PARTICIPANTS

Corporate Participants

Kelly L. Loeffler – VP-Investor Relations & Corporate Communications
Scott A. Hill – Chief Financial Officer & Senior Vice President
Jeffrey C. Sprecher – Chairman & Chief Executive Officer
Charles A. Vice – President & Chief Operating Officer

Other Participants

Richard H. Repetto – Analyst, Sandler O'Neill & Partners
Howard H. Chen – Analyst, Credit Suisse (United States)
Chris J. Allen – Analyst, Evercore Partners (Securities)
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MANAGEMENT DISCUSSION SECTION

Operator: Good day, ladies and gentlemen, and welcome to the IntercontinentalExchange Third Quarter 2011 Earnings Call and Webcast. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session, and instructions will follow at that time. [Operator Instructions] As a reminder, today's conference is being recorded.

I'd now like to turn the conference to your host, Kelly Loeffler, Vice President of Investor Relations and Communications.

Kelly L. Loeffler, VP-Investor Relations & Corporate Communications

Good morning. ICE's third quarter 2011 earnings release and presentation are available in archives in the Investor section of our website at, theice.com. This call will be available for replay. Today's call may contain forward-looking statements. These statements are subject to risks, assumptions and uncertainties, and we are under no obligation to update these statements. These represent our current judgment. A description of the risks that could cause our results to differ materially from those described in our forward-looking statements can be found in the company's Form 10-Q, which was filed with the SEC this morning. The results discussed today include adjusted operating numbers, which we believe are more reflective of our performance. Non-GAAP reconciliations can be found in the earnings release and presentation. We also include an explanation of why this information is meaningful, and how we use these measures.

With us today are Jeff Sprecher, Chairman and CEO; 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, Chief Financial Officer & Senior Vice President

Thanks, Kelly. Good morning, everyone, and thank you for joining us today. I'm pleased to again report that ICE achieved record revenues, record net income and record cash flows during the third quarter and for the first nine months of 2011. And importantly, we're delivering these results even as we invest to ensure our continued ability to deliver value to our shareholders.

I'll begin this morning on slide 4 with an overview of our performance in the first nine months of this year. Total Future's volume increased 18% while OTC Energy volumes grew 23%. Revenues increased 16%, to $1 billion, adjusted operating margin expanded to 61%, and we grew adjusted earnings per share 24% in the first nine months of this year. Cash flow from operations increased 43%, to a record $541 million. We leveraged that strong profit and cash generation to make strategic investments in Brazil, to build the tools our customers will need in the evolving global market environment, to roll out over 230 new Futures and OTC Energy products, to expand over 300 cleared CDS products that add to our technology teams, to deliver industry-leading solutions like our new clearing technology in Europe and to opportunistically buy back our shares.

Let's move to slide 5 now and get into the detail of our third quarter results. Consolidated revenues rose 90% over the prior third quarter, to $341 million. Consolidated operating income grew 35%, to $204 million. Adjusted diluted earnings per share in the quarter increased 32%, to $1.87. For the first nine months, CapEx and capitalized software expenditures were $43 million and adjusted EBITDA grew 20%.

Moving to slide 6, I'll review the components of our revenue and expenses for the third quarter. Transaction and clearing revenues increased 18%, to a record $302 million, driven by record volume in both Futures and OTC markets. Total contract volume grew 25%, to a record 207 million contracts. Futures revenues rose 24%, to $155 million. OTC Energy revenues increased 13%, to $101 million. Revenues from credit derivatives, execution and clearing grew 8% in the quarter, to a record $46 million. Growth in market data fees also accelerated, improving 17%, to a record $32 million. Shifting to the expense side of slide 6, we saw a healthy 4-point expansion in adjusted margins to 61% with adjusted expenses up just 6% on 19% top-line growth. Core operating margins, which exclude our CDS brokerage business, remain stable from 2Q level, at 67%.

Turning now to slide 7, I'll walk through the performance of our Futures business segment. ICE's Futures markets produced a record volume quarter, with ADV up 23% and open interest up 10% over the year-ago period. ADV at ICE Futures Europe grew 28% and during the quarter the exchange established its fifth monthly volume record in 2011 and 25.8 million contracts in the month of August. Growth at ICE Futures Europe continues to be driven by activity in our benchmark contracts, Brent and Gas Oil, up 41% and 30%, respectively. Throughout the year, we've set individual product records and exchange-wide volume and open interest records. You might also have seen the recent announcement by commodity investors that are being re-weighted to include ICE Brent Futures for the first time, as well as increasing the weighting of Brent within the indices.

