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Intercontinental Exchange, Inc.
Form 10-Q
October 28, 2015

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2015

Or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission File Number 001-36198

INTERCONTINENTAL EXCHANGE, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
5660 New Northside Drive,
Atlanta, Georgia
(Address of principal executive offices)
(770) 857-4700

46-2286804
(IRS Employer
Identification Number)
30328
(Zip Code)

Registrant's telephone number, including area code

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

(Do not check if a smaller company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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As of October 26, 2015, the number of shares of the registrant's Common Stock outstanding was 109,743,231 shares.

INTERCONTINENTAL EXCHANGE, INC.
 Form 10-Q
 Quarterly Period Ended September 30, 2015
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PART I. Financial Statements

Item 1. Consolidated Financial Statements (Unaudited)

Intercontinental Exchange, Inc. and Subsidiaries

Consolidated Balance Sheets

(In millions, except per share amounts)

(Unaudited)

	As of September 30, 2015	As of December 31, 2014
Assets:		
Current assets:		
Cash and cash equivalents	\$687	\$652
Short-term investments	21	1,200
Short-term restricted cash and investments	358	329
Customer accounts receivable, net of allowance for doubtful accounts of \$2 and \$1 at September 30, 2015 and December 31, 2014, respectively	490	445
Margin deposits and guaranty funds	46,308	47,458
Prepaid expenses and other current assets	188	135
Total current assets	48,052	50,219
Property and equipment, net	904	874
Other non-current assets:		
Goodwill	8,507	8,535
Other intangible assets, net	7,653	7,780
Long-term restricted cash and investments	255	297
Long-term investments	253	379
Other non-current assets	232	169
Total other non-current assets	16,900	17,160
Total assets	\$65,856	\$68,253
Liabilities and Equity:		
Current liabilities:		
Accounts payable and accrued liabilities	\$297	\$311
Section 31 fees payable	31	137
Accrued salaries and benefits	130	205
Deferred revenue	186	69
Short-term debt	1,253	2,042
Margin deposits and guaranty funds	46,308	47,458
Other current liabilities	253	291
Total current liabilities	48,458	50,513
Non-current liabilities:		
Non-current deferred tax liability, net	1,870	1,938
Long-term debt	2,247	2,247
Accrued employee benefits	476	516
Other non-current liabilities	395	482
Total non-current liabilities	4,988	5,183
Total liabilities	53,446	55,696
Commitments and contingencies		
Redeemable non-controlling interest	40	165

Equity:

Intercontinental Exchange, Inc. shareholders' equity:

Preferred stock, \$0.01 par value; 100 shares authorized; no shares issued or outstanding at September 30, 2015 and December 31, 2014	—	—	
Common stock, \$0.01 par value; 500 shares authorized; 116 and 110 shares issued and outstanding at September 30, 2015, respectively, and 116 and 113 shares issued and outstanding at December 31, 2014, respectively	1	1	
Treasury stock, at cost; 6 and 3 shares at September 30, 2015 and December 31, 2014, respectively	(1,390)	) (743)
Additional paid-in capital	10,057	9,938	
Retained earnings	3,863	3,210	
Accumulated other comprehensive loss	(191	) (46)
Total Intercontinental Exchange, Inc. shareholders' equity	12,340	12,360	
Non-controlling interest in consolidated subsidiaries	30	32	
Total equity	12,370	12,392	
Total liabilities and equity	\$65,856	\$68,253	

See accompanying notes.

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Intercontinental Exchange, Inc. and Subsidiaries
 Consolidated Statements of Income
 (In millions, except per share amounts)
 (Unaudited)

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2015	2014	2015	2014
Revenues:				
Transaction and clearing fees, net	\$2,331	\$2,202	\$795	\$712
Data services fees	614	502	209	170
Listing fees	303	272	101	92
Other revenues	132	113	46	36
Total revenues	3,380	3,089	1,151	1,010
Transaction-based expenses:				
Section 31 fees	263	250	92	89
Cash liquidity payments, routing and clearing	654	547	243	176
Total revenues, less transaction-based expenses	2,463	2,292	816	745
Operating expenses:				
Compensation and benefits	445	448	150	144
Technology and communication	147	135	49	45
Professional services	102	150	37	47
Rent and occupancy	45	61	14	19
Acquisition-related transaction and integration costs	34	102	8	40
Selling, general and administrative	82	104	24	37
Depreciation and amortization	276	244	94	83
Total operating expenses	1,131	1,244	376	415
Operating income	1,332	1,048	440	330
Other income (expense):				
Interest expense	(67)	(73)	(21)	(22)
Other income (expense), net	(3)	20	4	5
Other expense, net	(70)	(53)	(17)	(17)
Income from continuing operations before income tax expense	1,262	995	423	313
Income tax expense	340	284	113	90
Income from continuing operations	922	711	310	223
Income (loss) from discontinued operations, net of tax	—	11	—	(10)
Net income	\$922	\$722	\$310	\$213
Net income from continuing operations attributable to non-controlling interest	(18)	(29)	(4)	(7)
Net income attributable to Intercontinental Exchange, Inc.	\$904	\$693	\$306	\$206
Basic earnings (loss) per share attributable to Intercontinental Exchange, Inc. common shareholders:				
Continuing operations	\$8.13	\$5.96	\$2.77	\$1.90
Discontinued operations	—	0.09	—	(0.09)
Basic earnings per share	\$8.13	\$6.05	\$2.77	\$1.81
Basic weighted average common shares outstanding				
	111	115	110	114
Diluted earnings (loss) per share attributable to Intercontinental Exchange, Inc. common shareholders:				
Continuing operations	\$8.10	\$5.93	\$2.76	\$1.89
Discontinued operations	—	0.09	—	(0.09)
Diluted earnings per share	\$8.10	\$6.02	\$2.76	\$1.80

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Diluted weighted average common shares outstanding	112	115	111	114
Dividend per share	\$2.15	\$1.95	\$0.75	\$0.65
See accompanying notes.				

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Intercontinental Exchange, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income (Loss)
(In millions)
(Unaudited)

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2015	2014	2015	2014
Net income	\$922	\$722	\$310	\$213
Other comprehensive income (loss):				
Foreign currency translation adjustments, net of tax benefit of (\$3) for both the nine months ended September 30, 2015 and 2014 and (\$3) for the three months ended September 30, 2014	(17)	(194)	(36)	(278)
Change in fair value of available-for-sale securities	(126)	58	(87)	(60)
Employee benefit plan adjustments	(2)	—	—	—
Discontinuance of net investment hedge, net of tax expense of \$12 for the nine months ended September 30, 2014	—	21	—	—
Other comprehensive loss	(145)	(115)	(123)	(338)
Comprehensive income (loss)	\$777	\$607	\$187	\$(125)
Comprehensive income attributable to non-controlling interest	(18)	(29)	(4)	(7)
Comprehensive income (loss) attributable to Intercontinental Exchange, Inc.	\$759	\$578	\$183	\$(132)

See accompanying notes.

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Intercontinental Exchange, Inc. and Subsidiaries

Consolidated Statements of Changes in Equity, Accumulated Other Comprehensive Income (Loss)

and Redeemable Non-Controlling Interest

(In millions)

(Unaudited)

	Intercontinental Exchange, Inc. Shareholders' Equity						Non-		Total Equity	Redeemable Non-Controlling Interest
	Common Stock Shares	Treasury Stock Value	Additional Paid-in Capital	Retained Earnings	Other Comprehensive Income (Loss)	Controlling Interest Consolidated Subsidiaries	Controlling Interest Consolidated Subsidiaries			
Balance, as of December 31, 2013	115	\$1	—	\$(53)	\$9,794	\$2,482	\$125	\$32	\$12,381	\$322
Other comprehensive loss	—	—	—	—	—	—	(171)	—	(171)	—
Issuance of restricted stock	1	—	—	—	—	—	—	—	—	—
Exercise of common stock options	—	—	—	—	13	—	—	—	13	—
Repurchases of common stock	—	—	(3)	(645)	—	—	—	—	(645)	—
Payments relating to treasury shares	—	—	—	(45)	—	—	—	—	(45)	—
Stock-based compensation	—	—	—	—	105	—	—	—	105	—
Tax benefits from stock option plans	—	—	—	—	26	—	—	—	26	—
Acquisition of redeemable non-controlling interest	—	—	—	—	—	—	—	—	—	16
Adjustment to redemption value	—	—	—	—	—	46	—	—	46	(46)
Distributions of profits	—	—	—	—	—	—	—	(17)	(17)	(16)
Dividends paid to shareholders	—	—	—	—	—	(299)	—	—	(299)	—
Purchase of subsidiary shares	—	—	—	—	—	—	—	—	—	(129)
Net income attributable to non-controlling interest	—	—	—	—	—	(35)	—	17	(18)	18
Net income	—	—	—	—	—	1,016	—	—	1,016	—
Balance, as of December 31, 2014	116	1	(3)	(743)	9,938	3,210	(46)	32	12,392	165
Other comprehensive loss	—	—	—	—	—	—	(145)	—	(145)	—
Exercise of common stock options	—	—	—	—	14	—	—	—	14	—

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Repurchases of common stock	—	—	(3)	(605)	—	—	—	(605)	—
Payments relating to treasury shares	—	—	—	(42)	—	—	—	(42)	—
Stock-based compensation	—	—	—	—	88	—	—	88	—
Tax benefits from stock option plans	—	—	—	—	17	—	—	17	—
Adjustment to redemption value	—	—	—	—	—	(9)	—	(9)	7
Distributions of profits	—	—	—	—	—	—	—	(15)	(15) (9)
Dividends paid to shareholders	—	—	—	—	—	(242)	—	(242)	—
Purchase of subsidiary shares	—	—	—	—	—	—	—	—	(128)
Net income attributable to non-controlling interest	—	—	—	—	—	(18)	—	13	(5) 5
Net income	—	—	—	—	—	922	—	—	922 —
Balance, as of September 30, 2015	116	\$1	(6)	\$(1,390)	\$10,057	\$3,863	\$ (191)	\$ 30	\$12,370 \$ 40

	As of September 30, 2015	As of December 31, 2014
Accumulated Other Comprehensive Income (Loss) was as follows:		
Foreign currency translation adjustments	\$(4)	\$13
Fair value of available-for-sale securities	(71)	55
Employee benefit plans adjustments	(116)	(114)
Accumulated other comprehensive loss	\$(191)	\$(46)

See accompanying notes.

