

Edgar Filing: Intercontinental Exchange, Inc. - Form 10-Q

Intercontinental Exchange, Inc.  
Form 10-Q  
November 04, 2014

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, 2014

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

Edgar Filing: Intercontinental Exchange, Inc. - Form 10-Q

As of October 31, 2014, the number of shares of the registrant's Common Stock outstanding was 112,707,217 shares.

---

INTERCONTINENTAL EXCHANGE, INC.  
 Form 10-Q  
 Quarterly Period Ended September 30, 2014  
 TABLE OF CONTENTS

PART I. Financial Statements

Item 1	Consolidated Financial Statements (Unaudited):	
	Consolidated Balance Sheets as of September 30, 2014 and December 31, 2013	<u>2</u>
	Consolidated Statements of Income for the nine months and three months ended September 30, 2014 and 2013	<u>4</u>
	Consolidated Statements of Comprehensive Income (Loss) for the nine months and three months ended September 30, 2014 and 2013	<u>5</u>
	Consolidated Statements of Changes in Equity, Accumulated Other Comprehensive Income and Redeemable Non-Controlling Interest for the nine months ended September 30, 2014 and for the year ended December 31, 2013	<u>6</u>
	Consolidated Statements of Cash Flows for the nine months ended September 30, 2014 and 2013	<u>7</u>
	Notes to Consolidated Financial Statements	<u>8</u>
Item 2	Management's Discussion and Analysis of Financial Condition and Results of Operations	<u>32</u>
Item 3	Quantitative and Qualitative Disclosures About Market Risk	<u>54</u>
Item 4	Controls and Procedures	<u>56</u>

PART II. Other Information

Item 1	Legal Proceedings	<u>57</u>
Item 1A	Risk Factors	<u>58</u>
Item 2	Unregistered Sales of Equity Securities and Use of Proceeds	<u>58</u>
Item 3	Defaults Upon Senior Securities	<u>58</u>
Item 4	Mine Safety Disclosures	<u>58</u>
Item 5	Other Information	<u>58</u>
Item 6	Exhibits	<u>59</u>
	<u>SIGNATURES</u>	<u>60</u>

## 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, 2014	As of December 31, 2013
Assets:		
Current assets:		
Cash and cash equivalents	\$638	\$961
Short-term investments	1,241	74
Short-term restricted cash and investments	314	277
Customer accounts receivable, net of allowance for doubtful accounts of \$1 at September 30, 2014 and December 31, 2013	446	482
Margin deposits and guaranty funds	46,527	42,216
Prepaid expenses and other current assets	212	249
Total current assets	49,378	44,259
Property and equipment, net	839	891
Other non-current assets:		
Goodwill	8,471	9,501
Other intangible assets, net	7,754	9,404
Long-term restricted cash and investments	230	161
Long-term investments	496	324
Other non-current assets	118	278
Total other non-current assets	17,069	19,668
Total assets	\$67,286	\$64,818
Liabilities and Equity:		
Current liabilities:		
Accounts payable and accrued liabilities	\$282	\$343
Accrued salaries and benefits	185	301
Deferred revenue	139	48
Short-term debt	1,889	1,135
Margin deposits and guaranty funds	46,527	42,216
Other current liabilities	315	299
Total current liabilities	49,337	44,342
Non-current liabilities:		
Non-current deferred tax liability, net	2,137	2,771
Long-term debt	2,247	3,923
Accrued employee benefits	320	412
Other non-current liabilities	458	433
Total non-current liabilities	5,162	7,539
Total liabilities	54,499	51,881
Commitments and contingencies		
Redeemable non-controlling interest	144	322



Equity:

Intercontinental Exchange, Inc. shareholders' equity:

Preferred stock, \$0.01 par value; 100 shares authorized; no shares issued or outstanding at September 30, 2014 and December 31, 2013	—	—
Common stock, \$0.01 par value; 500 shares authorized; 116 and 113 shares issued and outstanding at September 30, 2014, respectively, and 115 shares issued and outstanding at December 31, 2013	1	1
Treasury stock, at cost; 3 shares at September 30, 2014	(540	) (53 )
Additional paid-in capital	9,909	9,794
Retained earnings	3,000	2,482
Accumulated other comprehensive income	244	359
Total Intercontinental Exchange, Inc. shareholders' equity	12,614	12,583
Non-controlling interest in consolidated subsidiaries	29	32
Total equity	12,643	12,615
Total liabilities and equity	\$67,286	\$64,818

See accompanying notes.

Edgar Filing: Intercontinental Exchange, Inc. - Form 10-Q

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

	Nine Months Ended		Three Months Ended	
	September 30,		September 30,	
	2014	2013	2014	2013
Revenues:				
Transaction and clearing fees, net	\$2,190	\$899	\$708	\$280
Market data fees	304	121	1	