MANAGEMENT DISCUSSION SECTION

Operator: Please stand by. Good day and welcome to the IntercontinentalExchange Third Quarter 2010 Earnings Conference Call. Today's call is being recorded. And now at this time, I'd like to turn the conference over to Miss Kelly Loeffler. Please go ahead, ma'am.

Kelly Loeffler, Vice President, Investor Relations & Corporate Communications

Good morning. ICE's third quarter earnings release and presentation can be found in the Investor section of our website at theice.com. These items will be archived and our call will be available for replay.

Today's call may contain forward-looking statements. These statements represent our current judgments and are subject to risks, assumptions, and uncertainties. For a description of the risks that could cause our results to differ materially from those described in the forward-looking statements, please refer to the company's SEC filings, including Form 10-Q and Form 10-K. In our earnings materials, we provided our reconciliation of non-GAAP financial measures, as well as an explanation of why we deem this information to be meaningful and how management uses these measures. These adjustments reflect certain charges that we believe are not reflective of normal operating performance.

With us today are Jeff Sprecher, Chairman and Chief Executive Officer; Scott Hill, Chief Financial Officer; and Chuck Vice, President and Chief Operating Officer. I'll now turn the call over to Scott.

Scott A. Hill, Senior Vice President and Chief Financial Officer

Thanks, Kelly. Good morning, everyone, and thanks for joining us today. We're pleased to have delivered another solid quarter and to provide an update on our strategic initiative. Our continued strong performance is driven by our global reach, product diversification and investment discipline. Together with an innovative customer focus culture, we continue to develop solutions relied upon by our industry under a dynamic financial services and risk management backdrop.

I'll start this morning on slide four, where I'll recap the first nine months of 2010. Please note that the numbers discussed this morning refer to our adjusted operating results, which we believe are more reflective of the performance of our business.

In the first nine months of this year, revenues increased 17% and adjusted expenses rose just 6%. This operating leverage enabled a 28% increase in adjusted net income attributable to ICE. Our operating cash flow also grew significantly through the first nine months, up 25% year-over-year.

ICE's revenue growth reflects the rising demand for commodities, particularly from emerging economies, and the clearing and risk management services we offer our customers. These are fundamental elements of the business model we have constructed to enable us to consistently generate strong return for our shareholders.

Let's move to slide five and discuss our third quarter results. Consolidated revenues grew 12% to $287 million over last year's third quarter. Consolidated net income attributable to ICE was $96 million. On an adjusted basis, net income attributable to ICE grew 21% versus 3Q '09. Diluted earnings per share grew 20% to $1.42. Our positioning in the global commodity markets continues to generate strong volume and revenue expansion and our investments in CDS clearing are now contributing to our bottom line. Even in advance of regulatory implementation, we are live with a profitable business.

Importantly, our disciplined approach to expenses once again enabled us to grow the bottom line faster than the top line, even as we integrated our latest acquisition and continue to invest in our key strategic initiatives.

While I do not usually spend a lot of time talking about our tax rate, I'm sure you note that it was 32% in 3Q and has been at or below the low-end of our guidance range all year. Some of the improvement relates to cleanup of prior acquisitions and efforts to improve the efficiency of our tax structure. The more fundamental driver, though, is the continued strong growth of our business outside the U.S. We run global operations and serve global customers in local jurisdictions. We have screens distributed in over 70 countries. We offer trading of commodities and clearing services that are globally relevant.

In short, we have built perhaps the most global derivatives exchange. And one important benefit of this model is that as we continue to invest and grow in these lower tax jurisdictions, we are able to generate higher net margins and better overall returns. We expect this trend will continue.

Therefore, we believe that we will sustain a tax rate between 32 and 35% for the foreseeable future, a significant improvement from our prior guidance, which reflects our global business. It may seem like a minor point, but improving our tax rate over the long run is yet another means of enhancing shareholder return.

Turning now to slide six, I'll walk through the components of our revenue and expenses. Third quarter transaction and clearing revenues increased 12% to $256 million. Our OTC segment contributed $132 million and our Futures segment contributed $125 million. Our Market Data business achieved record revenues of $28 million for the quarter.

On the expense side, third quarter operating expenses of $136 million included transaction and severance charges related to our acquisition of the Climate Exchange, or CLE. On an adjusted basis, operating expenses of $123 million increased 6% versus 3Q '09. All of the increase was contributed by the integration of CLE in 3Q. Adjusted operating margin improved to 57% compared to 55% in the third quarter of 2009. Non-brokerage operating margins were 63%.

With regard to Creditex, we continue to deliver improved operating efficiency, even as we maintain our leadership position in our key products. We saw this benefit again in the third quarter, which enabled us to reduce our compensation expense line and provide improved guidance for the balance of the year.

Starting on slide seven, I'll walk through our key business segments. In our global futures business, consolidated transaction and clearing revenues grew 20% year-to-year to $125 million. Average daily volume for Q3 also grew 20% to 1.3 million contracts. For ICE Futures Europe, numerous articles continue to highlight an increasing commercial preference for Brent Crude as the global benchmark for light sweet crude oil.

Also our Gas Oil contract, which is European heating oil, is rapidly becoming a global benchmark for the refined oil market. Each of these contracts has seen not only strong volume growth, but also strong growth in open interest. This has contributed to an overall 25% year-to-year increase in OI at ICE Futures Europe through October.

In our European emissions futures market, where we completed the acquisition of the Climate Exchange in July, volume increased a healthy 15%. We're pleased with the leadership that the ECX products have in the very nascent, but competitive, European environmental market. In terms of our guidance on the CLE transaction, now that we have a final view on the purchase accounting, we are maintaining our 2010 guidance and are pleased to note that we expect the transaction to be modestly accretive in 2011.

With regard to our agricultural market, we saw an 8% increase in volumes year-to-year in the third quarter as hedges returned due to continued growth in demand for commodities, rising volatility and increased crop production. September ag volumes were among the strongest in more than two years. One of the many recent Wall Street Journal articles on commodities pointed out that the recovery in the U.S. commodity sector is being seen in advance of that of the broader economy and largely due to exports to emerging economies such as China and Brazil. And we've seen healthy open interest in these markets up 15% in October compared to September.

I also want to highlight the healthy performance in our financial futures market, with 11% growth in our Russell Index contracts in the quarter, despite the decline in U.S. cash equity market volume. Also, volume in our U.S. Dollar Index contracts nearly tripled from the prior third quarter on strong FX volume trends globally. Given all of this, our futures exchanges achieved record ADV for the month of September, [audio gap] totaling 1.5 million contracts, an increase of 27% year-to-year. While we report on our October volumes tomorrow, our preliminary October volumes are up about 24%. Open interest is up at each exchange and we continue to lead our sector in terms of volume growth.

Moving now to slide eight, I'll review our OTC business. Third quarter performance was driven by record OTC energy volume. Transaction and clearing revenues for the segment increased 5% to $132 million for the quarter. Average daily commissions increased 9% to $1.4 million per day. While volatility in natural gas was about a third of last year's levels and well below 2Q levels, nat gas revenue was up 18%. This lack of volatility, however, did impact our power business, causing revenue to decline versus 3Q '09.

