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Intercontinental Exchange, Inc. (ICE)

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Chairman & Chief Executive Officer

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Alexander V. Blostein
Goldman Sachs & Co.

MANAGEMENT DISCUSSION SECTION

Alexander V. Blostein
Goldman Sachs & Co.

Okay. Wonderful. So next I'd like to welcome everyone to conversation with Jeff Sprecher, Founder, Chairman and CEO of ICE in this order or any other orders, but lots of hats. Jeff, thank you again for being with us today.

QUESTION AND ANSWER SECTION

Alexander V. Blostein
Goldman Sachs & Co.

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And I thought I'd just kick it off with a bigger picture question. If we look at the share price today versus a year ago, it would seem like not a whole lot have changed, the stock is almost back in the same place. But clearly, 2014 was an incredibly busy year for you guys on multiple fronts. First year, with NYX integration being pulling the run rate, IPO of Euronext, multiple things in regulatory front, first moves on capital return, and the list is fairly long. As we look into 2015, maybe spend a couple of minutes on what your key priorities are for the business.

Jeffrey C. Sprecher
Chairman & Chief Executive Officer

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Well, first of all thanks for having me here, Alex. And it's nice to be here everybody. First, I would appreciate you recognizing how much work we did in the last year. It was amazing, and I am so proud of my colleagues for getting so much done so efficiently in meeting all the dates and deadlines that we set for ourselves which was not easy, particularly the spinout of Euronext which we took public in Europe on the exchange, and we announced, I guess just yesterday that we had completely sold out of the business at a very high price relative to our basis. So we are very proud of that.

Going forward, we still have a few more things to integrate. I bought a company called SuperDerivatives which is a very interesting quantitative analytical company. We bought a clearing house in Amsterdam, the Holland Clearing House. We are just getting ready to launch a new exchange and clearing house in Asia. And so we've got a lot on our plate that we've already announced. Secondly, we are a growth company, and we really target that we're going to have double-digit earnings growth for our investors, that's the standard that management here tries to hold itself to. And so we have a lot of business plans internally, levers to pull things to do to really continue our growth trajectory.

And lastly, the environment that we're operating in, the regulatory environment, particularly, and the environment for our customers is evolving and changing. So we have a lot of plans to stake. We have a Plan A, Plan B and then Plan C, and depending upon how things unfold in a regulatory arena, how we can be best there to serve our customers. So we really need for that to play – the regulatory mandates to play out, and then we can rollout various business plans that we have in the hopper.

Alexander V. Blostein
Goldman Sachs & Co.

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Makes sense. I want to pick up on that last point. You guys have multiple – you guys are unique, I would say, in the global exchange landscape. You have multiple clearing houses across multiple jurisdictions, and I think that's obviously part of your strategy as you see the world evolve. Given the fact that the regulatory landscape is still fairly uneven, spend a little bit of time maybe walking us through, how you think you will monetize these investments and the benefits of being across all these jurisdictions?

Jeffrey C. Sprecher
Chairman & Chief Executive Officer

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We hit the nail on the head. The regulatory environment is fairly uneven. And so what's happened is that while global regulators are working together and trying to harmonize the way they regulate the business around the world, the reality is, each regulator is subject to its own legislature, its own rule making, its own views on how the business should evolve. And they're not identical. And so what we're seeing is our customers, particularly our large global customers, are having to think about how they organize their businesses going forward because regulators are taking to a large degree global companies and global products, and they want to regulate them locally, or the part of the company or the product that they think most affects the local regime. So there is some bifurcation going on of these markets.

And what we have set up to do as you've mentioned is we have clearing house in Canada, the U.S. or joint venturing in the construction of one in the Brazil. We have one in the UK. We now have one in Continental Europe, and we have one in Asia. So we feel like we're well-positioned to be where our customers may want to hold their risk. If you ask our customers today, they can't exactly tell you where they think they're going to be because it's changing so quickly and all the rules are not known, but there is a sense that there is going to be movement of business and positions and that's why I positioned the business to be there.

Alexander V. Blostein
Goldman Sachs & Co.