While Brent and Gas Oil are our largest revenue contributors, we continue to see healthy growth in our European Utility products. These include natural gas and coal, which saw volumes rise 84% and 64%, respectively, compared to the prior third quarter. Emission volumes increased 52% and revenues grew 44%, to $17 million.

Moving now to ICE Futures U.S., volumes grew 12% in the third quarter as a result of strong demand for our Russell and FX contracts. Volume in agricultural contracts was more subdued, due in part to the European credit environment and large price movements in the past year in certain markets. We believe that if the environment improves, hedgers will again become more active.

Increased U.S. equity market volatility produced strong volume and open interest growth in the Russell index futures and options contracts during the quarter. Russell volume increased 32%, NOI grew 17% from the year-ago period and set volume records in August and September. Notably, the Russell index contracts have generated $15 million of profit during the first nine months of 2011. The U.S. dollar index also continues to gain traction, with volume up 55% from last year's third quarter and open interest doubling. Customers are responding positively to growing liquidity, and we continue to expand our financial product set based on demand, particularly in FX. I'd also like to point out that this morning we announced our October Futures volumes increased 21% and rate for contacts remained steady. So, the fourth quarter is also a very solid start.

Turning next to slide 8, I'll review our over-the-counter segment. Average daily commissions in energy increased 14% over the prior third quarter, to $1.55 million. North American natural gas and global oil volume increased 29% and 58%, respectively. Open interest increased at a healthy rate despite the relative lack of volatility and continued low prices. Global Oil continues to benefit from the ongoing migration to clearing and from new products. And as I noted previously, year-to-date, we have introduced over 230 new contracts for clearing, the vast majority of which are OTC Energy contracts and total new product revenue reached $29 million. This includes $12 million of incremental revenue in the third quarter alone.

Open interest for OTC Energy contracts rose 31% from the prior third quarter, indicating healthy demand for our products. And our OTC Energy business continues to deliver solid results, with average daily commissions of $1.6 million per day in October. In our Credit Derivatives business, third quarter revenues were up 8%. Credit results were driven by growth on the clearing side of the business, though execution showed improvement, with execution revenue at its highest levels we've seen in five quarters.

The CDS execution market remains soft, due to low levels of volatility and as participants await regulatory clarity. However, our execution business continues to migrate towards the screen, with 61% of Creditex's third quarter revenues conducted electronically, up from 55% in this year's first quarter and up from only 35% in the fourth quarter of 2008. ICE has cleared nearly $25 trillion in gross notional value and remains the clear leader in CDS clearing.

Open interest at the end of the quarter grew 43% from the prior third quarter. Lastly, we've again clearing sovereign CDS on certain Latin American names at ICE Clear Credit, making it the first clearinghouse to clear sovereign CDS. With 330 cleared credit derivatives contracts, we list 100s more contracts for clearing than our nearest competitor. Importantly, through nine months, our profit from CDS clearing is nearly equal to the profit we made throughout the year in 2010.

Turning now to slide 9, you can see the solid metrics that our model has produced. We have, quarter after quarter, consistently grown our operating cash flow as we maintain a lean operating model and focus on profitable growth. For the nine-month period, cash flow grew to $541 million, an increase of 43%, compared to last year. This consistent cash generation allows ICE to reinvest in the business, execute disciplined M&A, and opportunistically buy back shares.

As of the end of the third quarter, we had $497 million in cash, and a very low debt-to-EBITDA ratio of 0.7 times. Our low leverage and healthy level of cash gives us strategic flexibility as we evaluate many new opportunities.

With that, I'll be happy to answer any questions during our Q&A, and I'll now turn the call over Jeff. Jeff, over to you.

Jeffrey C. Sprecher, Chairman & Chief Executive Officer

Thank you, Scott, and good morning, everyone. ICE's record results were driven by the continuation of long-term secular trends in the global derivatives markets and our unique positioning.

As evidenced by our returns on capital, we've invested prudently in the capabilities needed to capture and build upon these secular trends. Whether it's the demand for clearing, connectivity or post-trade solutions, ICE is woven deeply deeply into the infrastructure of our customers.