We continue to see a solid base of business in North America and we continue to add new users to our OTC market. Notably, our global oil swaps business continues to exhibit strong growth enabled by the addition of clearing. While oil revenues comprised a relatively small share of our total OTC energy commissions relative to gas and power, that number has nearly doubled in just two years. We believe there is room for significant growth based on the activity we see in the global oil markets today. In October, average daily commissions are once again expected to be around $1.4 million.

Turning now to our credit derivatives business, revenues were $42 million versus $43 million in last year's 3Q. The decline came from CDS execution, which continues to operate in a soft market. However, 57% of Creditex revenues of $25 million were driven by electronic transaction services. The growth in Creditex's electronic revenues, which is up from 45% in the second quarter of this year, highlights a couple of points. First, with the Creditex trading platform and post-trade automation, we're well positioned as the rules around financial reform take shape. Second, despite a decline in the credit derivatives activity following the financial crisis, we've stabilized margins as a result of automation, while maintaining our market share due to a high level of service from our hybrid model. While it's difficult to predict when the CDS markets will improve, we're active in the discussions around the evolving credit derivatives landscape and working with customers to strengthen our position for an eventual market recovery.

Moving to the discussion of ICE's global CDS clearing business, third quarter revenues increased 31% to $18 million, compared to 13 million in the prior third quarter. To date, we've cleared over $13 trillion in CDS. Today, we clear nearly 260 CDS products in the U.S. and Europe and we're working with the industry to add new products and enhancements. As an example, we are operationally ready to launch our European buy-side offering and clearing of Sovereign CDS pending regulatory approval.

Consistent with the full year guidance we provided earlier this year, we expect CDS clearing revenues in the range of 14 to $16 million during the fourth quarter. We're pleased with the progress that clearing houses have made in a challenging and competitive environment and expect to build on our global solution to drive further efficiencies and seize the opportunities we see in clearing.

I'll wrap up my section on slide nine by discussing some important measures of our ability to generate both near-term and long-term value for our shareholders. We like to highlight these metrics not only because they're good, but because they indicate that we enter new businesses with an eye toward growth and shareholder return. We maintain our competitive position by investing in initiatives that will enable us to reinvest in expanding our services.

Our returns on invested capital remain around 17%, which is very strong on an absolute and relative basis within and outside our sector. We profitably expanded into new OTC and futures market and invested in new clearing solution. While each investment features unique return profile, they all contribute to establishing our competitiveness, diversity and opportunity set.

In addition to the consistent net income growth we've shown here, we've also consistently grown operating cash flow since our formation a decade ago. We remain opportunistic and thoughtful about uses of cash. During the third quarter we completed two acquisitions, including the acquisition of CLE and today's announcement regarding TradeCapture OTC. We invested in technology and clearing and we repurchased $90 million of ICE stock. This is indicative of the flexibility we have to approach our cash decisions opportunistically based on return.

We ended the third quarter with $541 million in available cash, low leverage and good access to the debt market. There are a couple of updated guidance points in the earnings release and we filed our 10-Q this morning. I encourage you to refer to these items for further details on our performance and our business. And of course, I'll be happy to answer any questions during Q&A.

Jeff, over to you.

Jeffrey C. Sprecher, Chairman and Chief Executive Officer

Thank you, Scott, and good morning. I want to take a few minutes this morning to offer some perspective on our progress on the operational side of complying with regulatory reform. Then I'll update you on our positioning relative to the secular growth trends that we are levered to over the near and long term.

I spoke with you last quarter about some key aspects of financial reform legislation. And how we are positioned within a unique market and clearing infrastructure. The rule making is still underway in the U.S. and will continue over coming months and the European legislation is pending. While we don't have all the details, it's clear that these rules will call for increased regulation and transparency of all market venues. And as a result, will require substantial regulatory and reporting infrastructure.

I'd like to preview today our strong operational position as a result of the multiyear initiatives that we've undertaken to meet the increased standards for transparency and compliance. These are capabilities to keep in mind as you hear other companies talk about the formation of swap execution facilities, also coined as SEFs, in the coming months.

As we've mentioned in past calls, ICE prides itself on having developed one of the most flexible and modern technology infrastructures. While we like to talk about the fact that today we have the fastest trade execution times in the futures industry, what we rely on most as an operator of markets is our ability to maintain regulatory compliance to ensure confidence in our markets.

Our exchanges are self-regulatory organizations and subject to multiple regulators, so we have a very high standard for compliance today. Accordingly, we leverage our strength and technology to meet these requirements.

About three years ago, we began making extensive investments in leading compliance tools for our futures and for our over-the-counter markets. The first of these tools is a hardware system that sits alongside the database of our trading engine for both Futures and OTC. This processing and analytics technology allows us to query our database in parallel as trading is happening.

Our monitoring platform now does days worth of work in minutes. As a result, we have trade-date plus one, or T+1 compliance, across our markets. T+1 compliance is the backbone of best practices for compliance and regulatory reporting. We then developed a system known as Ice Cap that sits on top of these systems to generate highly customized reports to complement our market monitoring.

We share these reports with regulators on a regular basis and we've received a lot of positive feedback on our capabilities and the transparency we provide, particularly in the over-the-counter energy markets where these reports are being provided for the first time.

On top of this, we layer a couple of other key systems that are worth noting. Through our market surveillance application, we generate large trader reporting on a daily basis. While U.S. Futures Exchanges conduct this reporting, ICE's Futures Europe records its U.S. Link contract as the only non-U.S. exchange that's providing large trader reports to the CFTC for their commitments of trader report.

In our over-the-counter energy markets, we're the only swaps execution venue today regularly contributing to the CFTC large trader reporting system. We've worked extensively with regulators and our customers in swaps market to implement this level of transparency. Today, over 90% of the contract volume traded on ICE's energy swaps market are covered by significant price discovery contract requirement or SPDCs, which is essentially futures style regulation.

This includes the imposition of position limits, where ICE's swaps marketplace is the only venue providing inter-day reporting for the enforcement of position limits. As a result, ICE has been deemed to be in full compliance with the core principles for SPDCs required by the CFTC and which we ultimately expect to be similar to SEF requirements. To our knowledge, no other swaps execution venue today meets these core principles.

Another key system we've invested in is a critical component of market supervision. This is a surveillance tool that provides immediate access to the database of bids, offers and trades to allow rapid evaluation of market activity around each trade and price level. For example, the detection of activity around a price spike or monitoring the accumulation of trades. This system is particularly helpful in monitoring the activity of high frequency trading, given its immediacy and precision.

On the point of real-time monitoring, ICE has developed a number of innovations to support risk management on behalf of our customers. Our energy clearing house has, for more than a year, margined its inter-day positions in real time, marking positions to market at five-minute intervals and now calling for capital as necessary. This provides greater market security as prices move throughout the day.