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Staying under regulatory backdrop for a second, recently there has been more chatter and active dialogue with the regulators, whether it's the SEC, or it's regulators in Europe, or frankly even some of the politicians talking about how the clearing house is obviously very important institutions and how they may require ultimately carrying more capital and more skin in the game. You've spoken around similar issues in the past, the need to kind of have a more standardized approach, a more standardized liquidity task for various clearing houses. Maybe spend a minute on what we think that means, how the landscape will shake out, and where does ICE stand on that issue.

Jeffrey C. Sprecher
Chairman & Chief Executive Officer

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Well, first of all, underlying that following in our earlier conversation, we believe there is going to be a dramatically increased movement of business into clearing houses, which is why we've been positioning them around the world. And so as there are increased positions in clearing houses, there's going to be increased capital in the clearing house to manage those positions. And one of the debates going on right now is whose capital or what is the allocation of various people's capital in the clearing house.

And there's no question that the industry has relied on bank balance sheets for many, many years. But these banks were providing their balance sheet to manage risk because they were also trading and making money on their trading business. And as an accommodation to their customers, they then provided balance sheet to manage that risk going forward.

As the trading businesses come out of banks through regulatory reasons and reorganization reasons and as the spreads narrow, it's going to be more expensive for a bank to provide balance sheet even if everything was equal. And then you add on top of that Basel capital rules and local capital rules that are going to make balance sheet more expensive, and you're starting to see a pain point in the use of that balance sheet.

So I think that there will be other kinds of capital that are going to make their way into the clearing infrastructure that are not going to be as reliant on banks, and it's going to create opportunities for third parties that want to put up capital against risk and earn a return for doing that.

And so I think clearing houses may put up some more capital. I think the capital markets themselves may create vehicles to put up more capital. And I think the banks and, particularly, banks like your company and other major banks that are major actors in this business are talking to us privately about new models and new ways that we can allocate the risk and the capital against those, so that we don't impede the velocity of trading and the volume of trading that goes on in the world and that we can seamlessly lubricate that for the end user.

So I'm excited about it. I like the fact that this debate is coming. I think it's creating opportunities for us. I don't shy away from it. We're not writing any white papers or things that say we shouldn't be doing. I think the industry should be embracing the change and working to figure out its long-term capital needs. I think it's a great opportunity for my shareholders in the long run.

Alexander V. Blostein
Goldman Sachs & Co.
Q

I think it's still fair to say we're pretty early in that process still, but do you think there's a private solution that as to your point between various banks and all the market participants that could come out ahead of the regulatory move, or do you think it's going to be more simultaneously?

Jeffrey C. Sprecher
Chairman & Chief Executive Officer
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I do actually because the Basel rules start to get kind of tough about 2017 or so, so just taking bank balance sheet. You also had – in my industry, there were some non-bank providers of clearing and risk management services, the largest being MF Global, which is now gone. And so there's kind of a void in non-bank market participants. And so there's not a ready alternative if banks were to withdraw balance sheet from the market where it would go. So really some things need to be included, and I don't think the market's going to wait till 2017. And that's why if you read the press in my industry, you'll start to see lots of kind of headline conversations about this, most of which are shocking-type conversations. But really what's underneath that, if you peel it back, is opportunity for new ways of doing business to come into our market.

Alexander V. Blostein
Goldman Sachs & Co.

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Makes sense. Dovetailing on, I guess, the regulatory backdrop but bring it a little bit closer to your core business, I want to spend the next maybe 10-plus minutes to talk about the energy business. And I really want to start with this whole dynamic with dealers. Obviously, exiting some of the physical commodity businesses, we've seen that take shape over the last year plus, two years.

Jeffrey C. Sprecher
Chairman & Chief Executive Officer

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Right.

Alexander V. Blostein
Goldman Sachs & Co.

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I think you've mentioned in the past that that's probably having some impact on the commodities markets, your own markets and specifically derivatives volumes that we're seeing in your marketplace. These players are being replaced by other non-bank participants, and it feels like we're still sort of in that transition. So just curious to get your perspective on what inning are we in within that transition? How much do you think has actually been a headwind to volumes? And do you think that will start to get incrementally easier, as it feels like these decisions are pretty much been made from in most cases?