We continue to build on this vital partnership at a time when risk management and capital efficiency are more important than ever. So, before I walk through our results, I'd like to update you on the status of the default of MF Global. MF Global affiliates were members at four of our clearinghouses, with the exception of our CDS clearinghouses, where they did not meet our membership criteria.

Because of the ongoing regulatory issues, we're limited in what we can say, but I want to confirm that ICE is in a very strong position with respect to managing through MF's default. We believe that we have ample collateral to assist in the orderly movement of customers to new member firms or the termination and liquidation of their positions as this process plays out. The press has reported that there may be potentially a shortfall of funds in customer accounts. But in our case, ICE has always been in receipt of the full amount of margin monies that are required for the positions in our clearinghouses.

We began the default process on Monday by making certain that our lines of credit were fully available to the clearinghouses in the unexpected event that short-term capital was required to manage through the situation. We then turned our attention to converting MF's non-cash collateral into cash by executing trades in the market. We were granted access to MF's offices, and we secunded experienced traders that oversee the management of hedging the portfolio and liquidating accounts. We were able to offer account holders a window of opportunity to move their positions or have our traders liquidate them to the extent that the MF trustee and administrator and the local regulators allowed.

In the U.K, we're operating under the newly-implemented Special Administration regime. This regime was adopted following the Lehmann bankruptcy, and within hours, it allowed us to access customer account information. We continue to work with regulators, MF Global, and its trustees and administrators to transfer and liquidate customer positions where we are permitted.

We were well-prepared in advance of the default, and we've taken action since the default to protect the clearinghouses. You should know that MF Global represented a low-single-digit number in terms of the percentage of activity in our clearinghouses, and we do not anticipate a material impact based on all the information that we have at this time. Again, we feel we are in an extremely solid position with regard to managing their default.

So, let me turn back to our results, and I'll update you on how we're delivering on the needs of our customers, and why we produced growth in each of the past 27 quarters. If you turn to slide 10, we've provided a snapshot of a few of the areas of growth for us, and how we've used changes in technology and regulations to redefine markets and create opportunities.

I'll begin with the fundamental strength of our business model. First, we have a unique reach across geographies, customers and products. Nearly half of our revenues come from outside the U.S., and our customer base is skewed towards those that are commercially-oriented. Our specialized products are designed for end users and risk managers, and while the energy markets were among the last to go electronic, these markets have been an area of unprecedented innovation in product and risk management techniques.

ICE's Brent Crude and Gas Oil contracts are in their 14th consecutive year of record volume. And the emergence of China as the leading consumer of energy continues to drive growth, along with the supply and demand imbalances in western economies. Brent is relied upon for pricing two-thirds of the world's physical oil, and it continues to rise in importance to the oil community. To ensure our contracts have the broadest market appeal possible, we're working with the industry to evolve the benchmark Brent and Gas Oil futures contracts as their demand rises, and while these contracts and the majority of our other contracts have set new volume and open interest record for this year.

Similarly, we're continuing the expansion of our OTC Energy markets, and I think it's important to understand the unique value proposition that these markets have provided to our customers and ultimately to our shareholders. OTC revenues continued to grow and year-to-date average daily commissions in 2011 are up 36%, compared to 2009, which was the first full year that we operated our Energy clearinghouse.

We are now able to list 600 cleared OTC Energy contracts, up from 100 Cleared contracts when our clearing was outsourced. From a customer perspective, coupling ICE Futures and ICE OTC Energy contracts on one platform delivers tremendous value in the form of liquidity, security and efficiency. Thousands of market participants rely on our integrated Energy Futures and OTC platform for both trading and risk management. Customers seek sound, well-regulated, transparent markets and I believe market structures have many unintended consequences such as creating the need for automated trading systems to simply reassemble the markets.

Today, competition in execution in clearing keeps our cost of transacting in the regulated markets well below the cost of transacting off-exchange. Because the cost of trade in our markets represent a very small percentage of the total cost of trading, access to multiple clearinghouses and exchanges does not seem to be the primary concern to our commercial hedgers, and the capital efficiency of our clearing model draws participants who hold netable transactions.