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Intercontinental Exchange, Inc. and Subsidiaries
 Consolidated Statements of Cash Flows
 (In millions)
 (Unaudited)

	Nine Months Ended September 30,	
	2015	2014
Operating activities:		
Net income	\$922	\$722
Less: income from discontinued operations, net of tax	—	(11)
Income from continuing operations	922	711
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:		
Depreciation and amortization	276	244
Stock-based compensation	79	73
Deferred taxes	(63)	(57)
Amortization of fair market value premium on NYSE Notes	(23)	(42)
Other	(16)	(24)
Changes in assets and liabilities:		
Customer accounts receivable	(62)	(121)
Other current and non-current assets	(20)	75
Section 31 fees payable	(106)	(56)
Deferred revenue	131	137
Other current and non-current liabilities	(228)	(18)
Total adjustments	(32)	211
Net cash provided by operating activities from continuing operations	890	922
Investing activities:		
Capital expenditures	(125)	(105)
Capitalized software development costs	(67)	(56)
Proceeds from IPO and sale of Euronext and sale of NYSE Technologies	—	2,155
Cash paid for acquisitions, net of cash acquired	—	(150)
Additional contribution to equity method investee	(60)	—
Proceeds from term deposits and sales of available-for-sale investments	1,084	54
Purchases of term deposits and available-for-sale investments	—	(1,304)
Decrease (increase) in restricted cash and investments	14	(105)
Net cash provided by investing activities from continuing operations	846	489
Financing activities:		
Repayments of debt facilities and commercial paper, net	(681)	(768)
Repurchases of common stock	(605)	(448)
Dividends to shareholders	(242)	(225)
Payments relating to treasury shares received for restricted stock tax payments and stock option exercises	(42)	(39)
Proceeds from exercise of common stock options	14	10
Distributions of profits to non-controlling interest	(24)	(31)
Purchase of subsidiary shares from non-controlling interest	(128)	(129)
Other	16	12
Net cash used in financing activities from continuing operations	(1,692)	(1,618)

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Net cash provided by operating activities from discontinued operations	—	51	
Net cash used in investing activities from discontinued operations	—	(504)
Net cash provided by financing activities from discontinued operations	—	339	
Effect of exchange rate changes on cash and cash equivalents	(9	)	(2
Net increase (decrease) in cash and cash equivalents	35	(323)
Cash and cash equivalents, beginning of period	652	961	
Cash and cash equivalents, end of period	\$687	\$638	
Supplemental cash flow disclosure:			
Cash paid for income taxes	\$419	\$265	
Cash paid for interest	\$90	\$107	

See accompanying notes.

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Intercontinental Exchange, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(Unaudited)

1. Description of Business

We are a leading global operator of regulated exchanges, clearing houses and listings venues, and a provider of data services for commodity and financial markets. We operate regulated marketplaces for trading and clearing a broad array of derivatives and securities contracts across major asset classes, including energy and agricultural commodities, interest rates, equities, equity derivatives, credit derivatives, bonds and currencies.

Our exchanges include futures exchanges in the United States, United Kingdom, continental Europe, Canada and Singapore and cash equities exchanges and equity options exchanges in the United States. We operate over-the-counter, or OTC, markets for physical energy and credit default swaps, or CDS. We also own seven central counterparty clearing houses serving the global derivatives markets (Note 8). Through our trading, clearing, listings and post-trade platforms, we bring together buyers and sellers by offering liquid markets, benchmark products, access to capital markets, data, and a range of services to support market participants' investing, risk management and capital raising activities.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared by us in accordance with U.S. generally accepted accounting principles, or GAAP, pursuant to the rules and regulations of the Securities and Exchange Commission, or SEC, regarding interim financial reporting. Accordingly, the unaudited consolidated financial statements do not include all of the information and footnotes required by GAAP for complete financial statements and should be read in conjunction with our audited consolidated financial statements and related notes thereto for the year ended December 31, 2014. The accompanying unaudited consolidated financial statements reflect all adjustments that are, in our opinion, necessary for a fair presentation of results for the interim periods presented. These adjustments are of a normal recurring nature.

Preparing financial statements requires us to make certain estimates and assumptions that affect the amounts that are reported in the consolidated financial statements and accompanying disclosures. Although these estimates are based on our best knowledge of current events and actions that we may undertake in the future, actual results may be different from these estimates. The results of operations for the nine and three months ended September 30, 2015 are not necessarily indicative of the results to be expected for any future period or the full fiscal year.

The accompanying unaudited consolidated financial statements include the accounts of us and our wholly-owned and controlled subsidiaries. All intercompany balances and transactions between us and our wholly-owned and controlled subsidiaries have been eliminated in the consolidation. For those consolidated subsidiaries in which our ownership is less than 100% and for which we have control over the assets and liabilities and the management of the entity, the outside stockholders' interests are shown as non-controlling interests. In instances where outside stockholders' hold an option to require us to repurchase the outside stockholders' interest, these interests are shown as redeemable non-controlling interests.

As discussed in Note 12, we completed the initial public offering, or IPO, and sale of our wholly-owned subsidiary Euronext and completed the sales of our wholly-owned subsidiaries Wombat, NYFIX and Metabit during 2014, and have included the financial results of these companies in discontinued operations in the accompanying consolidated financial statements.

New and Recently Adopted Accounting Pronouncements

In April 2015, the Financial Accounting Standards Board issued Accounting Standards Update No. 2015-03, Simplifying the Presentation of Debt Issuance Costs, or ASU 2015-03. This standard amends the existing guidance to require that debt issuance costs be presented in the balance sheet as a deduction from the carrying amount of the related debt liability instead of as a deferred charge. ASU 2015-03 is effective on a retrospective basis for annual reporting periods beginning after December 15, 2015, but early adoption is permitted. We do not expect to adopt this amendment early, and the adoption is not expected to have a material effect on our consolidated financial statements.

In August 2015, the Financial Accounting Standards Board issued Accounting Standards Update No. 2015-14, Revenue from Contracts with Customers, Deferral of the Effective Date, or ASU 2015-14. This standard defers the guidance in ASU 2014-09, Revenue From Contracts with Customers, by one year. ASU 2015-14 requires these new revenue recognition rules to become effective for annual reporting periods beginning after December 15, 2017, and interim periods within those annual periods. The core principle of ASU 2014-09 is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. We are currently in the process of evaluating the impact of adoption of this amendment but we currently do not expect the adoption to have a material effect on our consolidated financial statements.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current period's financial statement presentation.

3. Goodwill and Other Intangible Assets

The following is a summary of the activity in the goodwill balance for the nine months ended September 30, 2015 (in millions):

Goodwill balance at December 31, 2014	\$8,535	
Foreign currency translation	(21)
Other activity, net	(7)
Goodwill balance at September 30, 2015	\$8,507	

The following is a summary of the activity in the other intangible assets balance for the nine months ended September 30, 2015 (in millions):

Other intangible assets balance at December 31, 2014	\$7,780	
Acquisition of new intangible asset	1	
Foreign currency translation	(13)
Amortization of other intangible assets	(115)
Other intangible assets balance at September 30, 2015	\$7,653	

The foreign currency translation adjustments in the tables above result from a portion of our goodwill and other intangible assets being held at our United Kingdom, continental European and Canadian subsidiaries, some of whose functional currencies are not the U.S. dollar. We did not recognize any impairment losses on goodwill or other intangible assets during the nine and three months ended September 30, 2015 and 2014.

4. Deferred Revenue

Deferred revenue represents cash received that is yet to be recognized as revenue. Total deferred revenue was \$272 million as of September 30, 2015, including \$186 million in current deferred revenue and \$86 million in non-current deferred revenue. The changes in our deferred revenue during the nine months ended September 30, 2015 are as follows (in millions):

	Annual Listing Fee Revenue	Original Listing Fee Revenues	Other Listing Fee Revenues	Data Services Fees and Other Revenues	Total
Deferred revenue balance at December 31, 2014	\$—	\$35	\$46	\$55	\$136
Additions	358	18	23	131	530
Amortization	(268	) (3	) (12	) (111	) (394
Deferred revenue balance at September 30, 2015	\$90	\$50	\$57	\$75	\$272

5. Debt

Our total debt, including short-term and long-term debt, consisted of the following as of September 30, 2015 and December 31, 2014 (in millions):

	As of September 30, 2015	As of December 31, 2014
Debt:		
Commercial Paper	\$1,253	\$905
NYSE EUR Notes (5.375% senior unsecured notes due June 30, 2015)	—	1,137
Short-term debt	1,253	2,042
NYSE USD Notes (2.00% senior unsecured notes due October 5, 2017)	853	853
2018 Senior Notes (2.50% senior unsecured notes due October 15, 2018)	600	600
2023 Senior Notes (4.00% senior unsecured notes due October 15, 2023)	794	794
Long term debt	2,247	2,247
Total debt	\$3,500	\$4,289
2014 Credit Facility		

In April 2014, we entered into a \$3.0 billion senior unsecured revolving credit facility, or the 2014 Credit Facility. The 2014 Credit Facility includes an option for us to propose an increase in the aggregate amount by up to \$1.0 billion, subject to the consent of the lenders funding the increase and certain other conditions. The 2014 Credit Facility matures on April 3, 2019. No amounts were outstanding under the 2014 Credit Facility as of September 30, 2015. Of the \$3.0 billion that is available for borrowing under the 2014 Credit Facility, \$1.3 billion is required to back-stop the amount outstanding under our U.S. dollar commercial paper program, or our Commercial Paper Program, as of September 30, 2015 and \$303 million is currently reserved to provide liquidity or required financial resources for our clearing houses. The amount required to back-stop our Commercial Paper Program will fluctuate as we increase or decrease our commercial paper borrowings. The remaining \$1.4 billion as of September 30, 2015 is available to us to use for working capital and general corporate purposes, and any portion of the revolving credit facility no longer necessary in the future to be reserved for the foregoing purposes will be available to us to use for working capital and general corporate purposes.

Commercial Paper Program

Our Commercial Paper Program is currently backed by the borrowing capacity available under the 2014 Credit Facility, equal to the amount of the commercial paper that is issued and outstanding at any given point in time. The effective interest rate of commercial paper issuances does not materially differ from short term interest rates (such as USD LIBOR). The fluctuation of these rates due to market conditions may impact our interest expense.

Commercial paper notes of \$1.3 billion with original maturities ranging from 1 to 89 days were outstanding as of September 30, 2015 under our Commercial Paper Program. As of September 30, 2015, the weighted average interest rate on the \$1.3 billion outstanding under our Commercial Paper Program was 0.25% per annum, with a weighted average maturity of 20 days. We used net proceeds from our Commercial Paper Program during the nine months ended September 30, 2015 for general corporate purposes.

NYSE Notes

In connection with our acquisition on November 13, 2013 of NYSE Euronext, which we refer to as NYSE following the IPO and sale of Euronext in 2014, one of our subsidiaries assumed NYSE's outstanding debt instruments, which included \$850 million of 2.00% senior unsecured fixed rate notes due in October 2017, or the NYSE USD Notes, and €920 million (\$1.0 billion) of 5.375% senior unsecured fixed rate notes due in June 2015, or the NYSE EUR Notes, and together with the NYSE USD Notes, the NYSE Notes.

On June 30, 2015, we repaid the NYSE EUR Notes using cash that had been set aside in July 2014 from the proceeds of the Euronext IPO. The cash, in the amount of €969 million (\$1.1 billion) had been placed in term deposits that matured on June 25, 2015. The cash was sufficient to settle the principal maturity of €920 million (\$1.0 billion) and the final interest coupon of €49 million (\$55 million). These term deposits were classified as short-term investments in our consolidated balance sheet prior to their maturity.

We recorded the NYSE Notes at fair value on the November 13, 2013 acquisition date as part of our purchase price accounting for the NYSE Euronext acquisition. Based on public debt prices as of that date, the NYSE USD Notes had a fair value of \$854 million (an increase of \$4 million from its November 13, 2013 face value) and the NYSE EUR Notes had a fair value of \$1.3 billion (an increase of \$89 million from its November 13, 2013 face value). The increase in the carrying amount of the NYSE Notes was amortized as a reduction to the interest expense recorded in

the consolidated statements of income over the remaining maturities of the NYSE Notes. During the nine months ended September 30, 2015 and 2014, the amortization of the increase in the fair value of the NYSE Notes was \$23 million and \$42 million, respectively, and during the three months ended September 30, 2014, the amortization of the increase in the fair value of the NYSE Notes was \$14 million. There were no amortization expenses recorded on the increase in the fair value of the NYSE EUR Notes during the three months ended September 30, 2015 due to their repayment in the second quarter of 2015.