Jeffrey C. Sprecher
Chairman & Chief Executive Officer

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Yeah. So it's an interesting transition that you mentioned is going on. There's a group of, I'll call them [indiscernible] (10:43) merchant companies that exist in the energy and commodity trading business that many of which are private. They're not necessarily household names. They're names that we in the industry knew, but outside of our business, you would have never heard of. Many are non-U.S. players, by the way, located in Switzerland, and all around the world, and sort of pockets of where there are commodities. They're buying these bank assets. And so the assets themselves are still – the infrastructure is still in the market. And so in that sense not really changing the environment, but what is changing is banks obviously have very deep and long-standing relationships with ultimate end-users. And these merchant companies that don't have brand names are really having to step up and to form these new relationships around the assets that they're acquiring.

It will take them some time to build credibility and just to find the relationships and sustain them, but they're providing the intermediary services that you would have traditionally thought of as a bank doing, over time I think they will grow. And I recently met with a CEO of one of these companies who I've known for many years. And we were kind of smiling about how my company was nothing really 10 years ago and his company was really nothing 10 years ago, and both of us have ridden this change, and he is really, as a merchant and intermediary, becoming very well run, very professional organization as has mine. So this is not an overnight transition, it's been happening in the background, but being somewhat accelerated and made more public by regulation.

I think the other thing that's going on – so to give you a direct answer, it's very hard, you overlay that regulatory change with just a lot of change going on in the energy market infrastructure. I mean, we've seen now just in the last week or so that OPEC may – there is a question, whether OPEC really is a stabilizing force in the price of oil in the world? And so I think it's always been taken for granted in the last since I was an adult that they would manage the tail risk, the extreme risk on either way, but it's not necessarily clear that that's the case, which means, in our minds there's going to be more hedging activities that are going to be needed in the market.

Similarly in the natural gas markets in the United States, for example, with shale gas it's a completely different sort of risk management infrastructure that is needed. Our whole risk management infrastructure in the U.S assume that natural gas started in Louisiana and then moved through pipelines to the Northeast and Midwest and over towards the Rockies. And that kind of spider of pipelines, is honestly, much of it is running backwards now as we found gas in Pennsylvania, and in the Western U.S. And so the hedging tools and the techniques that were used in the past, haven't worked in some cases, and the market is sort of still feeling its way through that. So you couple a different intermediary structure with different needs that are needed right now in hedging, and so it's been a very interesting few years.

I think ultimately what we have seen is, is more products have become standardized, listed and cleared and listed on exchanges. We talk about that trend by the way a lot hypothetically, when is it going to happen in financial derivatives, which is what regulators are mandating, but we have a class of products, that literally are hundreds of products that come out of a barrel of oil. These are all the products that refiners make, and there are hundreds of them. And if you look at that business, it's moved out of the telephone by appointment only trading market onto electronic platforms and into clearing houses listed standardized, and it's really now quite a big and lucrative part of my company's energy business. There was no regulatory mandate to do that. It didn't happen because people went to conferences and said we should do it. It's just been an organic movement of things to get standardized, listed and cleared in this sort of markets that regulators aren't paying that much attention to. So I do think that the trend is going to be that in the larger financial markets, notwithstanding that regulators are going to try to make that happen.

Alexander V. Blostein
Goldman Sachs & Co.

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Makes sense. So you touched on lot of things there. So we'll try to dissect I guess some of them. Oil price, you mentioned that, and obviously the dynamic we've seen in the space for the last...

Jeffrey C. Sprecher
Chairman & Chief Executive Officer

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By the way, you see how my brain works.

Alexander V. Blostein
Goldman Sachs & Co.

Q

Yeah. Well, I've been trying to know what exactly questions I need to cross off and then I realize I actually still have those same questions. So speaking of oil, so obviously huge move in oil. At the same time, we've seen a really nice ramp-up in your Brent volumes, open interest, I think [indiscernible] (15:45) again, and volatility – the pickup in volatility certainly helps. I think the question that a lot of investors ultimately struggle with is to understand, what's kind of like the medium term impact of oil at $60 on your customers? So on your end-users, which is still the majority I think of what people that use your exchange of the same hedging being entire lower, so maybe spend a minute on that.