While some of the discussion around financial reform has shifted from protecting against systemic risk to promoting competition, we note that the existing global central counter-party clearing system worked very well during the financial crisis. We believe regulators will be mindful of the operation of clearing houses during times of stress and carefully evaluate the trade-offs in permitting risks, standards and practices that are not as stringent.

Regulatory capabilities, risk management standards and technology investment are critical factors in operating a secure market and clearing infrastructure, and we believe these fundamentals will not be overlooked by regulators in striking a balance between competition and the reduction of systemic risk.

Similarly, increased systemic oversight is coming and we've experienced this first hand with our global OTC clearing infrastructure for credit derivatives. Today we operate ICE Trust, our CDS clearing house pursuant to regulation by the Federal Reserve. Together, the Fed, the SEC and the New York State Banking Department have put tremendously high standards in place for ICE Trust, which we believe will become the norm for systemically important clearing houses.

Both ICE Trust and ICE the parent company undergo Fed and SEC audits to confer compliance with rules and procedures. Similarly, earlier this year the Bank of England designated ICE Clear Europe, along with other clearing houses, as systemically important institutions. While the regulatory process can be demanding, we are already doing what we believe the law will ultimately require others to be subject to as well.

In terms of staffing to meet the demands of increased regulatory requirements for trading and clearing, we've added very senior, experienced market supervision and compliance experts to our teams in Chicago, New York, London and Atlanta. We also operate help desks that are well known in the industry for quickly troubleshooting and resolving issues.

Together, these compliance, surveillance and support teams work closely with customers and with nine regulatory agencies that oversee ICE's global operations today. As I mentioned, ICE Futures Europe has oversight by two regulators, both the FSA and CFTC, and that has been in place for a couple of years. So as financial reform calls for more layers of regulation, this is an environment in which we are already accustomed to operating.

There are several other areas within financial reform where we believe we have a model for best practices related to the design of our markets. The first is with regard to high frequency trading and the controls we have in place. As you saw around the May 6 market event, our futures exchanges were able to navigate as a result of the order types we accept, as well as the lack of market fragmentation. For example, in our markets orders submitted outside of reasonability limits are accepted, but not made tradable unless the market moves to bring them in within our limits. The price reasonability limits and other protections such as a maximum order size limit prevents the distortion of pricing, and helps ensure the integrity of markets, particularly in times of stress.

On the concept of direct market access, the ICE platform offers the same connectivity alternatives and trading methodology to all customers. This is consistent with our approach to providing a level playing field for all customers without preferential treatment at the connectivity or trading level. We also offer the same matching methodology to all of our market participants. In other words, we don't offer high frequency traders or market makers a biased special algorithm, while offering individual traders less sophisticated versions of our matching technology.

Related to our transparency in technology initiatives, this morning ICE announced the launch of ICE Mobile, building upon our announced acquisition of TradeCapture OTC. This application, which is now available in the Apple App Store, was previously known as Tap and Trade. This is the first real time mobile app for commodity market participants, upon which we will be building trading functionality as well. This service is representative of our unique ways in which we are leveraging technology to meet our customers' evolving needs for connectivity.

To wrap up on this point, I think you could see that we've invested millions of dollars in technology, systems and compliance staff over the past several years. And today we provide a great deal of transparency into the over-the-counter markets. As a result, our current expense run rate already reflects this infrastructure, that should enable us to quickly be in compliance with financial reform requirements for our clearing houses and our execution markets.

While we expect the rules in the U.S. and Europe to be implemented later in 2011 and into 2012, we're using these experiences today in working with customers to support their operations in the transition.

I will close my prepared remarks with a couple of slides on ICE's positioning in the global derivatives markets, which we believe is the key driver of our growth. On slide 10, the diversity of our business shown here has resulted in ICE having exposure across five product categories. The balance between revenues from our OTC and futures markets provides a broad platform to provide clearing and execution in a range of markets.

Strong participation by commercial customers in our markets is driven by the industrial relevance of our products, such as Brent Crude, gasoil and cotton, and it supports volume growth in a range of economic conditions.

Liquidity in our markets is also supported by the important participation of liquidity providers, such as funds, proprietary trading firms and algorithmic traders. And finally, the volumes we're seeing today are being driven by the strong demand for commodities, and an increased demand for risk management in all regions of the world. With energy and agricultural commodity prices being globally referenced benchmarks, ICE's products lead us into new geographies and to new customers.

As an example, Brent is used by as much as 70% of the global physical oil pricing across continents and it's growing. Today, crudes for Europe, Asia, Russia, the Middle East and Asia all price in relation to Brent. This is largely due to the ability to reflect global crude prices, but it's also Brent's physical flows being significantly larger than the size of physical flows of U.S crude.

One last fundamental I'll highlight is on slide 11. The positive trends in open interest across all of our markets position us very well. Despite what continues to be challenging time from a global economic perspective, the strong demand for commodities has resulted in consistency in our results. We have a global footprint as a result of our product set and while I think you'll continue to see ICE become more global, it will likely be through these commodity products and expanding the role of our clearing houses in the risk management activities of companies located around the world. With exposure to emerging market economies and the eventual economic recovery in Western countries, we see attractive secular growth opportunities over the long term.

I'd like to thank our customers for their continued business. And I want to recognize the ICE team for enabling us to remain a leader in technology, growth and innovation.

I will now ask our operator, Kathy, to moderate our Q&A session.

QUESTION AND ANSWER SECTION

Operator: Thank you, sir. [Operator Instructions] We'll go to the first caller from Howard Chen with Credit Suisse.

<Q – Howard Chen>: Hi. Good morning, Jeff. Good morning, Scott.

<A – Jeffrey Sprecher>: Good morning.

<Q – Howard Chen>: Trends in the quarter, energy business continued to grow really nicely. You've both spoken to the emerging market contribution. So was just hoping to get a bit more color there, whether it would be the pace in new customer signups or the contribution from the ex-U.S. business, really just trying to get a feel for how penetrated you think you are here?

<A – Jeffrey Sprecher>: Well, I think we're feeling pretty good in the sense that we caught the wind of a global commodity trend. I was with my father-in-law over the weekend, who's a farmer, and he's being told by the U.S. Department of Agriculture that there's probably – their outlook is for a 30-year full market in agricultural commodities given the demands that the emerging economies' food supplies are going to put on the global agri business. And Scott and I were – just got back from China and met with the two largest oil companies in China. There are three in China in total and we met with the two largest who are dealing with the fact that the Chinese government is changing the formula for pricing gasoline. For – they were using a moving average of 22 days, where they would look at oil prices over a 22-day period. And then based on that movement, decide whether or not to change the price of consumer gasoline.

The government is going to make consumer gasoline more responsive to market conditions and is moving the window to a 10-day moving average. The anticipation is that, with the growth and demand of transportation, they really want to expose their economy to more of the true price shocks. So that means more hedging requirements for the oil companies, which was the nature of the meetings that we were having over there. So anecdotally, we continue to see very strong global trends for energy and agriculture. And I've been fortunate that we've positioned the company at the heart of that.