6. Equity

We currently sponsor employee and director stock option and restricted stock plans. Stock options and restricted stock are granted at the discretion of the compensation committee of the board of directors. All stock options and restricted stock awards are granted at an exercise price equal to the fair value of the common stock on the date of grant. The grant date fair value is based on the closing stock price on the date of grant. The fair value of the stock options and restricted stock on the date of grant is recognized as expense over the vesting period, net of estimated forfeitures. The non-cash compensation expenses recognized in our consolidated statements of income for stock options and restricted stock were \$79 million and \$59 million for the nine months ended September 30, 2015 and 2014, respectively, and \$32 million and \$22 million for the three months ended September 30, 2015 and 2014, respectively.

Stock Option Plans

The following is a summary of stock options for the nine months ended September 30, 2015:

	Number of Options	Weighted Average Exercise Price per Option
Outstanding at December 31, 2014	762,867	\$ 136.03
Granted	176,467	207.97
Exercised	(138,248)	96.82
Outstanding at September 30, 2015	801,086	158.64

Details of stock options outstanding as of September 30, 2015 are as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (In millions)
Vested or expected to vest	801,086	\$ 158.64	6.4	\$61
Exercisable	542,279	\$ 137.50	5.2	\$53

The total intrinsic value of stock options exercised during the nine months ended September 30, 2015 and 2014 were \$19 million and \$35 million, respectively, and \$5 million and \$12 million during the three months ended September 30, 2015 and 2014, respectively. As of September 30, 2015, there were \$9 million in total unrecognized compensation costs related to stock options. These costs are expected to be recognized over a weighted average period of 1.9 years as the stock options vest.

We use the Black-Scholes option pricing model for purposes of valuing stock option awards. During the nine months ended September 30, 2015 and 2014, we used the weighted-average assumptions in the table below to compute the value of all options for shares of common stock granted to employees:

Assumptions:	Nine Months Ended September 30,		
	2015	2014	
Risk-free interest rate	1.08	% 1.23	%
Expected life in years	5.0	5.0	
Expected volatility	24	% 27	%
Expected dividend yield	1.25	% 1.26	%
Estimated weighted-average fair value of options granted per share	\$40.94	\$45.23	

The risk-free interest rate is based on the zero-coupon U.S. Treasury yield curve in effect at the time of grant. The expected life computation is derived from historical exercise patterns and anticipated future patterns. Expected volatilities are based on historical volatility of our stock.

Restricted Stock Plans

In January 2015, we reserved a maximum of 429,468 restricted shares for potential issuance as performance-based restricted shares to certain of our employees. The number of shares that will ultimately be granted under the performance awards will be based on our actual financial performance as compared to financial performance targets

set by our board of directors and compensation committee for the year ending December 31, 2015. The maximum compensation expense to be recognized under these performance-based restricted shares is \$86 million if the maximum financial performance target is met and all 429,468 shares vest. The compensation expense to be recognized under these performance-based restricted shares will be \$43 million if the target financial

performance is met, which would result in 214,734 shares vesting. We will recognize expense on an accelerated basis over the three-year vesting period based on our quarterly assessment of the probable 2015 actual financial performance as compared to the 2015 financial performance targets. As of September 30, 2015, we determined that it is probable that the financial performance level will be above target for 2015. Based on this assessment, we recorded non-cash compensation expense of \$26 million and \$14 million for the nine and three months ended September 30, 2015, respectively, related to these shares and the remaining \$34 million in non-cash compensation expense will be recorded on an accelerated basis over the remaining vesting period, including \$10 million of which will be recorded during the fourth quarter of 2015.

The following is a summary of the non-vested restricted shares for the nine months ended September 30, 2015:

	Number of Restricted Stock Shares	Weighted Average Grant-Date Fair Value per Share
Non-vested at December 31, 2014	1,070,995	\$ 176.82
Granted	575,142	210.55
Vested	(415,311)	157.74
Forfeited	(56,456)	198.89
Non-vested at September 30, 2015	1,174,370	199.02

Restricted stock shares granted in the table above include both time-based and performance-based grants.

Performance-based shares have been adjusted to reflect the actual shares to be issued based on the achievement of past performance targets. Non-vested performance-based restricted shares granted are presented in the table above at the maximum number of restricted shares that would vest if the maximum performance targets are met. As of September 30, 2015, there were \$135 million in total unrecognized compensation costs related to the time-based restricted stock and the performance-based restricted stock. These costs are expected to be recognized over a weighted-average period of 1.5 years as the restricted stock vests. These unrecognized compensation costs assume that an above target performance level will be met on the performance-based restricted shares granted in January 2015. During the nine months ended September 30, 2015 and 2014, the total fair value of restricted stock vested under all restricted stock plans was \$91 million and \$114 million, respectively.

Stock Repurchase Program

In September 2014, we entered into a Rule 10b5-1 trading plan as authorized by our board of directors permitting open market repurchases of our common stock based on certain parameters described in the trading plan. The trading plan expires at the end of December 2015 and we intend to review our future stock repurchase plans with our board of directors during our annual budget review in December 2015. During the nine and three months ended September 30, 2015, we repurchased 2,635,974 and 891,135 shares, respectively, of our outstanding common stock under our Rule 10b5-1 trading plan at a cost of \$605 million and \$206 million, respectively. As of September 30, 2015, the remaining board authorization permits repurchases of up to \$191 million of our common stock with no fixed expiration date. We expect to fund any remaining repurchases with a combination of cash on hand, future cash flows and by borrowing under our credit facilities and in connection with our Commercial Paper Program. The timing and extent of any future repurchases that are not made pursuant to the Rule 10b5-1 trading plan will be at our discretion and will depend upon market conditions, the amount authorized by our board of directors, our stock price, our target debt ratio and corporate debt rating, and our strategic growth initiatives at that time. We may discontinue the stock repurchases at any time and may terminate the current Rule 10b5-1 trading plan or enter into a new Rule 10b5-1 trading plan in the future. In addition, our board of directors may increase or decrease the amount of capacity we have for repurchases from time to time.

7. Income Taxes from Continuing Operations

Our effective tax rate from continuing operations was 27% and 29% for the nine months ended September 30, 2015 and 2014, respectively, and 27% and 29% for the three months ended September 30, 2015 and 2014, respectively. The effective tax rates for the nine and three months ended September 30, 2015 and 2014 are lower than the federal statutory rate primarily due to the favorable foreign income tax rate differentials, partially offset by state income taxes. Favorable foreign income tax rate differentials result from lower tax rates in the United Kingdom, the Netherlands and

various other lower tax jurisdictions than compared to the tax rates in the United States. The effective tax rates for the nine and three months ended September 30, 2015 are lower than the effective tax rates for the comparable periods in 2014 primarily due to certain favorable tax law changes during the periods and agreements with various taxing authorities.

Our non-U.S. subsidiaries had \$2.7 billion in cumulative undistributed earnings as of September 30, 2015. This amount represents the post-income tax earnings under GAAP adjusted for previously taxed income. The earnings from our non-U.S. subsidiaries are considered to be indefinitely reinvested. Accordingly, no provision for U.S. federal and state income taxes has been made in the accompanying consolidated financial statements. Further, a determination of the unrecognized deferred tax liability is not

practicable. Any future distribution by way of dividend of these non-U.S. earnings may subject us to both U.S. federal and state income taxes, as adjusted for non-U.S. tax credits, and withholding taxes payable to various non-U.S. countries.

8. Clearing Organizations

We own seven regulated central counterparty clearing houses for the settlement and clearing of derivative contracts. The clearing houses include ICE Clear Europe, ICE Clear Credit, ICE Clear U.S., ICE Clear Canada, ICE Clear Netherlands (formerly Holland Clearing House), ICE Clear Singapore and The Clearing Corporation, or TCC, and are referred to herein collectively as the “ICE Clearing Houses”. ICE Clear Singapore is not yet operational but it has received certain regulatory approvals and onboarding of clearing members has begun. ICE Futures Singapore and ICE Clear Singapore are expected to commence operations on November 17, 2015.

Each of the ICE Clearing Houses requires all clearing members to maintain cash on deposit or pledge certain assets, which may include government obligations, non-government obligations, letters of credit or gold to guarantee performance of the clearing members’ open positions. Such amounts in total are known as “original margin.” The ICE Clearing Houses may make intraday original margin calls in circumstances where market conditions require additional protection. The daily profits and losses from and to the ICE Clearing Houses due to the marking-to-market of open contracts is known as “variation margin”. The ICE Clearing Houses mark all outstanding contracts to market, and therefore pay and collect variation margin, at least once daily, and in some cases multiple times throughout the day. Marking-to-market allows the ICE Clearing Houses 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 ICE Clearing Houses to ensure financial performance of clearing members’ open positions.

Each of the ICE Clearing Houses requires that each clearing member make deposits into a fund known as a guaranty fund, which is maintained by the relevant ICE Clearing House. These amounts serve to secure the obligations of a clearing member to the ICE Clearing House to which it has made the guaranty fund deposit and may be used to cover losses sustained by the respective ICE Clearing House in the event of a default of a clearing member.

Each of the ICE Clearing Houses has equal and offsetting claims to and from their respective clearing members on opposite sides of each cleared contract. This arrangement allows the ICE Clearing Houses to serve as the central financial counterparty on every cleared contract. Each ICE Clearing House bears financial counterparty credit risk in the event that market movements create conditions that lead to its clearing members failing to meet their financial obligations to that ICE Clearing House. Accordingly, the ICE Clearing Houses account for this central counterparty guarantee as a performance guarantee. Given that each contract is margined and marked-to-market or settled at least once daily for each clearing member, the ICE Clearing Houses’ maximum estimated exposure for this guarantee, excluding the effects of original and variation margin requirements and mandatory deposits to the applicable guaranty fund by clearing members, is \$69.0 billion as of September 30, 2015, which represents the maximum estimated value by the ICE Clearing Houses of a hypothetical one day movement in pricing of the underlying unsettled contracts. This amount is based on calculations determined using proprietary risk management software that simulates gains and losses based on historical market prices, volatility and other factors present at that point in time for those particular unsettled contracts. Future actual market price volatility could result in the exposure being significantly different than the amount estimated by the ICE Clearing Houses. The net notional value of unsettled contracts was \$2.5 trillion as of September 30, 2015. We performed calculations to determine the fair value of our counterparty performance guarantee taking into consideration factors such as daily settlement of contracts, margining requirements, other elements of our risk management program, historical evidence of default payments, and estimated probability of potential default payouts by the ICE Clearing Houses. Based on these analyses, the estimated counterparty performance guaranty liability was determined to be nominal and no liability was recorded as of September 30, 2015 and December 31, 2014.

The ICE Clearing Houses seek to reduce their 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 deposits 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 standardized parameters established by

the risk management departments and reviewed by the risk committees and the boards of directors of each of the ICE Clearing Houses and may fluctuate over time. As of September 30, 2015 and December 31, 2014, the ICE Clearing Houses have received or have been pledged \$81.3 billion and \$77.0 billion, respectively, in cash and non-cash collateral in original margin and guaranty fund deposits to cover price movements of underlying contracts for both periods. The ICE Clearing Houses also have powers of assessment that provide the ability to collect additional funds from their clearing members to cover a defaulting member's remaining obligations up to the limits established under the respective rules of each ICE Clearing House.