In fractured markets, customers and regulators faced increased operating complexity and systemic risks rise, just as we saw in the fragmented U.S. equity markets during The Flash Crash. Today's market structure supports the goal of moving bilateral markets into clearing, it supports moving opaque markets onto exchange, and it allows for the detection of speculative volume that is difficult to detect in a fragmented world. Our model promotes increased transparency and clearing in a way that is already widely accepted and is increasingly relied upon by the industry.

Turning to OTC credit markets, we've created a model for CDS execution and open access clearing that has largely been mirrored under financial reform. Our CDS Clearing revenues continue to rise in spite of financial reform delays. We believe our leadership in the electronification and clearing of swaps will continue to be a competitive advantage, and we've also shown an ability to compete in new markets that we were not involved in a few years ago.

In our Financials Futures business, we're developing formerly underleveraged products such as our foreign exchange Futures. Year-to-date, we've grown our FX Futures volume 26%, compared to the first 10 months of 2010, which outpaces our peers in both Futures and OTC FX markets. As Scott noted, we've already invested and innovated in technology to ensure we're serving customers efficiently and in a way that grows our business. Therefore, as we continue into a more automated world, we believe our investment levels will remain steady. For example, the cost of implementing a new clearing system at ICE Clear Europe this year has been part of our investment, as has increasing the functionality of our platform to more than double our options volume. ICE's team of over 300 technologists continues to develop best-in-class systems that contribute to ICE's ability to innovate and meet our customer requirements.

If you move to the right-hand side of slide 10, you'll see the box labeled Business Optionality that shows a few opportunities that we believe will enable us to continue to diversify our business in the growth markets. While the primary driver of ICE's earnings is our core business, many of these initiatives capture a significant amount of attention. Our strategic diversification is a driver of our opportunity set, and it enables ICE to deliver consistent results.

By diversifying into these new areas, we've become more relevant to a larger and more global customer base without needing to become a large company. We remain nimble in creating our own opportunities, including our move into Brazil's fixed income and energy markets. The demand for derivatives trading and clearing is rising, and it's coming from a more globally diverse customer base, which ICE has a very solid start in serving.

Turning to the topic of financial reform, you've seen a little more progress with Dodd-Frank in the United States since we spoke in August. Dozens of rules remain to be adopted, but we have enough information to move ahead with delivering on the key provisions of the law, and we're bringing needed certainty to markets. With the recent passage of both the position limit and DCO core principal rules, two major policy sets are finalized. In regard to the former, ICE has initiated a position limit regime on its Energy Futures and OTC Contracts pursuant to regulatory actions in 2008. With these position limits already in place, ICE established record OTC commissions, as well as record WTI Futures volumes. Given this experience, we believe the position limit approach that was adopted by the CFTC is prudent, and it will lead to increased confidence in our markets.

We have a number of assets already deployed that are supporting the market evolution towards increased transparency, including ICE's Energy platform and Creditex's Electronic Credit platform, which will likely become swap execution facilities. We're actively developing our Swaps Data Repository solution, and we anticipate going live in 2012. In the CDS market, our clearinghouses continued to meet demand for more cleared products, and we've introduced clearing for Latin American sovereign CDS just last week. We've cleared nearly $25 trillion in gross notional, representing the vast majority of outstanding clearable CDS, and we continue to introduce new products to maintain our leadership, and we produced record revenue during the third quarter in CDS clearing.

So, while regulatory change will continue well into 2012, the daily need to manage price and counterparty risk continues. Regulatory reform increasingly requires that exchanges and clearinghouses are the central venue for markets. Whether these markets are futures or over-the-counter, we've established a leading business model well in advance of these requirements. Financial reform is creating new avenues to serve the markets, and it offers additional opportunities for organic growth and M&A.

I'll close out this slide on the concept of value creation. The focus of our efforts is to deliver for our customers ahead of the curve and this in turn generates value for shareholders. While pursuing organic growth, we carefully manage expenses and investments. We've been very disciplined in our approach to M&A, spending over $2 billion in acquisitions since 2007, but during that time generating over $2 billion in operating cash flow, which is generating 18% returns on that invested capital.

In the third quarter when the opportunity arose, we repurchased $103 million of ICE stock at prices that we believe do not reflect the fundamental strength of our business. So, we remain opportunistic by striving to ensure that our franchise stays in front of new business while creating value for shareholders, which includes virtually all of our employees.

Let me closed out on slide 11 and show the positive upward trend in open interest and volumes in our markets as it continues. The strong growth engine of our core business is a solid backdrop for layering on new initiatives that create optionality for us in the long term. As entrepreneurs, we look for opportunities that arise within change and I continue to believe that this defines our company.