<Q – Howard Chen>: Great. Thanks, Jeff. That's very interesting. And then separate topic, as we're getting some clarity on Basel III proposals, we're hearing an increasing drum beat from the major dealers for the need to mitigate against these higher risk-weighted assets using central counter-parties. I mean you've been really early to this idea. So I guess I'm just curious, how penetrated do you think the dealer community is in alleviating against these higher risk-weighted assets and the asset classes you have exposure to, energy and credit more recently? Thanks.

<A – Jeffrey Sprecher>: Yeah, I actually think the bigger lobbying force or conversation that's going on around that is by the true ultimate end-users, that I really believe globally, regulators understand the need for corporate entities to hedge foreign exchange risk and commodity risk and interest rate risk, and realize that these companies were not at the heart of the financial problems that we've had. And so any increase in capital requirements for being able to write customized swaps is going to ultimately be passed on to the end-user.

So I tend to think that it's that group that is having the conversation that is being heard and that regulators are ultimately going to strike a balance that would have the market allow dealers and others to write customized tailored OTC swaps, bilateral non-cleared customized swaps to end-users. But then turn right around and lay the bulk of that risk off in transparent liquid markets that are cleared. And I think that's where regulators are heading to. We obviously benefit by being the transparent regulated market with clearing. So I think it's long-term bullish for where we've positioned the company.

<A – Scott Hill>: I think, Howard, you see some of it in the numbers, too. If you look, volatility is way off in most of the energy products. And yet across-the-board, we've seen good growth in volumes and good growth in open interest. So I think that's indicative of people who weren't necessarily in a cleared market or in a futures product that are starting to move that business. And I think that's started this year, I don't think we're through that trend.

<Q – Howard Chen>: Agreed. Makes sense. Thanks for taking the questions.

Operator: Our next question will come from Roger Freeman with Barclays Capital.

<Q – Roger Freeman>: Hi. Good morning.

<A – Jeffrey Sprecher>: Good morning.

<Q – Roger Freeman>: I guess just on the – good morning. On the CDS side, can you just, I guess, talk about your migration or plans to migrate to an FCM model and I guess how that's coming along from a timing perspective? Is that any reason why the 4Q CDS clearing outlook is down? I'm wondering if there is any sort of confusion on the part of clients and maybe waiting to see how that all works out?

<A – Jeffrey Sprecher>: Yeah. It's not a confusion issue at all. In fact, there's absolute clarity. Come July of next year, we will be in a CFTC FCM world and we've got a very clear migration path that we've worked out with the customers. I think, Roger, what you're seeing in the fourth quarter is simply a typical market slowdown in the fourth quarter in CDS, the fact that we've been ramping additional new products and bringing in new clearing members throughout this year. And so what you're seeing is more of a market slowdown, 4Q versus 3Q, which again is what's historically the case.

<Q – Roger Freeman>: Yes. Okay. That's helpful. And then I guess the other question is on the – I guess the financial resources that one of the rules that the CFTC put out was, I guess, changing or recommending how – bring out this calculator for financial resources, particularly around limiting the ability to assess clients or assess dealers. Any thoughts on how that differs from how you do it today and whether that's going to require more capital clearing houses?

<A – Jeffrey Sprecher>: We'll see how the final rules get written, but if you look at the clearing houses now that we've got, we feel pretty good about the capital we have on hand. We already – for example, the CDS clearing house, we already have a guarantee fund that reflects the default of the two largest clearing members on a simultaneous basis. We've always held reg cap aside for all of our clearing houses. We've always had rights of assessment. So the way the rules have been written, at least as they've evolved to this point, we feel pretty comfortable that the capital structures we built in our clearing houses are going to be more than sufficient.

<Q – Roger Freeman>: Okay. All right. Great. Thanks.

<A – Jeffrey Sprecher>: Thank you.

Operator: And the next question will come from Rich Repetto with Sandler O'Neill.

<Q – Richard Repetto>: Yes. Good morning, guys.

<A – Jeffrey Sprecher>: Good morning.

<A – Scott Hill>: Good morning.

<Q – Richard Repetto>: I guess, Jeff, first question, you spent some time and went into sort of detail on your capabilities that you built around compliance, transparency and the whole – how you're adapting or interact with the potential regulatory changes. So I guess the question is, is this – was that intended to just be broad or it seems like you do – if we believe that you got these capabilities, how would you leverage them? Like it seems a shame that it would just be in just CDS. What other – are you intending to be a SEF in other asset classes as well given all these capabilities you've built up?

<A – Jeffrey Sprecher>: Yeah, I think the reason I wanted to mention it was that we took a look at our records and we have, I believe, 422 brokerage firms that have provided trades to us. Now some of those firms are brother-sister with one another because of global organization, but – and that's just in the energy footprint that we have.

So all of those companies are going to need to figure out how to deal with compliance, how to deal with SEFs. Frankly, many of them, their business model has been made illegal by Dodd-Frank. And so contrast that with ICE and the over-the-counter markets have started the company and continued with the idea that we want to be transparent and at standardized contracts clear them, and more recently provide compliance over them. So we have a lot of systems that we may be able to provide the marketplace at a moment in time that the marketplace may be faced with these investments. We'll have to see how the SEF rules play out.

But the point here is that we see dozens and dozens of people talking about the need that they may have to go create SEFs, and we have seen comments by regulators that they expect potentially a flurry of these things. And my point is that I think people are underestimating the magnitude of the investment that it has taken to put systems in place that really provide best in class compliance and technology services.

<Q – Richard Repetto>: Got it, got it. Okay, and then my one follow-up, Jeff, would be, you talked before about -- and so did Scott talk about ICE being a global derivatives platform. And you've talked before about other exchanges are tied to sort of regional sort of economic recovery, whether it be equities or interest rates. But I guess – I think the common question is how do you keep this up? How do you – you've been setting records, and September was a record. But at some point when the local economies do improve – I'm not sure whether that's now or when that is, but how would you view your growth when you actually do see improvements in, say, the equities or interest rate – the specifics in the local economies improving.

<A – Jeffrey Sprecher>: Yeah, I think it's a good question, because we believe we're ultimately levered to that as well. I mean if we get in a better growth environment which should help the equities markets and again, demand borrowing, which will create demand for interest rate rising, then you're going to expect that the overall economy is rising, which means more global demand for commodities. So we saw during sort of the boom period over the last decade of interest rates and equities that we were growing very quickly, maybe even best in class, and I think we're exactly levered to that as well.

<Q – Richard Repetto>: Okay. Thanks for the answers, Jeff.

<A – Jeffrey Sprecher>: Thank you.

Operator: And we'll move next to Alex Kramm with UBS.

<Q – Alex Kramm>: Hey, good morning.

<A – Jeffrey Sprecher>: Good morning.

<Q – Alex Kramm>: I just wanted to follow up on some of the CDS clearing items you talked about. In particular, when it comes to your buy side adoption, as you know, we just pulled a lot of buy siders. And some of the feedback was that in particular in the U.S., when you talk to very large asset managers that do a lot of business, for them they are really focused on operational efficiencies and they are really looking for a one-stop solution, and which could give a little bit more power to some of the larger clearing houses out there. So just trying to get a feel for when you talk to all these different buy side end clients, like how are you differentiating yourself? How are you making the point that you are the winner on credit, and they need to get ready for you? Thank you.