Should a particular clearing member fail to deposit original margin, or fail to make a variation margin payment, when and as required, the relevant ICE Clearing House may liquidate or hedge the clearing member's open positions and use the clearing member's original margin and guaranty fund deposits to make up any amount owed. In the event that those deposits are not sufficient to pay the amount owed in full, the ICE Clearing Houses may utilize the respective guaranty fund deposits of their respective clearing members on a pro-rata basis for that purpose. We have contributed \$131 million, \$50 million and \$50 million to the ICE Clear Europe,

ICE Clear Credit and ICE Clear U.S. guaranty funds, respectively, as of September 30, 2015, and such amounts are at risk and could be used in the event of a clearing member default where the amount of the defaulting clearing member's original margin and guaranty fund deposits are insufficient. The \$231 million combined contributions to the guaranty funds as of September 30, 2015 are included in long-term restricted cash in the accompanying consolidated balance sheet. The \$50 million contribution to the ICE Clear U.S. guaranty fund would be utilized after the available funds of the defaulting clearing member but before all other amounts within the guaranty fund.

For ICE Clear Europe, if a futures and options clearing member's deposits are depleted and a default occurs, then a \$100 million contribution made by us to the ICE Clear Europe guaranty fund would be utilized. The \$100 million is solely available in the event of an ICE Clear Europe futures and options clearing member default, and \$50 million of the \$100 million will currently be utilized after the available funds of the defaulting member but before all other amounts within the ICE Clear Europe futures and options guaranty fund. If additional cash is required to settle positions, the remaining \$50 million will currently be called pro rata along with other non-defaulting ICE Clear Europe futures and options clearing members' deposits in the ICE Clear Europe options and futures guaranty fund. Subject to regulatory approval, ICE Clear Europe plans to move the \$100 million contribution to the futures and options guaranty fund to be utilized after the available funds of the defaulting clearing member but before all other amounts within the guaranty fund.

We have contributed \$50 million to the ICE Clear Credit guaranty fund and \$31 million to the ICE Clear Europe CDS guaranty fund as of September 30, 2015. We contributed an additional \$19 million to the ICE Clear Europe CDS guaranty fund as of October 7, 2015, which was two years from the launch of CDS client clearing at ICE Clear Europe. The first \$25 million contributed to each of the ICE Clear Credit guaranty fund and ICE Clear Europe CDS guaranty fund will be utilized after the available funds of the defaulting CDS clearing member but before all other amounts within the guaranty funds. The additional \$25 million contributed to each of the ICE Clear Credit guaranty fund and ICE Clear Europe CDS guaranty fund will be utilized pro-rata along with other non-defaulting CDS clearing members' deposits in the respective guaranty funds. Subject to regulatory approval, ICE Clear Europe plans to move the total \$50 million contribution to the CDS guaranty fund to be utilized after the available funds of the defaulting clearing member but before all other amounts within the guaranty fund.

As of September 30, 2015, original margin and guaranty fund cash deposits are as follows for the ICE Clearing Houses (in millions):

	ICE Clear Europe	ICE Clear Credit	ICE Clear U.S.	Other ICE Clearing Houses	Total
Original margin	\$21,351	\$15,098	\$4,753	\$124	\$41,326
Guaranty fund	2,807	1,852	308	15	4,982
Total	\$24,158	\$16,950	\$5,061	\$139	\$46,308

As of December 31, 2014, original margin and guaranty fund cash deposits are as follows for the ICE Clearing Houses (in millions):

	ICE Clear Europe	ICE Clear Credit	ICE Clear U.S.	Other ICE Clearing Houses	Total
Original margin	\$23,291	\$14,056	\$4,285	\$42	\$41,674
Guaranty fund	3,048	2,408	290	38	5,784
Total	\$26,339	\$16,464	\$4,575	\$80	\$47,458

We have recorded these cash deposits in the accompanying consolidated balance sheets as current assets with corresponding current liabilities to the clearing members of the relevant ICE Clearing House. All cash, securities and letters of credit are available only to meet the financial obligations of that clearing member to the relevant ICE Clearing House. ICE Clear Europe, ICE Clear Credit, ICE Clear U.S., ICE Clear Canada, ICE Clear Netherlands, TCC and ICE Clear Singapore are separate legal entities and are not subject to the liabilities of the other ICE Clearing Houses or the obligations of the members of the other ICE Clearing Houses. The amount of these cash deposits may fluctuate due to the types of margin collateral choices available to clearing members and the change in the amount of deposits required. As a result, these assets and corresponding liabilities may vary significantly over time. Except as

noted below with respect to ICE Clear Credit, the majority of the cash held by the ICE Clearing Houses is secured in reverse repurchase agreements with primarily overnight maturities or direct investment in U.S. government securities. Remaining balances are invested overnight across a diverse set of high quality financial institutions.

ICE Clear Credit has been designated as a systemically important financial market utility by the Financial Stability Oversight Council and has been authorized to establish and maintain a cash account at the Federal Reserve Bank of Chicago. Such account was opened on July 30, 2015 and ICE Clear Credit held \$8.0 billion of its U.S. dollar cash in the guaranty fund and in original margin in the cash account at the Federal Reserve Bank of Chicago as of September 30, 2015.

In addition to the cash deposits for original margin and the guaranty fund, the ICE Clearing Houses have also received other assets from clearing members, which may include government obligations, certain agency and corporate debt, letters of credit or gold to mitigate credit risk. These assets are not reflected in the accompanying consolidated balance sheets as the risks and rewards of these assets remain with the clearing members unless the ICE Clearing Houses have sold or re-pledged the assets or in the event of a clearing member default, where the clearing member is no longer entitled to redeem the assets. Any income, gain or loss accrues to the clearing member. For certain non-cash deposits, the ICE Clearing Houses may impose discount or "haircut" rates to ensure adequate collateral levels to account for fluctuations in the market value of these deposits. As of September 30, 2015 and December 31, 2014, the assets pledged by the clearing members as original margin and guaranty fund deposits for each of the ICE Clearing Houses are detailed below (in millions):

	As of September 30, 2015				As of December 31, 2014			
	ICE Clear Europe	ICE Clear Credit	ICE Clear U.S.	Other ICE Clearing Houses	ICE Clear Europe	ICE Clear Credit	ICE Clear U.S.	Other ICE Clearing Houses
Original margin:								
Government securities at face value	\$20,876	\$4,629	\$8,091	\$94	\$18,284	\$3,235	\$6,972	\$99
Letters of credit	—	—	—	391	—	—	—	4
Total	\$20,876	\$4,629	\$8,091	\$485	\$18,284	\$3,235	\$6,972	\$103
Guaranty fund:								
Government securities at face value	\$255	\$364	\$170	\$100	\$284	\$424	\$190	\$15

9. Commitments and Contingencies

Legal Proceedings

We are subject to legal proceedings and claims that arise from time to time in the course of our business. Typically, we do not believe that the resolution of ordinary course matters, including the matters described below, will have a material adverse effect on our consolidated financial condition, results of operations, or liquidity. It is possible, however, that future results of operations for any particular quarterly or annual period could be materially and adversely affected by any developments relating to the legal proceedings and claims. The matters described below all relate to our operation of NYSE. A range of possible losses related to the cases below cannot be reasonably estimated at this time, except as otherwise disclosed below.

In April 2014, the first of four purported class action lawsuits was filed in the U.S. District Court for the Southern District of New York, or the Southern District, by the City of Providence, Rhode Island, against more than 40 defendants, including "Exchange Defendants", "Brokerage Defendants" and "HFT (High Frequency Trading) Defendants", which we refer to as the City of Providence lawsuit. New York Stock Exchange LLC and NYSE Arca, Inc., two of our subsidiaries, were among the named Exchange Defendants. On July 2, 2014, the court ordered the cases consolidated for all purposes, and appointed lead plaintiffs. On September 3, 2014, the lead plaintiffs filed an amended complaint asserting claims against only a subset of the original Exchange Defendants, including New York Stock Exchange LLC and NYSE Arca, Inc., and also asserting claims against Barclays PLC, or Barclays, a subsidiary of which operates an alternative trading system known as Barclays LX. The lead plaintiffs are suing on behalf of a class of "all public investors" who bought or sold stock from April 18, 2009 to the present on the U.S.-based equity exchanges operated by the remaining Exchange Defendants or on Barclays LX. The amended complaint asserts violations by all remaining Exchange Defendants of Sections 10(b) and 6(b) of the Securities Exchange Act of 1934, or the Exchange Act, and seeks unspecified compensatory damages against all defendants, jointly and severally, as well as various forms of equitable relief. The defendants filed a motion on November 3, 2014 to dismiss the amended complaint. On November 24, 2014, the plaintiffs filed a second amended complaint asserting the same legal claims and substantially the same factual allegations. On January 23, 2015, the defendants filed motions to dismiss the second amended complaint.

On August 26, 2015, the court issued an opinion and order granting the defendants' motions to dismiss and dismissing the second amended complaint in its entirety with prejudice. The court held that the plaintiffs had failed to sufficiently state a claim against the defendants under Sections 10(b) and 6(b) of the Exchange Act, and additionally that some of the claims against the exchanges were barred by the doctrine of self-regulatory organization immunity. On September 24, 2015, the plaintiffs filed a notice of appeal of the dismissal of the lawsuit. Briefing in the appeal is expected to occur through the first quarter of 2016.

In May 2014, three purported class action lawsuits were filed in the Southern District by Harold Lanier against the securities exchanges that are participants in each of the three national market system data distribution plans - the Consolidated Tape Association/Consolidated Quotation Plan, the Nasdaq UTP Plan, and the Options Price Reporting Authority, or the Plans, - which are established under the Exchange Act and regulated by the SEC. On August 15, 2014, Lanier filed amended complaints in each of the three lawsuits

but did not alter the named defendants. New York Stock Exchange LLC, NYSE Arca, Inc. and NYSE MKT LLC, which are our subsidiaries, are among the defendants named in one or more of the suits. Lanier is claiming to sue on behalf of himself and all other similarly situated subscribers to the market data disseminated by the Plans. Lanier's allegations include that the exchange participants in the Plans breached agreements with subscribers by disseminating market data in a discriminatory manner in that other "preferred" customers allegedly received their data faster than the proposed class. The complaints seek, among other relief, unspecified compensatory damages, restitution of the putative class's subscription fees paid to the defendants, disgorgement of the fees paid by the so-called preferred customers, and injunctive and declaratory relief. On September 29, 2014, the defendants moved to dismiss the amended complaint. On April 28, 2015, the court issued an opinion and order granting the motion and dismissing the three lawsuits with prejudice. The court determined that the claims were preempted by a "comprehensive federal regulatory scheme", and that in any event Lanier had failed to state a claim for breach of contract. On May 20, 2015, Lanier filed notices of appeal of the dismissal of the lawsuits. Briefing in the appeals is scheduled to occur during the remainder of 2015.

