limited	-	8
	179	149

Amounts due from group undertakings at year end were:

	2017 €'000	2016 €'000
Imperium Centre Limited	-	10
Intercontinental Exchange, Inc.	2	-
ICE Futures Europe	8	-
ABN AMRO Group companies (up to 15 June 2017)	-	415
	10	10

20 Ultimate holding company

The Company is 100% owned by IntercontinentalExchange Holdings, a company incorporated and registered in England and Wales.

The ultimate parent company and controlling party is Intercontinental Exchange, Inc., a corporation registered in Delaware, United States.

Intercontinental Exchange, Inc. is the largest group in which the results of the Company are consolidated. Consolidated accounts are available at www.theice.com.

21 Profit distribution

No dividend is recommended in relation to the financial year 2017. It is proposed that the current year result will be added to the Company's retained earnings.

Company's Articles of Association

Profits shall be at the disposal of the General Meeting of Shareholders for the distribution of a dividend or in order to be added to the reserves or for such other purposes within the Company's objectives as the meeting will decide. In calculating the amount of profit to be distributed in respect of each share, only the amount of the mandatory payments on the nominal shares shall be taken into account.

Independent auditor's report

To: the shareholders and management of ICE Clear Netherlands B.V.

Report on the financial statements 2017 included in the annual report

Our opinion

We have audited the financial statements 2017 of ICE Clear Netherlands B.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of ICE Clear Netherlands B.V. as at 31 December 2017, and of its result and its cash flows for 2017 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- the statement of financial position as at 31 December 2017
- the statement profit and loss and other comprehensive income, changes in equity and cash flows for the year 2017
- the notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of ICE Clear Netherlands B.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The director's report
- Other Information pursuant to Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the director's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Signed for identification

Ernst & Young Accountants LLP

EY

Description of responsibilities for the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- ☐Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern
- ☐Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- ☐Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out fo
Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group
which an audit or review had to be carried out on the complete set of financial information or specific items.

Signed for identification

Ernst & Young Accountants LLP

EY

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amsterdam, 12 July 2018

Ernst & Young Accountants LLP

C.G.J. de Lange

Signed for identification

Ernst & Young Accountants LLP

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