Jeffrey C. Sprecher
Chairman & Chief Executive Officer

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Yeah. I think if you look at what the options market in oil is saying, you see the skew, where there are options written out with oil at $50 and there's options written out with oil at $150 a barrel going forward. So the market has this kind of, this skew of where the future price of oil is going to be, and a lot of divergent views on it, which means that there are always two views in a trade, one thing is going to go higher, one thing is going to go lower. And so I see a lot of divergent views right now. With this backdrop that I mentioned of, maybe we don't have an

OPEC that's going to somehow modulate that at least in the near-term. So we've seen as you can imagine the volume of hedging activity on our exchange go up. As an exchange, we actually don't care whether prices are moving up or down, it's the fact that we -- that they're moving, prices are moving at all that remind our customers that they should maybe hedge or lock in a price, if you will, if they have a view on what it's going to be in the future. So in that sense, these are good times for us. And when – also just anecdotally, when we have conversations with people privately about where do you think the price of oil is going to go, we get a different answer from everybody we talk to. So it's really quite interesting times right now.

Alexander V. Blostein
Goldman Sachs & Co.

Q

The debate definitely helps.

Jeffrey C. Sprecher
Chairman & Chief Executive Officer

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Yeah. Exactly.

Alexander V. Blostein
Goldman Sachs & Co.

Q

On the nat gas side, on the U.S. nat gas, I should say, has been a challenged product for you guys for the last couple of years given the excess supply and shale boom in the U.S. and lack of volatility. It feels like some of that is starting to stabilize, some of that of course is seasonal, but I guess if we just look at the open interest trends in nat gas, did you start to seem like – to sort of stabilize and actually start to grow a little bit? Are we closer to bottom there? You think we're through the structural kind of headwind and now it's more of about the cyclicality and the volatility?

Jeffrey C. Sprecher
Chairman & Chief Executive Officer

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Yeah. The biggest structural headwind that I think we're hopefully through is, as I mentioned, this natural gas in the U.S. is in different places than it used to be historically. And so the market hasn't wanted to create new benchmarks to use the hedge. It's using the old historical benchmarks. And what we unfortunately saw for our customers is that when we had real cold spells, natural gas tends to be volatile in hot and cold temperature. We had some real cold spells in this country, and some of the hedges that people had on to protect themselves didn't work because of the change in where the shale oil is and the way the basis trades work in our industry.

We of course said, well, why don't we work with you, the industry, to create some new hedging tools? And the industry really came back and said, we don't want to change. We want to just try to use the tools that exist here and see if we can figure out how exactly to adapt them. So we're now seeing an uptick in volumes again as we start to move into the winter heating season here in the U.S. and it's our hope that the market has – the collective wisdom of the market has sort of figured out how to hedge this shale gas risk.

Also, the natural gas market in the United States for people that like to write hedges was very predictable and that it really was – it's a supply and demand driven, very physical market, and people that had good predictive tools on both supply and demand could very accurately predict the price and the futures market really highly correlated and with ultimately the spot market.

But this new shale has thrown a lot of models in predicting the supply into doubt. And so, again, I think people are starting to get their arms around how much shale do we have, what's the marginal price, where could it trade. And all of that is – those issues are being solved with the passage of time and all the work that's going on underneath that. So we'll see this – knock on wood, we'll get back to more predictable situation here, this cooling and heating season.

Alexander V. Blostein
Goldman Sachs & Co.

Q

Yeah, makes sense. Staying on nat gas but just going across Atlantic, European nat gas has been a very big success for you guys, not a huge contributor to earnings still but growing very nicely and I think up 100% or something like that both underlying volumes over last year. Where do you see that going and, more importantly, are there any parallels you think we can draw from the experience you had with more established products that you currently have and what could happen with European nat gas?

Jeffrey C. Sprecher
Chairman & Chief Executive Officer

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Well, European natural gas market itself is quite interesting because of the politics of Europe. After the Japanese tsunami, the Germans and others in Europe said we need to move away from nuclear power. And then in Europe, for those of you that spend time there, you know that there really is a movement towards climate change and preventing climate change. It's not a political movement, but it's really – the common citizen really wants its government moving towards renewables and non-polluting fuel, so there's been a backing away from coal-based power.

So you've got backing away from coal, backing away from nuclear movement towards renewables, natural gas becomes the cleanest fossil fuel that helps bridge that gap, and so you've seen an uptick in the demand, if you will, for natural gas. At the same time, the pipelines coming in from Russia are politically unknown, so a very interesting market from a supply and demand and pricing standpoint. As a result of that, again, you see people moving into hedging.