One of our subsidiaries, NYSE Brazil Holdings, B.V., or NYSE BV, was a party to an arbitration proceeding initiated by an arbitration demand dated June 4, 2014 in Brazil, filed by ATG Americas Trading Group, S.A. and ATS Brasil S.A., or ATG/ATS, which we refer to as the ATG/ATS arbitration proceeding. NYSE BV and ATG Americas Trading Group, S.A. own 20% and 80%, respectively, of the equity in ATS Brasil S.A., a company with a prospective cash equity trading platform in Brazil, which is not yet operational. ATG/ATS alleged NYSE BV breached certain obligations and asserted damages of at least 100 million Brazilian Reais (\$32 million based on the Brazilian Real/U.S. dollar exchange rate of 0.3166 as of September 30, 2015). On June 3, 2015, the arbitration panel granted a request by ATG/ATS to add NYSE Holdings LLC as a party to the arbitration, but denied its request to add any other alleged NYSE BV affiliates. In August 2015, NYSE BV and ATG/ATS settled the dispute and the arbitration panel terminated the arbitration proceeding. NYSE Holdings LLC was also released from any potential liability to ATG/ATS, although it never accepted the jurisdiction of the arbitration panel or formally appeared in the proceeding. The settlement expense for the ATG/ATS arbitration proceeding is recorded in other expense, net for the nine months months ended September 30, 2015 in the accompanying consolidated statement of income.

Redeemable Non-controlling Interest

On June 29, 2015, we purchased the remaining 16% of NYSE Amex Options shares outstanding from external investors for \$128 million and we now own 100% of NYSE Amex Options. The remaining 16% of the outstanding shares was owned by seven external investors and was recorded as redeemable non-controlling interest in the consolidated balance sheet and the proportionate share of profits was recorded as net income from continuing operations attributable to non-controlling interest in the consolidated statements of income. Effective from July 1, 2015, all of the profits from NYSE Amex Options are retained by us.

10. Pension and Other Benefit Programs

The following table provides the components of net periodic expense (benefit) associated with our pension plans, supplemental executive retirement, or SERP, plans and post-retirement benefit plans for the nine and three months ended September 30, 2015 and 2014 in the accompanying consolidated statements of income (in millions):

	Nine Months Ended September 30, 2015			Nine Months Ended September 30, 2014		
	Pension Plans	SERP Plans	Post-retirement Benefit Plans	Pension Plans	SERP Plans	Post-retirement Benefit Plans
Interest costs	\$25	\$2	\$ 6	\$27	\$3	\$ 6
Estimated return on plan assets	(34	) —	—	(36) —	—
Amortization of loss	2	—	—	—	—	—
Net periodic expense (benefit)	\$(7	) \$2	\$ 6	\$(9	) \$3	\$ 6
	Three Months Ended September 30, 2015			Three Months Ended September 30, 2014		

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	Pension Plans	SERP Plans	Post-retirement Benefit Plans	Pension Plans	SERP Plans	Post-retirement Benefit Plans
Interest costs	\$9	\$—	\$ 2	\$9	\$1	\$ 2
Estimated return on plan assets	(11)	—	—	(12)	—	—
Net periodic expense (benefit)	\$(2)	\$—	\$ 2	\$(3)	\$1	\$ 2

During the nine and three months ended September 30, 2015, we contributed \$29 million and \$21 million, respectively, to our pension plans, SERP plans and post-retirement benefit plans. Based on current actuarial assumptions, we anticipate funding an additional \$3 million to our pension plans, SERP plans and post-retirement benefit plans during the fourth quarter of 2015.

11. Fair Value Measurements

Our financial instruments consist primarily of cash and cash equivalents, short-term and long-term restricted cash and investments, short-term and long-term investments, customer accounts receivable, margin deposits and guaranty funds, cost and equity method investments, short-term and long-term debt and certain other short-term assets and liabilities. The fair value of our financial instruments are measured based on a three-level hierarchy:

• Level 1 inputs — quoted prices for identical assets or liabilities in active markets.

• Level 2 inputs — observable inputs other than Level 1 inputs such as quoted prices for similar assets and liabilities in active markets or inputs other than quoted prices that are directly observable.

• Level 3 inputs — unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

In general, we use Level 1 inputs to determine fair value. The Level 1 assets consist of U.S. Treasury securities, equity and other securities listed in active markets, and investments in publicly traded mutual funds held for the purpose of providing future payments of the SERP and the supplemental executive savings plans.

Financial assets and liabilities recorded in the accompanying consolidated balance sheets as of September 30, 2015 and December 31, 2014 are classified in their entirety based on the lowest level of input that is significant to the asset or liability's fair value measurement. Financial instruments measured at fair value on a recurring basis as of September 30, 2015 and December 31, 2014 are as follows (in millions):

	As of September 30, 2015			As of December 31, 2014		
	Level 1	Level 2 and 3	Total	Level 1	Level 2 and 3	Total
Assets at fair value:						
Long-term investment in equity securities	\$253	\$—	\$253	\$379	\$—	\$379
U.S. Treasury securities	440	—	440	374	—	374
Mutual Funds	21	—	21	27	—	27
Total assets at fair value	\$714	\$—	\$714	\$780	\$—	\$780

As of September 30, 2015, the fair values of our \$1.39 billion Senior Notes and \$853 million NYSE USD Notes are \$1.44 billion and \$859 million, respectively. The fair values of these fixed rate notes were estimated using quoted market prices for these instruments. The fair value of our other short-term and long-term debt approximates the carrying value since the rates of interest on the debt approximate market rates as of September 30, 2015. All other financial instruments are determined to approximate carrying value due to the short period of time to their maturities. Our investment in Cetip, which is recorded as an available-for-sale, long-term investment and is recorded and held in Brazilian reais, was valued at \$253 million as of September 30, 2015, including an accumulated unrealized loss of \$71 million. Changes in the fair value of the Cetip investment are reflected in accumulated other comprehensive income and do not impact earnings, except to the extent that unrealized losses are deemed to be other than temporary. As of June 30, 2015, we had an accumulated unrealized gain of \$16 million and the \$87 million reduction in the value during the third quarter of 2015 was primarily due to foreign currency translation losses relating to the decrease in value of the Brazilian real relative to the U.S. dollar. As such, we concluded that the decline in the value of the investment in Cetip was not other than temporary.

As of September 30, 2015, we are holding \$440 million in U.S. Treasury securities, all of which had remaining maturities of less than one year at the date of purchase. Of these securities, \$222 million were recorded as cash and cash equivalents, \$87 million were recorded as short-term restricted cash and investments and \$131 million were recorded as long-term restricted cash and investments in the accompanying consolidated balance sheet as of September 30, 2015 (all of the U.S. Treasury securities recorded as cash have remaining maturities of less than 90 days).

We did not use Level 2 and 3 inputs to determine the fair value of assets or liabilities measured at fair value on a recurring basis as of September 30, 2015 or December 31, 2014. We measure certain assets, such as intangible assets and cost and equity method investments, at fair value on a non-recurring basis. These assets are recognized at fair value if they are deemed to be impaired. As of September 30, 2015 and December 31, 2014, none of these assets were required to be recorded at fair value since no impairment indicators were present. Cost and equity method investments were \$123 million and \$53 million as of September 30, 2015 and December 31, 2014, respectively, and are classified as other non-current assets in the accompanying consolidated balance sheets. The increase in the cost and equity

method investments during the nine months ended September 30, 2015 is primarily due to our \$60 million investment in The Options Clearing Corporation, or OCC.

We own a 40% interest in OCC through a direct investment by NYSE. OCC serves as a clearing house for securities options, security futures, commodity futures and options on futures traded on various independent exchanges. OCC clears securities options

traded on NYSE Arca and NYSE MKT, along with other non-affiliated exchanges, and is regulated by the SEC as a registered clearing agency and by the Commodity Futures Trading Commission, or CFTC, as a derivatives clearing organization. OCC adopted a new capital plan during the first quarter of 2015, which raised \$150 million in equity capital from OCC's shareholders, including \$60 million contributed by us. Pursuant to the terms of the capital plan, in exchange for the contributions of equity capital from its shareholders, OCC would be required, subject to determination by its board of directors and compliance with legal requirements, to pay an annual dividend to its shareholders, on a pro rata basis, equal to the after-tax income of OCC, in excess of the amount required to maintain its target capital requirement and satisfy other capital requirements, and after refunds to its clearing members equal to 50% of distributable earnings before tax.

In addition, under the OCC capital plan, the OCC shareholders will contribute up to \$200 million in additional equity capital if certain capital thresholds are breached, including up to \$80 million to be contributed by us. The OCC shareholders would receive Class C stock in exchange for any additional capital contribution. No dividends or other remuneration would be paid to OCC shareholders holding this stock. Unless and until such \$200 million capital contribution is repaid to the shareholders, OCC would be required not to declare any dividends and would be required not to pay refunds to its clearing members.

Subsequent to our investment of the \$60 million, aggrieved parties petitioned the SEC to review its approval of the capital plan. As a result of such petition, the implementation of the capital plan was automatically stayed. In September 2015, the SEC lifted the stay. The SEC's review of the petition remains pending. OCC will not pay dividends to shareholders or issue refunds to customers until the SEC reconfirms its approval of the capital plan.

12. Discontinued Operations

We completed the IPO of our wholly-owned subsidiary Euronext on June 24, 2014 and completed the sales of our wholly-owned subsidiaries Wombat on July 23, 2014, and NYFIX and Metabit on September 19, 2014. We have reflected the results of Euronext, Wombat, NYFIX and Metabit as discontinued operations up to the IPO or sale dates in the accompanying consolidated statement of income for the nine and three months ended September 30, 2014 and for the nine months ended September 30, 2014 for the consolidated statement of cash flows.

The results below include external advisory costs, professional services costs and compensation and severance costs related to the discontinued operations, which have been classified below as acquisition-related transaction and integration costs from discontinued operations. Results of discontinued operations were as follows for the nine and three months ended September 30, 2014 (in millions):

	Nine Months Ended September 30, 2014	Three Months Ended September 30, 2014
Total revenues, less transaction-based expenses	\$347	\$18
Compensation and benefits	105	5
Technology and communication	31	4
Professional services	31	1
Rent and occupancy	12	—
Acquisition-related transaction and integration costs	103	7
Selling, general, administrative	16	1
Depreciation and amortization	16	—
Total operating expenses	314	18
Operating income	33	—
Other income, net	5	—
Income tax expense	27	10
Income (loss) from discontinued operations, net of tax	\$11	\$(10)

13. Condensed Consolidating Financial Statements (Unaudited)

In connection with our acquisition of NYSE, Intercontinental Exchange, Inc., or ICE, and NYSE Holdings LLC, or NYSE Holdings, established various guarantees to protect against structural subordination of each entities' existing indebtedness. NYSE Holdings is our wholly-owned subsidiary and fully and unconditionally guarantees, on an unsecured and unsubordinated basis, the payment of principal, premium, if any, and interest of our 2014 Credit Facility, Senior Notes and our Commercial Paper Program. Similarly, ICE fully and unconditionally guarantees, on an unsecured and unsubordinated basis, the payment of principal, premium, if any, and interest of the NYSE Notes. The guarantees will remain in place until each applicable debt obligation has been satisfied.

The following unaudited consolidating financial information sets forth, under the equity method of accounting, the condensed consolidating statements of income and comprehensive income, the condensed consolidating balance sheets, and the condensed consolidating statements of cash flows for (i) ICE (Parent); (ii) NYSE Holdings; (iii) the subsidiary non-guarantors; (iv) elimination entries necessary to consolidate each of ICE (Parent) and NYSE Holdings with the non-guarantor subsidiaries; and (v) on a consolidated basis. The condensed consolidating financial information should be read in conjunction with the accompanying consolidated financial statements.