On behalf of my colleagues, I'd like to sincerely thank our customers for their business in the third quarter. I'd also like to thank the ICE team for delivering the best quarter in our history.

So, I'll now ask the operator to conduct the question-and-answer session and I'll ask you if you could limit yourself to one question and one follow-up. Operator?

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Our first question comes from Rich Repetto of Sandler O'Neill. Your line is open.

<Q – Richard Repetto – Sandler O'Neill & Partners>: Good morning, Jeff. Good morning, Scott.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Good morning.

<Q – Richard Repetto – Sandler O'Neill & Partners>: Jeff, from my understanding on the margin on client asset – in the futures market that the exchange requires some margin that the FCM can also require margin on top of that. And I guess in your prepared remarks you said you were in full control of the client margin. Does that include all margin that even MF could have required above what the exchange level is for the products traded on ICE products?

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: We're in control of all the margin money that was sent to us, which would be the money that we demanded, and there could potentially be other monies that were demanded by MF in MF's account, and there could also be money that customers left simply on deposits, treating those accounts, as you will, like bank accounts that would be under MF's control. So, we have what we have requested, and that – those requests can be out of our – directly out of our risk model or can be increased amounts as we see fit depending upon the clearer and the customer.

<Q – Richard Repetto – Sandler O'Neill & Partners>: Okay. And then my one follow-up would be – I believe that you would be the SRO or the Self Regulating Organization that monitors, I believe that's the way the structure is set up, of these accounts. Have you found CME acknowledges, I guess, it was potential for co-mingling and I guess – and also, can you explain if this is the case, as customers move assets from MF to another broker, the potential margin that still sits that MF on top of yours, could there be a doubling for a period of time until these assets get freed up through the bankruptcy; could there be a small portion of double-margining, and how does that impact your volumes? Like they claim they were number three on ICE Europe.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Yeah. So, let me break your question down, and I'll answer where I can. First of all, with respect to the SRO, the way the market structure works is that each clearing firm must have an SRO and because the Chicago Mercantile Exchange acquired the Chicago Board of Trade and NYMEX, it is principally the SRO for almost all clearing firms in the United States. Our U.S. Exchange, the former New York Board of Trade, would be the SRO for any clearer that was simply a member of our clearinghouse that was not also a member of these other clearinghouses, which I believe is a universe of zero, there maybe one or two, but I believe it's zero. So, we are not an SRO over MF Global, and so I can't – even if I knew, I probably wouldn't address your question, but I specifically can't address it, because I genuinely don't know, we were not in that role.

With respect to customer monies, we are working with the trustee in the U.S. and the administrator in the U.K, and where they permit us, we will either move accounts or liquidate accounts. As we do that, we the clearinghouse are not releasing any monies. So, those monies are being held in aggregate against the entire MF position by the clearinghouse. So, if somebody were to move their position to a new FCM, and that FCM gave us that position back, theoretically, I assume that the new FCM may be requiring additional margin, but that's between the client and the clearer. We will be margining that clearer for the new position as it moves.

<Q – Richard Repetto – Sandler O'Neill & Partners>: That helps, Jeff. Unfortunately, I couldn't ask about your record revenues or record earnings [Laughter], but we will get that next time. Thanks.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: I hope you'll write about it. Thank you.

<Q – Richard Repetto – Sandler O'Neill & Partners>: [Laughter] I will.

Operator: Our next question comes from Howard Chen of Credit Suisse. Your line is open.

<Q – Howard Chen – Credit Suisse (United States)>: Hi, good morning.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Good morning.

<A – Scott Hill – IntercontinentalExchange, Inc.>: Good morning.

<Q – Howard Chen – Credit Suisse (United States)>: Congrats on the quarter and thanks for the color on MF. Jeff, we saw proposals for open access fungibility and transaction taxes in Europe during the quarter. I mean, given so much is happening in that region right now, everyone is trying to find common ground, I'm just wondering what's your overall level of concern at these proposals potentially being implemented?

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Well, I think first of all, I'd point out just as you suggested, that their proposals, and so these are things that have been floated by various entities and are up for conversation. I guess my own view, because I'm an engineer, and unfortunately think like an engineer – Sir Isaac Newton said in his third law that for every action there's an equal and opposite reaction, and so we have a proposal right now to create a large vertical monopoly futures exchange in Europe and the equal reaction has been a proposal to try to dismantle that, and so it's not necessarily surprising.