The trend that's quite interesting is that in Europe when they passed the EMIR legislation, which is their version of Dodd-Frank for Americans here, they exempted natural gas and power swaps from having any kind of a transparency or clearing mandate. But the trend is that those markets are becoming standardized, listed and cleared. So it's not a regulatory push, it's really just the market maturing those markets very quickly, and this movement towards clearing has a highly respected counterparty for the people that are in the business.

And at the same time, if you follow business, you've got utilities like E.ON and others that are sort of reorganizing. And typically those were the people with the really good balance sheets that were counterparties in this industry. And as those utilities are sort of changing their behavior, you just see the market wanting to accept their counterparty being the clearing house. And that's a trend that happened in the United States, there in the U.S. energy markets. My company and our biggest competitor both, we launched clearing, and then our competitor realized what was going on and quickly launched it as well, and the two of us have beat each other up in competition over the last 10 years. But what we've really done is we've moved the whole energy market almost globally into standard and cleared trades like two restaurants on opposing corners that were fighting for customers. We eventually convinced customers to come to that corner, if they want to eat. And so that same trend now it seems like is playing out in Europe.

Alexander V. Blostein
Goldman Sachs & Co.

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Makes sense. Switching gears little bit, I want to talk a little bit about your financial products and the opportunities you see there, again especially on the clearing side. So you made a number of steps this year with both SuperDerivatives acquisition and clearing house to put ICE on the map for interest rate swap clearing once the mandate kicks in Europe. Talk to us a little bit about the advantages and the disadvantages that ICE has going up against the competitors in that space.

Jeffrey C. Sprecher
Chairman & Chief Executive Officer

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Well, first of all, I think we've really focused on clearing. We started – we were not even in the business and we started in 2007, but since then we've really invested a lot. And then so we have really great models and I've hired a lot of quants, and we're kind of known for our technology. And at the end of the day, I think we really have the best clearing infrastructure in the world. It's young and built for modern times and accessibility. And so now, we've been setting that up, as I mentioned, and you pointed out in these various jurisdictions. So the first thing we have is, I think we just are good at it and I think we will convince many of you in the audience and others that we deserve your business, because I think we do a good job.

The second thing is we are looking at the financial markets. And so, we acquired NYSE Euronext and a big driver of that was to get the exchange called Liffe, which is in Europe, which is a European financial product exchange, and to be able to bolt those asset classes onto that clearing that you mentioned. But we've done some innovative things too. We bought the LIBOR index and we took over the administration of creating LIBOR. So we're at the heart now of the day-to-day conversations with the industry, particularly the large banks on the interest rate environment, and that's been quite interesting. We announced yesterday we licensed some intellectual property from a company called Eris.

Alexander V. Blostein
Goldman Sachs & Co.

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Everybody has got their own way to pronounce.

Jeffrey C. Sprecher
Chairman & Chief Executive Officer

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I know, it's really a play on IRS, interest rate swaps. But anyway, they had really interesting intellectual property that we've licensed now to use their methodology, to list the products that would appeal to OTC market participants both in credit and in interest rates. So we're attacking, you try and be innovative in the way we look at that business in both location technology and product suite. And I think, we feel pretty good about where we've positioned the business ahead of regulatory mandates to actually use the services that we're building.

Alexander V. Blostein
Goldman Sachs & Co.

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On the CDS front, so you mentioned the recent licensing agreement, I think you guys have tried going after creating the CDS futures business, which didn't quite work for one reason or another. Now, licensing this agreement and licensing this technology really in a solution, is that – does that solve the problem essentially and – because it does feel like there's a need for a liquid standardized CDS product which hasn't really taken shape? And with less liquidity [indiscernible] (27:08) from the dealers, something like that could be pretty welcomed.