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Intercontinental Exchange, Inc.
 Condensed Consolidating Balance Sheets
 As of September 30, 2015
 (In millions)

	ICE (Parent)	Subsidiary Guarantor - NYSE Holdings	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Total
Current assets:					
Cash and cash equivalents	\$ 1	\$—	\$ 686	\$ —	\$ 687
Intercompany receivable	3,094	—	—	(3,094)	—
Margin deposits and guaranty funds	—	—	46,308	—	46,308
Notes receivable from affiliate, current	—	526	9	(535)	—
Other current assets	5	4	1,048	—	1,057
Total current assets	3,100	530	48,051	(3,629)	48,052
Property and equipment, net	—	—	904	—	904
Other non-current assets:					
Goodwill and other intangible assets, net	—	—	16,160	—	16,160
Investment in subsidiaries	14,432	9,750	—	(24,182)	—
Notes receivable from affiliate, non-current	—	2,981	2,909	(5,890)	—
Other non-current assets	21	10	709	—	740
Total other non-current assets	14,453	12,741	19,778	(30,072)	16,900
Total assets	\$17,553	\$13,271	\$ 68,733	\$ (33,701)	\$ 65,856
Current liabilities:					
Short-term debt	\$1,253	\$—	\$ —	\$ —	\$ 1,253
Margin deposits and guaranty funds	—	—	46,308	—	46,308
Intercompany payable	—	1,230	1,864	(3,094)	—
Notes payable to affiliates, current	297	—	238	(535)	—
Other current liabilities	43	—	854	—	897
Total current liabilities	1,593	1,230	49,264	(3,629)	48,458
Non-current liabilities:					
Long-term debt	1,394	853	—	—	2,247
Notes payable to affiliates, non-current	2,209	701	2,980	(5,890)	—
Other non-current liabilities	17	—	2,724	—	2,741
Total non-current liabilities	3,620	1,554	5,704	(5,890)	4,988
Total liabilities	5,213	2,784	54,968	(9,519)	53,446
Redeemable non-controlling interest	—	—	40	—	40
Equity:					
Total shareholders' equity	12,340	10,487	13,695	(24,182)	12,340
Non-controlling interest in consolidated subsidiaries	—	—	30	—	30
Total equity	12,340	10,487	13,725	(24,182)	12,370
Total liabilities and equity	\$17,553	\$13,271	\$ 68,733	\$ (33,701)	\$ 65,856

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Intercontinental Exchange, Inc.
 Condensed Consolidating Balance Sheets
 As of December 31, 2014
 (In millions)

	ICE (Parent)	Subsidiary Guarantor - NYSE Holdings	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Total
Current assets:					
Cash and cash equivalents	\$6	\$5	\$ 641	\$ —	\$ 652
Intercompany receivable	2,793	—	529	(3,322)	—
Margin deposits and guaranty funds	—	—	47,458	—	47,458
Note receivable from affiliate, current	—	313	31	(344)	—
Other current assets	60	1,173	936	(60)	2,109
Total current assets	2,859	1,491	49,595	(3,726)	50,219
Property and equipment, net	—	—	874	—	874
Other non-current assets:					
Goodwill and other intangible assets, net	—	—	16,315	—	16,315
Investment in subsidiaries	13,682	9,572	—	(23,254)	—
Note receivable from affiliate, non-current	—	2,790	1,516	(4,306)	—
Other non-current assets	25	11	809	—	845
Total other non-current assets	13,707	12,373	18,640	(27,560)	17,160
Total assets	\$16,566	\$13,864	\$ 69,109	\$ (31,286)	\$ 68,253
Current liabilities:					
Short-term debt	\$905	\$1,137	\$ —	\$ —	\$ 2,042
Margin deposits and guaranty funds	—	—	47,458	—	47,458
Intercompany payable	—	1,933	1,389	(3,322)	—
Notes payable to affiliates, current	344	—	—	(344)	—
Other current liabilities	30	—	1,043	(60)	1,013
Total current liabilities	1,279	3,070	49,890	(3,726)	50,513
Non-current liabilities:					
Long-term debt	1,394	853	—	—	2,247
Notes payable to affiliates, non-current	1,516	—	2,790	(4,306)	—
Other non-current liabilities	17	—	2,919	—	2,936
Total non-current liabilities	2,927	853	5,709	(4,306)	5,183
Total liabilities	4,206	3,923	55,599	(8,032)	55,696
Redeemable non-controlling interest	—	—	165	—	165
Equity:					
Total shareholders' equity	12,360	9,941	13,313	(23,254)	12,360
Non-controlling interest in consolidated subsidiaries	—	—	32	—	32
Total equity	12,360	9,941	13,345	(23,254)	12,392
Total liabilities and equity	\$16,566	\$13,864	\$ 69,109	\$ (31,286)	\$ 68,253

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Intercontinental Exchange, Inc.
Condensed Consolidating Statements of Income
Nine Months Ended September 30, 2015
(In millions)

	ICE (Parent)	Subsidiary Guarantor - NYSE Holdings	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Total
Revenues:					
Transaction and clearing fees, net	\$—	\$—	\$ 2,331	\$ —	\$ 2,331
Data services fees	—	—	614	—	614
Listing fees and other revenues	—	—	435	—	435
Total revenues	—	—	3,380	—	3,380
Transaction-based expenses	—	—	917	—	917
Total revenues, less transaction-based expenses	—	—	2,463	—	2,463
Operating expenses:					
Compensation and benefits	1	—	444	—	445
Technology and communication	—	—	147	—	147
Acquisition-related transaction and integration costs	—	—	34	—	34
Selling, general, administrative and other	1	—	228	—	229
Depreciation and amortization	—	—	276	—	276
Total operating expenses	2	—	1,129	—	1,131
Operating income	(2)	—	1,334	—	1,332
Intercompany interest on loans	(4)	28)	(24)	—	—
Other expense, net	(20)	(50)	—	—	(70)
Total other expense, net	(24)	(22)	(24)	—	(70)
Income before income taxes	(26)	(22)	1,310	—	1,262
Income tax expense (benefit)	(19)	—	359	—	340
Equity earnings from subsidiaries	911	288	—	(1,199)	—
Net income	\$904	\$266	\$ 951	\$ (1,199)	\$ 922
Net income attributable to non-controlling interest	—	—	(18)	—	(18)
Net income attributable to ICE	\$904	\$266	\$ 933	\$ (1,199)	\$ 904

Intercontinental Exchange, Inc.
Condensed Consolidating Statements of Comprehensive Income
Nine Months Ended September 30, 2015
(In millions)

	ICE (Parent)	Subsidiary Guarantor - NYSE Holdings	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Total
Net income	\$904	\$266	\$ 951	\$ (1,199)	\$ 922
Other comprehensive loss:					
Foreign currency translation adjustments	—	—	(17)	—	(17)
	—	—	(126)	—	(126)

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Change in fair value of available-for-sale-securities						
Employment benefit plan adjustments	—	—	(2)	—	(2
Total other comprehensive loss	—	—	(145	)	—	(145
Comprehensive loss of subsidiaries	(145	)	(5	)	—	150
Comprehensive income	759	261	806		(1,049	) 777
Comprehensive income attributable to non-controlling interests	—	—	(18)	—	(18
Comprehensive income attributable to ICE	\$759	\$261	\$ 788		\$ (1,049) \$ 759

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Intercontinental Exchange, Inc.
Condensed Consolidating Statements of Income
Three Months Ended September 30, 2015
(In millions)

	ICE (Parent)	Subsidiary Guarantor - NYSE Holdings	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Total
Revenues:					
Transaction and clearing fees, net	\$—	\$—	\$ 795	\$ —	\$ 795
Data services fees	—	—	209	—	209
Listing fees and other revenues	—	—	147	—	147
Total revenues	—	—	1,151	—	1,151
Transaction-based expenses	—	—	335	—	335
Total revenues, less transaction-based expenses	—	—	816	—	816
Operating expenses:					
Compensation and benefits	—	—	150	—	150
Technology and communication	—	—	49	—	49
Acquisition-related transaction and integration costs	—	—	8	—	8
Selling, general, administrative and other	—	—	75	—	75
Depreciation and amortization	—	—	94	—	94
Total operating expenses	—	—	376	—	376
Operating income	—	—	440	—	440
Intercompany interest on loans	(2	) 9	(7) —	—
Other income (expense), net	(13	) (17	) 13	—	(17
Total other income (expense), net	(15	) (8	) 6	—	(17
Income before income taxes	(15	) (8	) 446	—	423
Income tax expense (benefit)	(16	) —	129	—	113
Equity earnings from subsidiaries	305	120	—	(425) —
Net income	\$306	\$112	\$ 317	\$ (425	) \$ 310
Net income attributable to non-controlling interest	—	—	(4	) —	(4
Net income attributable to ICE	\$306	\$112	\$ 313	\$ (425	) \$ 306

Intercontinental Exchange, Inc.
Condensed Consolidating Statements of Comprehensive Income
Three Months Ended September 30, 2015
(In millions)

	ICE (Parent)	Subsidiary Guarantor - NYSE Holdings	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Total
Net income	\$306	\$112	\$ 317	\$ (425	) \$ 310
Other comprehensive loss:					
Foreign currency translation adjustments	—	(1	) (35	) —	(36
Change in fair value of available-for-sale-securities	—	—	(87) —	(87
Total other comprehensive loss	—	(1) (122) —	(123

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Comprehensive income (loss) of subsidiaries	(123) 9	—	114	—	
Comprehensive income	183	120	195	(311) 187	
Comprehensive income attributable to non-controlling interests	—	—	(4) —	(4)
Comprehensive income attributable to ICE	\$183	\$120	\$ 191	\$ (311) \$ 183	

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Intercontinental Exchange, Inc.
Condensed Consolidating Statements of Income
Nine Months Ended September 30, 2014
(In millions)

	ICE (Parent)	Subsidiary Guarantor - NYSE Holdings	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Total	
Revenues:						
Transaction and clearing fees, net	\$—	\$—	\$ 2,202	\$ —	\$ 2,202	
Data services fees	—	—	502	—	502	
Listing fees and other revenues	—	—	385	—	385	
Total revenues	—	—	3,089	—	3,089	
Transaction-based expenses	—	—	797	—	797	
Total revenues, less transaction-based expenses	—	—	2,292	—	2,292	
Operating expenses:						
Compensation and benefits	1	—	447	—	448	
Technology and communication	—	—	135	—	135	
Acquisition-related transaction and integration costs	—	9	93	—	102	
Selling, general, administrative and other	—	—	315	—	315	
Depreciation and amortization	—	—	244	—	244	
Total operating expenses	1	9	1,234	—	1,244	
Operating income	(1	) (9	) 1,058	—	1,048
Total other income (expense), net	(16) (69) 32	—	(53)
Income from continuing operations before income taxes	(17	) (78	) 1,090	—	995
Income tax expense (benefit)	(6	) —	290	—	284
Equity earnings from subsidiaries	704	457	—	(1,161) —	
Income from continuing operations	693	379	800	(1,161	) 711
Income from discontinued operations, net of tax	—	—	11	—	11	
Net income	\$693	\$379	\$ 811	\$ (1,161	) \$ 722
Net income attributable to non-controlling interest	—	—	(29) —	(29)
Net income attributable to ICE	\$693	\$379	\$ 782	\$ (1,161	) \$ 693

Intercontinental Exchange, Inc.
Condensed Consolidating Statements of Comprehensive Income
Nine Months Ended September 30, 2014
(In millions)

	ICE (Parent)	Subsidiary Guarantor - NYSE Holdings	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Total	
Net income	\$693	\$379	\$ 811	\$ (1,161	) \$ 722
Other comprehensive income (loss):						
Foreign currency translation adjustments	—	1	(195) —	(194)
Change in fair value of available-for-sale-securities	—	—	58	—	58	