In terms of where it goes from here, I think it will be subject to a lot of debate and probably heavily influenced by whether or not a large exchange forms up or not, and we won't know that for a bit. We'll be active in that debate. I think it's bad policy, both the tax and the NPID proposals for clearing. I think it will lead to a flight from Europe of trading, and ultimately, more volatility and fractures of markets that really have a lot of unintended consequences. So, we will be discussing that with the appropriate legislators and regulators as those proposals go forward, but I think it's probably premature to prejudge their outcome. I do take some comfort that we're located in the U.K. right now and our European operation in the U.K. has suggested they will veto the transaction tax and I guess I would also suggest you that we enjoy operating our business out of the U.K. because it is a global franchise that – people respect U.K. law and the U.K. has a convenient time zone, but other than that, there is no natural reason for our business to be in the U.K, and it could easily move if there were changes to market structure that were disadvantageous to hedgers and ultimate users of the market or some other domicile. So, it is there as a privilege, I believe, to the U.K. and not a right, and we will be discussing that with European regulators.

<Q – Howard Chen – Credit Suisse (United States)>: Okay. Thanks, Jeff. And separately, if we drill into Energy OTC side of the franchise as both you and Scott noted, you continue to see really strong growth in Global Oil and other products, just hoping you could give us a bit more flavor for the appetite that you're seeing in the market and maybe how you grade yourselves on the opportunity set you've seen over the last couple of years? Thanks.

<A – Scott Hill – IntercontinentalExchange, Inc.>: Thanks, Howard. I think particularly Global Oil, that business is up 68% year-over-year. It's basically two and half times the revenue it was just two years ago. And I think that's really driven by a couple of things. Number one, it's clearly an indication of the market wanting to get out of the bilateral world and into the cleared world. And number two, what's facilitated that is our ability to launch new products for clearing. I think we're at now somewhere around 600 products available for clearing in OTC, when I started four years ago that number was around 100, and that's before we controlled our own clearing. As I mentioned in my prepared remarks, we've launched over 230 products this year, the vast majority of which are OTC, a great number of which are OTC Global Oil.

So it's really two things, if the market wants to move into a cleared solution and now that we've got control of our of our own clearinghouse, we've done exactly what we said we would, and we've launched the new products that people want to have available for clearing, which has facilitated that. And then other product innovations as we've been able to launch options, as an example, and natural gas, that business, even in a relatively low volatility environment, we've seen solid performance there. Natural gas revenues were up 9% in the quarter. So, I think it's really all about our ability to innovate and launch new products, that's what's really underpinning the strength of the OTC results.

<Q – Howard Chen – Credit Suisse (United States)>: Okay. Thanks, Scott.

Operator: Thank you. Our next question comes from Chris Allen of Evercore. Your line is open.

<Q – Chris Allen – Evercore Partners (Securities)>: Good morning, guys. Nice quarter.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Thank you.

<A – Scott Hill – IntercontinentalExchange, Inc.>: Thank you.

<Q – Chris Allen – Evercore Partners (Securities)>: Yeah, I just wanted to talk a little bit about expenses, you guys have provided the guidance the beginning of the year, the adjusted operating expenses to be 4% to 6%. Obviously, with the record level of revenues, and what looks like a strong start to the fourth quarter, I'm just wondering if you're still comfortable with that guidance or is there going to be a pressure from non-cash comp and bonus accrual or anything like that, anything to think about into the fourth quarter?

<A – Scott Hill – IntercontinentalExchange, Inc.>: You know, Chris, I think as opposed to prior years, where we've had a single quarter where the performance outstripped maybe what our expectations were, we came out of the gate really strong this year. We were strong in the first quarter, we had a strong second quarter, we just set a record in the third quarter, and so we've been able to manage the accruals with a pretty good view that the year was going to be good almost from the very beginning. So, I'm hopeful that the fourth quarter blows away our expectations. I think that the trend is, as you saw from the metrics I gave, $1.6 million OTC and 21% Futures volume growth, we feel good about October, and I think fourth quarter is going to be another good quarter, but I think we're fairly well-positioned in terms of where we've got the accruals on our performance bonuses, et cetera.