Jeffrey C. Sprecher
Chairman & Chief Executive Officer

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Yeah. It's interesting about the credit markets as for those of you that trade bonds, there's been this obviously uptick in trading over the last few years of bonds. And then you've seen people like BlackRock come out and say, well, wouldn't it be nice if we could standardize all the bond issuance. And that's really because in my mind, it's a credible idea, but difficult to do in the cash market, if you will, in the spot market because normally you have a derivative product that is standardized and that takes the place of doing, trying to do it in the cash market, in other words we just talked a lot of trading oil futures, well, the reality, the oil business is tankers going to million places, coming out of different derricks, and the grades are all slightly different, the refineries have a different draft where the ship can show up, and this pipeline goes here and not there. So the cash business in oil is ugly, and so rather than try to trade that market there the market created a derivative, in this case a futures contract.

And I think the same thing needs to happen in credit, although the counter market created the credit default swap which served its purpose for a while, but it is a complicated product, that's not particularly well liked, a lot of the models didn't perform well during the financial crisis. And so we believe that there is a market for a credit future, a standardized credit product that would be, and maybe I should say, a series of standardized credit products that would serve the needs of hedging credit risk. We try to do a credit default swap, as you mentioned Alex, a few years ago. The product wasn't right, the timing wasn't right, we continue to chip away at it. We do think the Eris product may solve some of that gap, we also have been working with the industry on yet another idea.

A lot of this gets complicated by regulation, who would regulate this product, how does it meet the Basel requirement, what is it mean if it goes on somebody's balance sheet, how does it actually expire if you hold the contract in the term. And the details of doing that in credit are pretty complicated. But I do think we have more domain knowledge than anybody in this area we've been working on it the longest, and I feel like we'll crack the nut, and maybe we just did yesterday with the Eris license patent that we licensed.

Alexander V. Blostein
Goldman Sachs & Co.

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Understood. Switching gears a little bit, you mentioned administration LIBOR is one of your newly added responsibilities, but also hopefully a revenue opportunity for the company. But broadly speaking, you guys have done a number of different things in market data recently. Obviously, maybe this is one angle to it, but multiple ways to monetize that. But you have LIBOR, you have is the fix in gold, you've got obviously SuperDerivatives. Help us understand collectively how this assemblage of assets create an opportunity for you guys to monetize market data?

Jeffrey C. Sprecher
Chairman & Chief Executive Officer

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Yeah. So a lot of it has just been our mindset. When I started the company with a couple of colleagues, we wanted to move trading from analog to digital on a screen, that was in year 2000, and which now seems ancient, it seems so obvious now, but that was a big deal then. And then we moved into, as I mentioned 2007, we started moving into clearing, which has really been a big initiative.

More recently, what we've seen is obviously that many of you in the audience know that the movement of money management against indices and which has been a trend for a number years, but we have all kinds of indices in my company and all kinds of data in my company. We organized it for trading and then ultimately for clearing. And we never really organized this for just being the provider of indices.

But given that trend and given the valuations of many of our peer companies in that area, we started to focus on it. And lo and behold, we went out and we were able to buy the LIBOR index, bought the thing outright for £1, which is a massive, massive index, tens of thousands of people that license that index.

And so it's forced us to really build a business to – we need people to administer tens of thousands of licensing agreements and tens and thousands of invoices and all the conversations and everything that goes on around that.

So we're building effectively an index, business and company, and then we're looking at all of the intellectual property that we have around the company of which there's a lot and how we should reorganize that internally so that to investors and customers that one can see everything that we have in the store front.

And I do think – I think it's a real opportunity. It's kind of a third leg to the stool of trading, clearing and data. And so, as you mentioned, I did buy this company, SuperDerivatives, which has deeply quantitative skills in analyzing data but also then a screen that disseminates data, and so it gives us a front end that we can take our product to our customers with. So it's a big opportunity for us, no question, and it's one we're focused on.

Alexander V. Blostein
Goldman Sachs & Co.

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Great. Well, maybe one more question from me and I'll turn it over to the audience. So things that we've heard from you today and, frankly, the message we've heard from you for the last couple of years has been growth around clearing and derivatives and market data. And then, of course, you guys do own NYSE legacy cash equities business, running options business. Help us understand maybe how does that business fit into a strategic vision for ICE over the next few years, and under what conditions you would be willing to part with that business?

Jeffrey C. Sprecher
Chairman & Chief Executive Officer

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First of all, you call that a legacy business. We think it's a young exciting thing. Tom Farley, who's a long-term colleague of mine, we've put now in charge of it and he's a young energetic guy. And so we're putting a new face on that company, for sure.