<A – Jeffrey Sprecher>: Yeah. I appreciate the question. So look, I think the first way we differentiate ourselves is we show them $13 trillion cleared, and a multi-billion dollar guarantee fund, and a system that's clearing 260 products. So the buy side speech is now not just a speech, it's a demonstrable business that we actually run day-to-day. You can see that the buy side has started to clear. We're at over $3 billion cleared. Not a huge amount compared to 13 trillion, but clearly buy side activity. And then the other thing we talked about, we just don't talk to them on a side basis, they're actually a formal part of our governance structure. We've got a buy side committee, where the larger -- a lot of the large buy side firms have come in and said we want to work with you to help you refine and develop the system, and make sure that it meets our needs and requirements as we move forward.

So I read the report that you put out, and I think some of the commentary about them moving to clearing mid to later part of next year is probably right, but I think we've clearly demonstrated that we've got the leading CDS clearing platform. And I think the fact that they're working with us as a part of our governance structure, and they're already testing with some clearing volumes today, demonstrates that they see us as the leader and are going to come our way.

<A – Scott Hill>: Also, Alex, I wanted to mention to you that I think one of the – you've identified this issue, and one of the things that's going on very quickly is one by one you're seeing the major clearing firms announce that they're basically combining prime brokerage and clearing into one entity. And what's going on there, I believe, is that most end user customers do not become members of the clearing house. They approach clearing through an FCM. And these FCM's see the opportunity to create basically one-stop shopping for the end users and make them agnostic as to what clearing house ultimately gets used. And in fact, the prime broker clearer will actually make money by marshaling collateral around between clearing houses on behalf of customers. And so I think by the time we get to full implementation of requirements for end-user clearing, you're going to see this structure in place that's going to allow multiple clearing houses to flourish and make end users agnostic.

<Q – Alex Kramm>: Great. Thanks for the detail. And just – and one quick one for you, Scott, on the OTC energy side. I think a couple of quarters ago, you gave us a little bit of an update on some of the products that you introduced over the last year, what those have contributed, I think it was something like 4% or so in the first quarter. Can you give us an update on that and maybe just at the same time, how, as you advertise for new product there, what you're seeing? Are there still a lot of opportunities for new OTC energy products? Thank you.

<A – Scott Hill>: Yeah. So let me hit the numbers point first. So we did about $7 million, just under, in our new products in the quarter, up from just under 3 in the quarter a year ago. Roughly translated, that's about $0.06 a share. So give or take, 4 to 5% of our earnings growth comes from those new products. In speaking with our sales teams, there remains a large appetite for continuing to roll out new OTC products. And I think now we're up to having rolled out over 300 and we've got a list of another 100 I would expect in the near-term. So it continues to be a good solid contributor to the bottom line. Again, it's not – none of them individually are the big home run, but collectively $0.06 a share in the quarter is a nice return on that business.

<Q – Alex Kramm>: Yes. Thank you.

Operator: And we'll take our next question from Michael Vinciquerra with BMO Capital Markets.

<Q – Michael Vinciquerra>: Thank you. Just a follow up on that OTC energy side. I just want to ask, you're certainly continuing to gain share versus your largest competitor in OTC clearing. I just wanted to see if you could share with us a couple of the reasons why you think that is? I believe one of them relates to the fact that you offer Brent in both the futures side and the OTC side, which your main competitor does not. Can you talk about that a little bit, please?

<A – Jeffrey Sprecher>: Sure. I think we benefit from being – having sort of the heart of our energy business sitting in London and I think what's really going on there is the trend we've talked about, which is the demand out of emerging countries. And it just so happens that the oil industry is really a London based industry. It centered there long ago so that it could have access to East-West time zones. And so as a result of having our clearing house there, we are the local provider and the new products that we're rolling out for clearing, particularly in the oil business, tend to increasingly be these new basis swaps, in other words, new delivery points for the delivery of oil and largely those tend to be moving east. And that's what you see going on there. So we have a very vibrant competitor, as you know, but our footprint in terms of how we've located and organized that business is benefiting from the global trends right now.

<Q – Michael Vinciquerra>: Great. Thank you. And, Scott, just one numbers question, just on Climate Exchange. Can you tell us what the actual revenue and expense impact was, just in the third quarter alone, just so we can kind of foot our models and get a better sense for what the change was?

<A – Scott Hill>: Yeah, I mentioned on the call when I was talking about expenses, that the growth, after you adjust for severance and some of the other one-off things, was literally all CLE. And so it was roughly 7 million and change of expense in the quarter, which you would expect to see come down in the fourth quarter because we – as we announced, we significantly reduced the population. We had about 66 people when we bought the company, I think we'll be closer to 25 by the end of the year, and then we'll reduce further into the first quarter. So 7 and change and on its way down in the fourth quarter and into the first quarter of next year.

And then the revenue, the incremental revenue – because remember, we were already getting a lot of economics around the volume. The incremental revenue in the quarter was around 7 or $8 million as well.

<Q – Michael Vinciquerra>: Okay. Great. Thanks very much.

<A – Scott Hill>: And that, as opposed to the expense, we expect to continue and grow.

Operator: And we'll move on to our next question from Michael Carrier with Deutsche Bank.

<Q – Michael Carrier>: Thanks, guys. Just one follow-up on the OTC business. And you gave some of the commentary around the new products. I think you said it was around 7 million in the quarter. I guess just the OTC, the average daily commission continues to be around that 1.4 million level. So like if we look beyond the new products in terms of the core business, just like what type of trends are you seeing? Because it seems like it's been stable and you could argue that in the past couple quarters, a lot of other areas have actually seen decreases, so it's not necessarily a bad thing. But just it seems like that the growth in the core products or the underlying business hasn't been where we've seen it. And so just want to get a better understanding of what's happening, either on clients – on the client side or on the product side.

<A – Jeffrey Sprecher>: I actually think the fact that we've been holding at that one-four level is fairly remarkable. And if you look a year ago, natural gas volatility was at 93%. This year it's at 37.

So the volatility world where we would – it's like a two-thirds reduction, we've continued to grow our nat gas business, we've continued to see good volume growth, we continue to see open interest build. So I think what you're seeing is in a significantly lower volatility environment, we continue to put up good OTC numbers. And again I think that's because there's a lot of business that is migrating into a cleared world. And as we have benchmark products and as we roll out incremental products, we're getting relatively more of that business and that's supported our ability, in a low volatility environment, to continue to grow.

<Q – Michael Carrier>: Okay. That makes sense. And then just on the credit side, it looks like on the CDS the trends continue to be fairly favorable, and on Creditex, you guys have mentioned that on the top line, it's been a little bit more challenging, but you've managed the expenses really well. So just looking forward, if we just look at the Creditex business, like how much control do you have on those expenses in case the environment continues to be challenging and whether it's on the compensation side or other areas that you could continue to take out expenses?