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Discontinuance of net investment hedge	—	—	21	—	21
Total other comprehensive income (loss)	—	1	(116)	(115
Comprehensive income of subsidiaries	1,046	331	—	(1,377)
Comprehensive income	1,739	711	695	(2,538)
Comprehensive income attributable to non-controlling interests	—	—	(29)	(29
Comprehensive income attributable to ICE	\$1,739	\$711	\$ 666	\$ (2,538)
				\$ 578	

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Intercontinental Exchange, Inc.
Condensed Consolidating Statements of Income
Three Months Ended September 30, 2014
(In millions)

	ICE (Parent)	Subsidiary Guarantor - NYSE Holdings	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Total
Revenues:					
Transaction and clearing fees, net	\$—	\$—	\$ 712	\$ —	\$ 712
Data services fees	—	—	170	—	170
Listing fees and other revenues	—	—	128	—	128
Total revenues	—	—	1,010	—	1,010
Transaction-based expenses	—	—	265	—	265
Total revenues, less transaction-based expenses	—	—	745	—	745
Operating expenses:					
Compensation and benefits	—	—	144	—	144
Technology and communication	—	—	45	—	45
Acquisition-related transaction and integration costs	—	5	35	—	40
Selling, general, administrative and other	—	—	103	—	103
Depreciation and amortization	—	—	83	—	83
Total operating expenses	—	5	410	—	415
Operating income	—	(5	) 335	—	330
Total other income (expense), net	8	(41	) 16	—	(17
Income from continuing operations before income taxes	8	(46	) 351	—	313
Income tax expense	8	—	82	—	90
Equity earnings from subsidiaries	206	81	—	(287) —
Income from continuing operations	206	35	269	(287	) 223
Income from discontinued operations, net of tax	—	—	(10	) —	(10
Net income	\$206	\$35	\$ 259	\$ (287	) \$ 213
Net income attributable to non-controlling interest	—	—	(7	) —	(7
Net income attributable to ICE	\$206	\$35	\$ 252	\$ (287	) \$ 206

Intercontinental Exchange, Inc.
Condensed Consolidating Statements of Comprehensive Income
Three Months Ended September 30, 2014
(In millions)

	ICE (Parent)	Subsidiary Guarantor - NYSE Holdings	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Total
Net income	\$206	\$35	\$ 259	\$ (287	) \$ 213
Other comprehensive loss:					
Foreign currency translation adjustments	—	—	(278	) —	(278
Change in fair value of available-for-sale-securities	—	—	(60) —	(60
Total other comprehensive loss	—	—	(338) —	(338

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Comprehensive loss of subsidiaries	(51)	(100)	—	151	—
Comprehensive income (loss)	155	(65)	(79)	(136) (125
Comprehensive income attributable to non-controlling interests	—	—	(7)	—	(7)
Comprehensive income (loss) attributable to ICE	\$ 155	\$(65)	\$ (86)	\$ (136) \$ (132

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Intercontinental Exchange, Inc.
 Condensed Consolidating Statements of Cash Flows
 Nine Months Ended September 30, 2015
 (In millions)

	ICE (Parent)	Subsidiary Guarantor - NYSE	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Total
Net cash provided by (used in) operating activities from continuing operations	\$ 182	\$ 346	\$ 465	\$ (103)	\$ 890
Investing activities:					
Decrease in restricted cash	—	—	14	—	14
Loans to subsidiaries	(301)	(404)	(842)	1,547	—
Additional contribution to equity method investment	—	—	(60)	—	(60)
Proceeds from term deposits and sales of available-for-sale investments	—	1,084	—	—	1,084
Capital expenditures, capitalized software development costs and other	—	—	(192)	—	(192)
Net cash provided by (used in) investing activities from continuing operations	(301)	680	(1,080)	1,547	846
Financing activities:					
Repayments of debt facilities and commercial paper, net	348	(1,029)	—	—	(681)
Intercompany borrowing	646	(2)	903	(1,547)	—
Dividends to shareholders	(242)	—	—	—	(242)
Intercompany dividends	—	—	(103)	103	—
Repurchases of common stock	(605)	—	—	—	(605)
Purchase of subsidiary shares from non-controlling interest	—	—	(128)	—	(128)
Other financing activities	(33)	—	(3)	—	(36)
Net cash provided by (used in) financing activities from continuing operations	114	(1,031)	669	(1,444)	(1,692)
Effect of exchange rates on cash and cash equivalents	—	—	(9)	—	(9)
Net increase (decrease) in cash and cash equivalents	(5)	(5)	45	—	35
Cash and cash equivalents, beginning of period	6	5	641	—	652
Cash and cash equivalents, end of period	\$ 1	\$ —	\$ 686	\$ —	\$ 687

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Intercontinental Exchange, Inc.
 Condensed Consolidating Statements of Cash Flows
 Nine Months Ended September 30, 2014
 (In millions)

	ICE (Parent)	Subsidiary Guarantor - NYSE Holdings	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Total
Net cash provided by operating activities from continuing operations	\$ 176	\$ 347	\$ 484	\$ (85)	\$ 922
Investing activities:					
Increase in restricted cash	—	—	(105)	—	(105)
Cash paid for acquisitions, net of cash acquired	—	—	(150)	—	(150)
Loans to subsidiaries	—	(108)	(698)	806	—
Proceeds from IPO of Euronext and sales of NYSE Technologies	—	—	2,155	—	2,155
Purchases of term deposits and available-for-sale investments	—	—	(1,304)	—	(1,304)
Capital expenditures, capitalized software development costs and other	—	—	(107)	—	(107)
Net cash provided by (used in) investing activities from continuing operations	—	(108)	(209)	806	489
Financing activities:					
Repayments of debt facilities and commercial paper, net	(400)	—	(368)	—	(768)
Intercompany borrowing	937	(239)	108	(806)	—
Dividends to shareholders	(225)	—	—	—	(225)
Intercompany dividends	—	—	(85)	85	—
Repurchases of common stock	(448)	—	—	—	(448)
Purchase of subsidiary shares from non-controlling interest	—	—	(129)	—	(129)
Other financing activities	(30)	—	(18)	—	(48)
Net cash used in financing activities from continuing operations	(166)	(239)	(492)	(721)	(1,618)
Cash and cash equivalents from discontinued operations	—	—	(114)	—	(114)
Effect of exchange rates on cash and cash equivalents	—	—	(2)	—	(2)
Net increase (decrease) in cash and cash equivalents	10	—	(333)	—	(323)
Cash and cash equivalents, beginning of period	2	—	959	—	961
Cash and cash equivalents, end of period	\$ 12	\$ —	\$ 626	\$ —	\$ 638

14. Earnings Per Common Share

The following is a reconciliation of the numerators and denominators of the basic and diluted earnings per common share computations for the nine and three months ended September 30, 2015 and 2014 (in millions, except per share amounts):

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2015	2014	2015	2014
Income from continuing operations	\$922	\$711	\$310	\$223
Net income from continuing operations attributable to non-controlling interest	(18)	(29)	(4)	(7)
Net income from continuing operations attributable to ICE	904	682	306	216
Net income (loss) from discontinued operations attributable to ICE	—	11	—	(10)
Net income attributable to ICE	\$904	\$693	\$306	\$206
Basic earnings (loss) per share attributable to ICE common shareholders:				
Continuing operations	\$8.13	\$5.96	\$2.77	\$1.90
Discontinued operations	—	0.09	—	(0.09)
Basic earnings per share	\$8.13	\$6.05	\$2.77	\$1.81
Basic weighted average common shares outstanding	111	115	110	114
Diluted earnings (loss) per share attributable to ICE common shareholders:				
Continuing operations	\$8.10	\$5.93	\$2.76	\$1.89
Discontinued operations	—	0.09	—	(0.09)
Diluted earnings per share	\$8.10	\$6.02	\$2.76	\$1.80
Diluted weighted average common shares outstanding	112	115	111	114
Basic weighted average common shares outstanding	111	115	110	114
Effect of dilutive securities - stock options and restricted stock	1	—	1	—
Diluted weighted average common shares outstanding	112	115	111	114

Basic earnings per common share is calculated using the weighted average common shares outstanding during the period. Common equivalent shares from stock options and restricted stock awards, using the treasury stock method, are included in the diluted per share calculations unless the effect of their inclusion would be antidilutive. During the nine months ended September 30, 2015 and 2014, 185,000 and 157,000 outstanding stock options, respectively, were not included in the computation of diluted earnings per common share, because to do so would have had an antidilutive effect because the outstanding stock option exercise prices were greater than the average market price of the common shares during the relevant periods. Certain figures in the table above may not recalculate due to rounding.

15. Subsequent Events

On October 26, 2015, we entered into a definitive agreement to acquire Interactive Data Holdings Corporation, or Interactive Data, a leading provider of financial market data, analytics and related trading solutions. The acquisition is valued at \$5.2 billion, including \$3.65 billion in cash and \$1.55 billion in our common stock. The acquisition builds on our global market data growth strategy by expanding the markets served, adding technology platforms and increasing new data and valuation services.

Interactive Data is one of the world's leading providers of financial data, serving the mutual fund, bank, asset management, hedge fund, securities and financial instrument processing and administration sectors. Our data business currently spans nine asset classes across the eleven exchanges and seven clearing houses we operate, including the NYSE Group and ICE Futures exchanges. We also offer benchmark and valuation services for Libor, exchange traded funds, a range of financial derivatives, and clearing house positions. The combined company will offer customers efficiencies in accessing data on an integrated platform while serving the growing demand for data, analysis, valuation and connectivity globally.

The transaction is valued at \$5.2 billion, based on the 10-day volume weighted average price of our common stock on October 23, 2015. The aggregate number of our common shares offered is 6.5 million shares, and up to 2.2 million

additional common shares based on a sliding scale from \$179.07 to \$238.76 in the event that our weighted average stock price over a specified period leading up to closing is less than \$238.76.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Quarterly Report on Form 10-Q, including the sections entitled "Notes to Consolidated Financial Statements", "Legal Proceedings" and "Management's Discussion and Analysis of Financial Condition and Results of Operations", contains "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995 that are based on our present beliefs and assumptions and on information currently available to us. You can identify forward-looking statements by terminology such as "may," "will," "should," "could," "would," "targets," "goal," "expect," "intend," "plan," "anticipate," "believe," "estimate," "predict," "potential," "continue," or the negative of these terms or other comparable terminology. These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of trading activity, performance or achievements to differ materially from those expressed or implied by these forward-looking statements. These risks and other factors include those set forth in Item 1(A) under the caption "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2014, or our 2014 Form 10-K, as filed with the SEC on February 5, 2015. Forward-looking statements and other risks and factors that may affect our performance include, but are not limited to: our business environment and trends in our industry; general economic conditions and conditions in global financial markets; volatility in commodity prices, equity prices, and price volatility of financial benchmarks and instruments such as interest rates, credit spreads, equity indexes and foreign exchange rates; changes in domestic and foreign laws, regulations, rules or government policy with respect to financial markets, or our business generally, including changes, increased regulatory scrutiny or enforcement actions; increasing competition and consolidation in our industry; our ability to identify and effectively pursue acquisitions and strategic alliances and successfully integrate the companies we acquire; our ability to realize the anticipated synergies and benefits of the NYSE acquisition within the expected time frame, and integrate NYSE's operations with our business; the success of our clearing houses and our ability to minimize the risks associated with operating multiple clearing houses in multiple jurisdictions; technological developments, including ensuring that the technology we utilize is not vulnerable to security risks, hacking and cyber-attacks; the accuracy of our cost estimates and expectations; our belief that cash flows from operations will be sufficient to service our current levels of debt and fund our working capital needs and capital expenditures for the foreseeable future; our ability, on a timely and cost-effective basis, to offer additional products and services, leverage our risk management capabilities and enhance our technology; maintaining existing market participants and attracting new ones; protecting our intellectual property rights; not violating the intellectual property rights of others; our ability to identify trends and adjust our business to respond to such trends; potential adverse results of litigation and regulatory actions and proceedings; our belief in our electronic platforms, cyber security defenses and disaster recovery system technologies; and our ability to complete the acquisition of Interactive Data Holdings Corporation on a timely basis or at all and achieve the anticipated benefits and synergies.