Look, at the end of the day, what we promise our investors is that we're a growth company. And when we say growth, we mean growth in earnings. And we really believe we can grow earnings out of the New York Stock Exchange. We have done it already by cutting costs, streamlining the business, reorganizing it, revisiting pricing. And right now we're making a huge investment, a huge amount of energy, at least, into the investment of all new technology to replace all the legacy systems inside the NYSE that will make it even easier and simpler and cheaper to operate better I think experience for our end users.

So, I like the company. I think it actually may be the fastest earnings growth business of everything that we operate. And partly because it is – started in 1792 and it has vestiges of bad habits from years past that a new owner like us is able to go in and revisit decisions and take a fresh look at it.

But I don't know, we also have a fabulous – part of that is a fabulous listings franchise. It's where I chose to list this company ICE when we went public. I think I'm a good spokesperson for the value of listing on the NYSE. And we have really been knocking the cover off the ball in the world of listings that we – not only our U.S. competition but globally from – we were competing with Hong Kong and London and Brazil, and we are really getting the global capital raising coming back to the U.S. to the New York Stock Exchange, all of which is a fee-paying business and a virtuous business for us and is contributing to the bottom line.

So how long will I own a business? I mean, I'm not wedded to any business that we have. I'm wedded to providing earnings growth for our shareholders and value-added for our customers. And when we don't do that anymore, we will spin things off. As you probably know, I mentioned I spun NYSE, Euronext business out, which is the French, Dutch, Portuguese and Belgian stock exchange. It's not like we don't know how to run exchanges; we do. I just felt that we weren't going to be able to add much growth in either cost-cutting or top-line revenue growth to those businesses, and it would be better owned by others. And so, we're not afraid to exit businesses where we think we've performed our magic and should move on. But for now, that is a really great EPS growth company.

Alexander V. Blostein
Goldman Sachs & Co.

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Makes perfect sense. Great. Maybe a question from the group.

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So, Jeff, staying on the growth topic, I'm just curious, if we don't go back to what I would describe as kind of the hyper growth in financial services generally that we had prior to 2008, when you look at the organic opportunity for yourself versus the potential M&A opportunities. I'm just curious if there's a way that we should think about how you achieve your growth targets, i.e. what percentage of that might be organic versus M&A, and maybe as part of M&A you can just further elaborate, I assume that New York Stock Exchange experience has been a reasonably good one in terms of it meeting your expectations, et cetera.

Jeffrey C. Sprecher
Chairman & Chief Executive Officer

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Yeah. So first of all, I'm the founder of the company as Alex mentioned and started it with a handful of people, and we're all still together, and we like running small entrepreneurial, really dynamic companies. And so we don't want to be big. So we've never bought anything because we want to be big. In fact we've done, as I mentioned, just the opposite shed businesses because we don't want to be big. So the only way we think about M&A is, is there some place that we need to get that we could accelerate by buying somebody, or is there some way that we could have a higher return on investment by buying a business that's either troubled or poorly positioned or is going through a transition where we think we have the skills or tools or distribution to fix it.

And so those opportunities come along, they tend to be opportunistic and timing driven. But otherwise what we think about is where can we stick our capital that will give the highest return. So we publish a return on invested capital metric every quarter to our investors, we have it internally, we give it to our board, and we drive all of our decisions through that metric, which is not something done in my industry honestly because a lot of my competitors have wanted to have scale even though at shareholder cost. But I don't, I'm just the opposite, I don't want to have scale, I really want to have high returns. And so we buy our own shares back, we have been doing that lately, aggressively because we ran our own stock through our ROI models, and say, this is a good buy right now.

And so that's kind of how we think about it. Every day we balance, where is the highest return of capital. And we're in a fortunate environment where we're generating a lot of cash. So we have the luxury of visiting that decision every day. And I would also tell you that with, I ticked off the geographies that we're in now, so we really have scale in terms of global distribution when you think of all the areas that we are in. So I don't necessarily need to buy distribution any more.

Alexander V. Blostein
Goldman Sachs & Co.

Great. Well, I think we are right about out of time. Thank you everybody.

Jeffrey C. Sprecher
Chairman & Chief Executive Officer

Great. Thank you all.