<A – Jeffrey Sprecher>: This is Jeff. When we bought Creditex, we were very, I think, specific in articulating why we wanted to get into that business, which is that we felt that the credit business was an analog business that was going to go digital, that it was one of the only asset classes that remained analog and that we were going to position that company for the eventual standardization, clearing and electronic trading of credit. And what's been amazing is that, well, on the one hand, there's been a credit contraction.

On the other side of that, we have really worked hard. Scott Hill oversees that business along with an on-the-ground senior management team at Creditex. We have been rapidly restructuring that business along that business plan starting years ago and that means moving more of the business electronic – I think 57% of last quarter was electronic volume – restructuring compensation with people so that they are no longer telephonic voice brokers, but are brokers that are working around an electronic platform. And as you've seen, even though the top line's gone down, we've been doing very well. So we are prepared for a very large operating margin expansion in that business as it goes electronic. And obviously under Dodd-Frank, it's going to push it to further electronic.

<A – Scott Hill>: The only other point I would add to what Jeff said is we have continued to hold top share, so one of the top one or two firms in most of the key products in the U.S. and the UK. So as we've restructured the business, the brokerage team that we've built is a very capable brokerage team that in a soft market is holding share and is poised to do very well as the market recovers.

<Q – Michael Carrier>: Okay. Thanks, guys.

Operator: And we'll move next to Chris Brendler with Stifel Nicolaus.

<Q – Chris Brendler>: Hi, thanks. Good morning.

<A – Jeffrey Sprecher>: Good morning.

<Q – Chris Brendler>: First question, it looks like the market data revenue had a little bit of a pick up this quarter relative to prior trends. And just wanted to know if you could talk at all about what's driving them, is there any pricing or is there users or is it a combination of both? Just give us a little color on what's driving that increase in market data? Thank you.

<A – Scott Hill>: Yeah, the increases we're seeing in market data over the last couple of quarters is really growth we're seeing in users, new people who want our data and want access to our platform. So as I've said in the past, the market data build is – to me is a good indicator that there's continued and growing interest in the products that trade on our exchange. And although not a necessarily highly correlated item, it is an indicative – it's a good indicator for future demand in our products.

<Q – Chris Brendler>: Okay. I guess on a related question – I ask this every call, but I'm going to ask it again. Any progress on giving us a better flavor for the growth coming outside of the key markets in U.S. and Europe? Any idea – is there any possibility of giving us some idea of – or better idea of what's kind of – what's the growth that's coming from Asia and across your platform either through new users or any other things you've thought about for giving us a better sense? That's the biggest question I get, really, from investors, is how do we get comfortable that the growth's sustainable, what's the opportunity outside of their key markets to continue to grow volumes? Thanks.

<A – Scott Hill>: You keep asking and I guess I keep being not overly helpful. There's not a specific metric that we've got that would show it, but we do see generally continued growth out of Asia. It's difficult with Asia as you look at the metrics though, because a lot of the Asian growth we actually see, as Jeff mentioned, in our London market with London Traders. So we said that our – about 40% of our revenues last year came from outside the U.S. I would suspect by the time we round up the numbers for 2010, you'll see a similar or even an improved level.

Not again a necessarily direct correlation, but I mentioned in my remarks that we've improved our tax rate as we look forward. And that's because we are seeing growth in customers outside the U.S doing business in our London-based clearing house, our London based exchange. So that's an indicator I look at anyway, that says as our tax rate comes down, it's coming down because we're doing more business in a lower tax jurisdiction. So I think those are some of the indicators that I look at that demonstrate that it's happening. And our ability to say that we think the tax rate will remain at that lower level is because we think the trend will continue.

<A – Jeffrey Sprecher>: And maybe just to follow-up, that when we met last week with Sinopac, a Chinese oil company, they are expanding their footprint with a trading desk in London. So as I mentioned, London is the heart of the oil business, and the business seems to come to it as opposed to hedgers and traders leaving and going to Asia.

<Q – Chris Brendler>: Is there any relationship between the data and the increase in users there? And are those eventually becoming active trading customers?

<A – Scott Hill>: Yeah, I mean, again, what we've seen – when I started three years ago, I think we had about 6,000 or so max logins during the day. And now we're upwards of 11,000. And again, I think that trend, you see it in our data revenues being up over the last couple years, we see new users wanting more of the data now. So there's no question that as more people get that data and get access to the systems, that trading volume will trend. Again, I don't know the specific correlation, but there is no question that they do move together.

<A – Jeffrey Sprecher>: And by the way, a login is a point of connectivity that they have dozens and dozens or hundreds of people behind it. But those are – we're just seeing more and more connections coming into us.

<Q – Chris Brendler>: Thank you.

Operator: [Operator Instructions] We do move next to Ken Worthington with JPMorgan for the next question.

<Q – Kenneth Worthington>: Hi, good morning.

<A – Jeffrey Sprecher>: Good morning.

<A – Scott Hill>: Good morning.

<Q – Kenneth Worthington>: Can you talk about the Climate Exchange and what you're doing in terms of strategy, marketing, lobbying and allocation of resources since you've closed on the deal?

<A – Jeffrey Sprecher>: Sure. I think, Ken, there – Climate Exchange had a couple of businesses, they were geographically oriented. And so I think as you know from doing your modeling, the real value of that business is what's going on in Europe. And Europe is about ready to go to a new phase in climate change that – they're going to require that more end user customers like airlines start to buy carbon offsets. So we see regulatory trends, particularly in Europe, particularly favoring that footprint where – which is where we have a dominant share.

In the U.S., we've mentioned that the businesses here are really loss making businesses. There is a very uncertain U.S. regulatory appetite for cap and trade. And we've announced recently that the voluntary market that was created had an expiration date at the end of this year in it and the bulk of the users have said to us that they really don't want to continue to trade voluntarily in the absence of any credit for their work by the current administration. So we're downsizing that market, so that it's simply a registry and we'll continue to support those customers in doing what they want to do, but the trend is the other way in the United States.

We have footprints in Canada, China and Australia that came with that. Each of those is heading in a different direction and amazingly the area that – where there is a tremendous discussion and movement towards more carbon trading is coming out of China. And although it is not being driven by Kyoto or Copenhagen type conversations, it's really being driven by the government wanting to allocate energy resources and deal with local pollution issues and carbon will be a good way of doing that. So they are talking to the mayors of the major industrial cities about trying to put caps over their energy and usage and carbon footprint and I think that internal dialogue bodes well for increased trading.

We have in the United States, while the federal government – it's uncertain what's going to happen, there do tend to be growth in regional initiatives and sort of strong, I would say, demand for the continued use of renewables. And so we have regional gas listings and also renewable energy credits and we're the top venue for that in the United States. And so we do see that business continuing.

And that's kind of the landscape. But long term, we're bullish on this and I think if you – really if you step back on a macro level and say, here's the Chinese in an emerging – rapidly emerging economy wanting to put potentially some carbon limits, self-imposed, that's really, I think, indicative of sort of global thinking on energy.

<Q – Kenneth Worthington>: Great. Thank you very much.