We caution you not to place undue reliance on these forward-looking statements as they speak only as of the date on which such statements were made, and we undertake no obligation to update any forward-looking statement or to reflect the occurrence of an unanticipated event. New factors emerge from time to time, and it is not possible for management to predict all factors that may affect our business and prospects. Further, management cannot assess the impact of each factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

In this Quarterly Report on Form 10-Q, unless otherwise indicated, the terms "Intercontinental Exchange", "ICE", "we", "us", "our", "our company" and "our business" refer to Intercontinental Exchange, Inc., together with its consolidated subsidiaries.

Due to rounding, figures may not sum exactly.

Overview

We are a leading global operator of regulated exchanges, clearing houses and listings venues, and a provider of data services for commodity and financial markets. We operate regulated marketplaces for trading and clearing a broad array of derivatives and securities contracts across major asset classes, including energy and agricultural commodities, interest rates, equities, equity derivatives, credit derivatives, bonds and currencies.

Our exchanges include futures exchanges in the United States, United Kingdom, continental Europe, Canada and Singapore and cash equities exchanges and equity options exchanges in the United States. We operate over-the-counter, or OTC, markets for physical energy and credit default swaps, or CDS. We also own seven central

counterparty clearing houses serving the global derivatives markets. Through our trading, clearing, listings and post-trade platforms, we bring together buyers and sellers by offering liquid markets, benchmark products, access to capital markets, data, and a range of services to support market participants' investing, risk management and capital raising activities. Our business is conducted as a single reportable business segment.

Our markets are primarily subject to the jurisdiction of regulatory agencies in the United States, United Kingdom, Canada, Singapore and the European Union, or EU. Domestic and foreign policy makers have undertaken reviews of their existing legal framework governing financial markets in connection with regulatory reform, and have either passed new laws and regulations, or are in the process of debating and/or enacting new laws and regulations that apply to our business and to our customers' businesses. As

discussed more fully in our 2014 Form 10-K, the implementation of Markets in Financial Instruments Directives II, or MiFID II, and its counterpart the European Market Infrastructure Regulation, or EMIR, may result in operational, regulatory and/or business risk.

ICE Futures Singapore and ICE Clear Singapore are expected to commence operation on November 17, 2015. The establishment of ICE Futures Singapore and ICE Clear Singapore support an expanded customer base and the further development of derivatives markets in Asia. We have had a presence in Singapore since 2000, serving customers in the global energy markets. In recent years, Asia-based trading activity in our benchmark commodity and interest rate products has been rising as the region assumes a greater role in global derivatives markets. Subject to final approval by the Monetary Authority of Singapore, or MAS, our Singapore exchange and clearing house expects to trade and clear the first tranche of contracts on November 17, 2015. On October 5, 2015, ICE Clear Singapore received recognition as a third-country central counterparty clearing house in accordance with EMIR.

On October 26, 2015, we entered into a definitive agreement to acquire Interactive Data Holdings Corporation, or Interactive Data, a leading provider of financial market data, analytics and related trading solutions. The acquisition is valued at \$5.2 billion, including \$3.65 billion in cash and \$1.55 billion in our common stock. The acquisition builds on our global market data growth strategy by expanding the markets served, adding technology platforms and increasing new data and valuation services.

Interactive Data is one of the world's leading providers of financial data, serving the mutual fund, bank, asset management, hedge fund, securities and financial instrument processing and administration sectors. Our data business currently spans nine asset classes across the eleven exchanges and seven clearing houses we operate, including the NYSE Group and ICE Futures exchanges. We also offer benchmark and valuation services for Libor, exchange traded funds, a range of financial derivatives, and clearing house positions. The combined company will offer customers efficiencies in accessing data on an integrated platform while serving the growing demand for data, analysis, valuation and connectivity globally.

The transaction is valued at \$5.2 billion, based on the 10-day volume weighted average price of our common stock on October 23, 2015. The aggregate number of our common shares offered is 6.5 million shares, and up to 2.2 million additional common shares based on a sliding scale from \$179.07 to \$238.76 in the event that our weighted average stock price over a specified period leading up to closing is less than \$238.76.

Financial Highlights

The following summarizes our results and significant changes in our financial performance for the periods presented (dollars in millions, except per share amounts):

	Nine Months Ended September 30,			Three Months Ended September 30,			
	2015	2014	Change	2015	2014	Change	
Total revenues, less transaction-based expenses	\$2,463	\$2,292	7 %	\$816	\$745	10 %	
Total operating expenses	\$1,131	\$1,244	(9) %	\$376	\$415	(9) %	
Adjusted operating expenses ⁽¹⁾	\$1,001	\$1,048	(5) %	\$337	\$344	(2) %	
Operating income	\$1,332	\$1,048	27 %	\$440	\$330	33 %	
Adjusted operating income ⁽¹⁾	\$1,462	\$1,244	18 %	\$479	\$401	19 %	
Operating margin	54 %	46 %	8 pts	54 %	44 %	10 pts	
Adjusted operating margin ⁽¹⁾	59 %	54 %	5 pts	59 %	54 %	5 pts	
Other expense, net	\$70	\$53	32 %	17	17	(1) %	
Income tax expense	\$340	\$284	19 %	\$113	\$90	25 %	
Effective tax rate	27 %	29 %	(2 pts)	27 %	29 %	(2 pts)	
Net income from continuing operations attributable to ICE	\$904	\$682	33 %	\$306	\$216	41 %	
Adjusted net income from continuing operations attributable to ICE ⁽¹⁾	\$990	\$811	22 %	\$323	\$267	21 %	
Income (loss) from discontinued operations, net of tax	\$—	\$11	n/a	\$—	\$(10)	n/a	

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Net income attributable to ICE	\$904	\$693	30	%	\$306	\$206	49	%
Diluted earnings per share attributable to ICE common shareholders from continuing operations	\$8.10	\$5.93	37	%	\$2.76	\$1.89	46	%
Adjusted diluted earnings per share attributable to ICE common shareholders from continuing operations ⁽¹⁾	\$8.87	\$7.04	26	%	\$2.91	\$2.34	24	%
Cash flows from operating activities of continuing operations	\$890	\$922	(3)	%				

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(1) The adjusted numbers in the table above are calculated by excluding items that are not reflective of our cash operations and core business performance, net of taxes, as applicable. As a result, these adjusted numbers are not calculated in accordance with GAAP. See “- Non-GAAP Financial Measures” below.

Total revenues, less transaction-based expenses, increased \$171 million and \$71 million for the nine and three months ended September 30, 2015, respectively, from the comparable periods in 2014, primarily due to increases in the data services fee revenues, listing fee revenues, Brent crude, and other oil futures and options transaction and clearing revenues. These increases were partially offset by decreases in certain interest rate futures and options transaction and clearing revenues compared to the prior year periods. See “- Revenues” below. Also offsetting the revenue increases were the impacts of a strengthening U.S. dollar on our foreign currency exchange rates (primarily for those revenues billed in pounds sterling and euros), which reduced our revenues by \$45 million and \$11 million for the nine and three months ended September 30, 2015, respectively, from the comparable periods in 2014. See Item 3 “Quantitative and Qualitative Disclosures About Market Risk - Foreign Currency Exchange Rate Risk” below for additional information on the impact of currency fluctuations.

Total operating expenses decreased \$113 million and \$39 million for the nine and three months ended September 30, 2015, respectively, from the comparable periods in 2014, primarily due to decreases in acquisition-related transaction and integration costs (related to lower NYSE integration costs) and decreases in professional services expenses (related to the reduction in professional services and contractors at NYSE). These decreases were partially offset by increases in depreciation expenses compared to the prior year periods primarily due to fixed asset additions relating to the NYSE integration and real estate expenditures relating primarily to the Atlanta and New York headquarters. See “- Operating Expenses” below. Operating expenses also decreased due to the impact of a strengthening U.S. dollar on our foreign currency exchange rates (primarily for those operating expenses incurred in pounds sterling and euros), which reduced our operating expenses by \$13 million and \$3 million for the nine and three months ended September 30, 2015, respectively, from the comparable periods in 2014.

During the nine months ended September 30, 2015, we incurred \$15 million in various litigation settlements and accruals, including the ATG/ATS arbitration proceeding, which was recorded in other expense, net. Refer to note 9 to our consolidated financial statements above for additional information on the ATG/ATS arbitration proceeding.

Variability in Quarterly Comparisons

The business environments in which we operate directly affect our results of operations. Our results have been and will continue to be affected by many factors, including the level of trading activity in our markets, which during any period is significantly influenced by general market conditions; competition; our market share; our acquisition activities and the pace of industry consolidation; broad trends in the brokerage and finance industry; price levels and price volatility; the number and financial health of companies listed on our cash markets; geopolitical events; weather and disasters; real and perceived supply and demand imbalances; availability of capital; changing technology in the financial services industry; our reputation; and, legislative and regulatory changes, among other factors. In particular, in recent years, the business environment has been characterized by increasing competition among global markets for trading volumes and listings; the globalization of exchanges, customers and competitors; market participants’ demand for speed, capacity and reliability, which requires continuing investment in technology; and, increasing competition for market data revenues. Price volatility increases the need to hedge risk and creates demand among market participants for the exchange of risk. Market liquidity is one of the primary market attributes for attracting and maintaining customers and is an important indicator of a market’s strength. The maintenance and growth of our revenues could also be impacted if we face increased pressure on pricing. Changes in these and other factors could cause our revenues to fluctuate from period to period and these fluctuations may affect the reliability of period to period comparisons of our revenues and operating results. For additional information regarding the factors that affect our results of operations, see Item 1(A) “Risk Factors” included in our 2014 Form 10-K.

Revenues

Total revenues, less transaction-based expenses, exclude revenues related to discontinued operations for the nine and three months ended September 30, 2014. See "- Discontinued Operations" below. The following table presents our revenues, less transaction-based expenses, from continuing operations (dollars in millions):

	Nine Months Ended September 30,			Three Months Ended September 30,				
	2015	2014	Change	2015	2014	Change		
Revenues:								
Brent crude futures and options contracts	\$199	\$166	21	%	\$65	\$62	5	%
Natural gas futures and options contracts	147	141	4		46	44	2	
Gasoil futures and options contracts	69	61	12		24	20	17	
Other oil futures and options contracts	86	70	22		27	25	8	
Power futures and options contracts	59	57	4		17	18	(2))
Emissions and other energy futures and options contracts	42	54	(21)	)	13	15	(7))
Sugar futures and options contracts	87	79	11		30	26	15	
Other agricultural and metals futures and options contracts	76	73	4		23	22	6	
Interest rates futures and options contracts	149	215	(31)	)	43	60	(27))
Other financial futures and options contracts	103	90	12		38	28	25	
Credit default swaps	115	122	(6))				