Operator: And we'll move next to Chris Harris with Wells Fargo.

<Q – Christopher Harris>: Thanks. Good morning, guys.

<A – Jeffrey Sprecher>: Good morning.

<Q – Christopher Harris>: As we all know, obviously some of your competitors are actively seeking to broaden their presence in OTC clearing. Just wondering where you think ICE sits within the competitive landscape here and do you think a clearing solution for an asset class that you don't have execution for could be effective?

<A – Jeffrey Sprecher>: That's a good question. I think, again at a macro level, the marketplace seems to want multiple providers at every asset class, but not so many as to become capital inefficient. And oddly, we started ICE with a pretty clear objective and we were not trying to make a statement, but over time, I think regulators and the marketplace has looked to the competition between ICE and NYMEX and – in both clearing execution and other services and likes that footprint, likes that we're highly competitive, that we keep each other in check and that we've had the innovate a lot to stay leaders in that space. So I think the market wants multiple providers and I think some of what you see going on in the background is that.

The – it's obvious that if you have a futures clearing infrastructure that you could potentially add on OTC and potentially get – with the right regulatory approvals, give some kind of margin offset. The market would also – and I think people talk about that or write about that, but the market is also trying to go the other way, which is to create pools of OTC liquidity and pull, I believe, the lookalike contracts that way, so that it gets sort of the ICE-NYMEX dynamic going on.

So what that suggests to me is that there's opportunities to be either the primary or the secondary clearing house in every asset class and you have to decide whether you have the futures footprint to draw it one way or whether you can establish a pool of OTC liquidity to draw futures the other way. And I think you could probably go through asset class by asset class of – and start to identify where likely footprints will emerge.

<Q – Christopher Harris>: That makes sense, Jeff. Thanks. And then just a follow-up, real quick on the Climate Exchange. Did you guys have a good sense as to when Europe will be actually switching to that auction base allowance system? I mean is it going to be in '11 or '12 or some date after that?

<A – Scott Hill>: The latest that we've heard is it'll be early 2012.

<Q – Christopher Harris>: Great. Thank you.

<A – Scott Hill>: I think that's fluid, though, to be clear.

Operator: And we'll move next to Niamh Alexander with KBW.

<Q – Niamh Alexander>: Hi, thanks for taking my question. And if – can I go to the balance sheet, because you raised your debt a little bit during the quarter, and then I saw you'd bought back more stock than we've seen in a while. Are you kind of back in a mode of repurchasing now, is this where you feel that maybe the acquisition opportunities are fewer?

<A – Scott Hill>: No, we were in stock buyback mode because the market over-penalized our stock and we saw an opportunity. So with that said, all along, the way we think about the buybacks, we used 5.5 million shares, give or take, in the Creditex deal. When we see an opportunity to get those shares back out in the market, we take it. We've now gotten out, I think, 4.2 million shares of the 5.5. We've taken them out at around 95 to $96 per share versus an issue of up 113. So effectively, we've reduced the economic cost of the Creditex deal by being opportunistic when our stock dips.

<Q – Niamh Alexander>: That's real helpful. Thanks, Scott. So I mean, we shouldn't necessarily look at this as a run rate in terms of a capital management policy, or something like that?

<A – Scott Hill>: No.

<Q – Niamh Alexander>: Okay. Great. And if I could pop back to the credit derivatives, if I could, for my follow-up question. Jeff, thanks so much for your comments and expanding on the investments in the systems around just the trading and the clearing. But am I understanding it correctly that maybe you could kind of provide maybe some outsourcing services to brokers as part of – once they become self execution facilities? But does that position you kind of out of the running, maybe to expand into client to dealer trading? Because right now with Creditex, arguably you're well positioned to become a swap execution facility for the dealer-to-dealer trading.

<A – Jeffrey Sprecher>: Yeah, what's interesting is that we have almost every flavor of platform inside ICE and what we've been trying to do is standardize that code base so that depending on what user id and password you log in with, you'll get a different user experience. But we obviously have futures and then we have ICE's energy, the SPDC swap execution platform, which is many-to-many, highly regulated. We have a lot of physical type markets. We have the plass windows, which are an auction methodology, and we have the inter-dealer platform at Creditex and we also have the dealer-to-client platform at Creditex that was called Q-WIXX. And so we pretty much have all of those, we've been investing in all of those to streamline those, put it on industrial grade hardware in the right connectivity, the right kind of compliance and oversight around those.

And now we announced today that we have an iPhone app. We moved TradeCapture OTC over the last four months or so into our data center. That is launching today. It is absolutely real time. You can hold your iPhone next your futures screen or the OTC screen, and you see the identical bid-offer stacks. So that is an industrial grade application that we think will further preference trading towards our footprint.

So, Niamh, we don't exactly know what a SEF definition is going to be, and we certainly don't know how Europe is going to deal with a similar kind of construct that they're contemplating, but we have pretty much everything we need based on how it rolls out.

And the nice thing, as you alluded to, that Creditex gave us an opportunity to really understand the broker space, understand the workflow, understand how pays and collects work there, billing and what have you, what a broker needs on their screen and we have been investing in that this entire time, so that we could roll out platforms widely or we could keep them very narrow depending upon what the law contemplates and where we may be able to maximize our revenue.

<Q – Niamh Alexander>: That's really helpful. Thanks so much, Jeff.

<A – Jeffrey Sprecher>: Okay.

Operator: And we'll move next to Jonathan Casteleyn with Susquehanna.

<Q – Jonathan Casteleyn>: Thanks. Good morning. Can we talk about OTC power for a moment? Year-over-year, the results were down. I'm just wondering if you think deregulation of the power industry has sort of played out or do you think there's more opportunity there?

<A – Jeffrey Sprecher>: No, what we saw in this quarter and anecdotally speaking to our customers was a lack of volatility. And the marginal fuel used, the price electric power in the United States and in Europe is natural gas. And so when natural gas is less volatile, and of course we didn't have any major hurricanes that came up through the U.S. Gulf of Mexico that threatened the infrastructure and provided sort of normal third quarter volatility, that's really what our customers are telling us that you're seeing in power.

<Q – Jonathan Casteleyn>: Okay.

<A – Jeffrey Sprecher>: And it's – we've been able to, through a lot of new product initiatives and what have you, expand our natural gas footprint. So the new products helped offset the lack of volatility in gas.

<Q – Jonathan Casteleyn>: Great, thanks. Thanks for that commentary. Just very quickly to prop trading migration of the broker dealers, are you seeing any pause or reconstitution of any of that activity that winds up in your markets, in the end markets?

<A – Jeffrey Sprecher>: Our volumes don't seem to suggest that.

<A – Scott Hill>: Yeah, nor does the mix of the customers. It's been very stable.

<Q – Jonathan Casteleyn>: Got it. Thank you.

Operator: And we'll go next to Mark Lane with William Blair & Company.

<Q – Mark Lane>: Good morning. Just a quick one on SEFs. When you think about the dialogue around defining SEFs, is there a component or two of that dialogue that you believe is concerning, that could be a threat to your business if you're watching real closely? And on the opposite hand, is there some component that you see as potentially benefiting you in a bigger way?

<A – Jeffrey Sprecher>: We have really laid out a number of internal business roadmaps on – depending upon what happens, and all of them are positive for us. So really don't see anything negative. The – on going to extremes, on the one hand, it may – SEFs may be very difficult to set up, require tremendous complexity and regulatory oversight and what have you, in which case the market may gravitate to what looks more like a futures model and brokers would be accessing broker functionality on a – on one or two major platforms.

Again, you could see sort of this futures style evolution, which I think is – Dodd-Frank is trying to tend to push the market in the U.S. Or if the standards are low and you have – we have 422 brokerage companies that have access to us. You could imagine 422 web sites, for example, low-tech things where there is transparency. And the reality is the market probably wouldn't change much in terms of its basic business structure other than the fact that there would be the ability to be more transparent as people ultimately upload those trades on a consolidated tape that is part of Dodd-Frank.

In either of those, we have really unique assets that we think can help those 422 companies try to get compliance very quickly.

<Q – Mark Lane>: Okay. And then just on Creditex, Scott, what is the broker head count at the end of September versus 12 months ago?

<A – Scott Hill>: We're down and I'm going to give you rough figures, because I don't have them in front of me. But when we bought the company, we were, I think, around 100 and change. A year ago, we were probably still in the mid-90s, and we're below 90 now.

<Q – Mark Lane>: We're talking about brokers not -

<A – Scott Hill>: I think one of the important points to make is, what we've done is we've cut the brokers who weren't getting the job done. We've worked well to lock down the others. We've restructured other parts of the business. So what you see in our ability in a very low- revenue, declining revenue environment is, we've held on to the better brokers, we've gotten better contractual terms, we've restructured the non-broker part of the business, and all of that has combined to help us position the company, I think Jeff said it well, so that when the market does recover, you'll see even greater margin expansion than you typically would in a broker business.

<Q – Mark Lane>: Okay. Thank you.

Operator: We'll move next to Patrick O'Shaughnessy with Raymond James.

<Q – Patrick O'Shaughnessy>: Hey, good morning. One quick question for you guys. Can you talk about the CFTC and SEC's proposals about ownership and overall limits that they are going to put on banks as far as clearing houses and SEFs? I know that you guys – your position is it probably shouldn't impact ICE Trust, but if can you go into a little bit more detail on that, I'd appreciate it.

<A – Jeffrey Sprecher>: Sure. Just looking at the proposal as it was drafted, it doesn't seem to have any impact on ICE Trust or any of our clearing houses. And at ICE Trust specifically, the business is 100% owned by ICE. We have a royalty revenue share component that's embedded in our security that these guys hold that gives them – that the original holders of the clearing corporation hold as part of that acquisition. And we have advisory committees, both the buy-side and the risk management groups. So two advisory committees that advise the board, and the board has the ultimate say in those things. The board is constituted as a majority of independents as defined by the NYSE independence standards for public companies.

There is some talk about maybe having different independent standards for – around SEFs and clearing houses and what have you. So we're not exactly sure how that'll play out. But our thinking is that an NYSE independent director is a pretty high standard. So we don't see really any potential changes needed to our footprint.

<Q – Patrick O'Shaughnessy>: Great.

<A – Jeffrey Sprecher>: We're – I'm sure we would -- if things change, we've got a very good relationship with our users, and have been accomplishing the goals that users set out, particularly with respect to ICE Trust, which was to get a footprint in place to start to get risk off the books and that's been happening.

<Q – Patrick O'Shaughnessy>: All right. That's helpful. Thank you.

<A – Scott Hill>: Let me go back quickly on the broker question. Two years ago, we had nearly 90, a year ago we had 83 and we've got 75 now.

Operator: And we'll take our final question from Daniel Harris with Goldman Sachs.

<Q – Daniel Harris>: Well, better last than never, I guess. Good morning, guys. How are you?

<A – Jeffrey Sprecher>: [inaudible].

<A – Scott Hill>: Consider it a compliment.

<Q – Daniel Harris>: So I'll shift gears here to another one of your businesses that's doing really well. The U.S. Dollar Index has been just a huge grower. And I know you guys have focused on building up that FX business and your peers also had a very good run in FX. But are you seeing sort of transition to the futures market ahead of the clear business or are you guys doing something that's even different than that to really grow that FX business?

<A – Jeffrey Sprecher>: Yeah. What we're doing is that we're focused on the U.S. Dollar Index as a very simple, easy-to-understand way for people to participate in foreign exchange. And the U.S. Dollar Index at its heart is simply, do you think the dollar is getting stronger or weaker versus the rest of the world. And most FX, as you know, is traded in currency payer. So for a person to hedge or speculate around the strengthening of the dollar, you've got to ask yourself compared to what, which means if you want to trade dollar yen, you better have some intimate knowledge of what's going on in Japan and figure out the relative merit.

The dollar index just allows you to have a gut instinct over is the dollar strengthening or weakening. And so it appeals to retail traders, it appeals to corporates that want a simple way of hedging their exposure. And that's the way we're marketing it.

And it's – we benefit from the fact that the press also views it in that regard. Rick Santelli talks about it every morning when he's on the floor. And it's usually talked about before the market opens. It's an easy way to get your arms around that concept, the strengthening or weakening of the U.S. dollar. And so we put more marketing muscle into selling it that way. And it's really picked up and it's a nice contract for us and it does give us exposure to the FX space, the FX traders, the algorithmic traders that can decompose the index. So it's been – there's been some positive spillover impacts for us as well.

<Q – Daniel Harris>: Okay. Great. And then just lastly, your revenues were up something like 17% year-to-date over year-to-date last year. Your comp is only up, I think, 7%. So you're getting great margin expansion there. Last year's fourth quarter, you guys had a little bit of a bump in comp. How should we be thinking about that for the fourth quarter this year?

<A – Scott Hill>: So last year in the fourth quarter, we had a blowout quarter. And the pay for performance nature of our bonus system had to be caught up in the quarter. So I think – I hope, frankly, that we have another blow out fourth quarter and see the bonus go accordingly. But I think we've done a good job giving you guidance on the comp, we were at 62 to 63. We just took it down from those levels by 3 to $4 million. We talked about the efforts we've made at Creditex to manage the broker expenses there. I told you that we started at 66 people at CLE; we'll be down by two-thirds by the end of this year. So I think if you look, we've been very stable over the first three quarters. We've given guidance and improved guidance recently. So no surprises. I expect we will continue to manage it quite well in the fourth quarter this year.

<Q – Daniel Harris>: Great. Perfect, Scott. Thanks a lot, guys. Have a great day.

Operator: And this does conclude the question-and-answer session for today. At this time, I'd like to turn the conference back over to our speakers for any closing or additional remarks.

Jeffrey C. Sprecher, Chairman and Chief Executive Officer

Again, I like to thank all of our customers for their business and my colleagues here for really expert work in the quarter. And we'll look forward to talking to you all again next quarter.

Operator: And that does conclude today's conference call. We'd like to thank you for your participation.