And in terms of overall expense, I think the mid-single-digits and the 19% revenue growth in the quarter speaks for itself. Our margins were up 4 points on a year-over-year basis, our core margins, excluding the brokerage business, are 67%. We're investing in future growth, and we're delivering current growth with relatively modest expense growth.

<Q – Chris Allen – Evercore Partners (Securities)>: Great. Sounds good. And not to beat a dead horse on MF, but I guess just to simplify everything, from your perspective, related to the ICE clearinghouses, did MF violate any customer seg rules?

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: They did not violate any of our rules, and so they were a member in good standing at the point they went into default.

<Q – Chris Allen – Evercore Partners (Securities)>: Okay. Thanks a lot, guys.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Thank you.

Operator: Thank you. Our next question comes from Alex Kramm of UBS, your line is open.

<Q – Alex Kramm – UBS Securities LLC>: Hey, good morning.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Good morning.

<Q – Alex Kramm – UBS Securities LLC>: Just one more on MF, not so much about the clearinghouse, but I think you talked about the clearinghouse percentage here before, so if I go back to some of your older case, I think you certainly highlight them as one of your biggest customers in some of your businesses. So, maybe you can just give us a little bit of a flavor where they were strong, where they were not so strong, I think they were a big energy and commodities player, I think they also did a lot of energy facilitation. So, if you think about the business, what do you think the impact, the timeline, how long do you think realistically some of this clearing up of this going on, account movement is going to be done? Thanks.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: The MF house positions were very, very small. The vast majority of the positions in our clearinghouse were related to their customers. As you know, our markets tend to be made up predominantly by commercial market participants. Any disruption is going to cause some amount of impact, but our expectation is, just as you saw in October, our volumes will continue to perform well, based upon the large commercial participation in the market. So, again, we'll work through what the details are, but our expectation right now is that it should not have a material impact on the performance of our business.

<Q – Alex Kramm – UBS Securities LLC>: Okay, good. And then just switching gears for little bit, obviously, in this whole OTC to exchange clearing migration, you've shown where you picked your battles, but I think more recently, there's been lot of discussion about not just the clearing side, but also I wanted to call like the futurization of business, and how business is shifting to the futures world. Can you maybe talk about that a little bit more? I think it's not a new trend, but clearly it's something that people are focused on right now. So, do you think that's going to be a big impact for you, and what business perhaps or do you still think, like the Clearing side and maybe just the shift to clear on the Energy side is really the bigger opportunity not so much on the Futures side? Thank you.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Alex, I think it's – as we sit here today it's hard to know with any specificity because the rules about what is an OTC swap versus what is the future are still being discussed in the United States, and I think the details in those rules will matter in the answer to your question. But generally speaking, if you step back, I do think that it will become more complicated than it used to be to trade in the over-the-counter markets. There will likely be these Swap Data Repositories and reporting requirements and there will be requirements to demonstrate that you're hedged or not hedged and the like, and it may ultimately be easier for contracts that can be highly standardized with standardized tenors to be traded as futures, if they can serve the need that people were getting in the over-the-counter market. Obviously, there will always be, in my mind, some need for customization. But generally speaking, I think where contracts can be standardized, there will be a trend towards futures. And I think we see from others that in the FX market, in our own FX Futures market and others' market, that there does seem to be in that case a trend from OTC to futures.

And just elaborating on Energy, which is where we sit, we are very – we have a lot of optionality, we have a great OTC platform, we have an open clearinghouse in the sense that we accept trades from over 100 different OTC venues now, and then we have an amazing Futures franchise that's quite global and quite standardized and the benchmarks in there continue to be increased in important. So, I think we're sort of set up regardless of how the market goes, and if you were to read our comments in this area, you'll see we're relatively agnostic just trying to help the regulators make informed decisions.

<Q – Alex Kramm – UBS Securities LLC>: All right, very good. Thank you.

Operator: Thank you. Our next question comes from Matthew Heinz of Stifel, Nicolaus. Your line is open.

<Q – Matthew Heinz – Stifel, Nicolaus & Co., Inc.>: Hi, good morning.

<A – Scott Hill – IntercontinentalExchange, Inc.>: Good morning.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Good morning.

<Q – Matthew Heinz – Stifel, Nicolaus & Co., Inc.>: I'd just like to go back to the OTC Energy business quickly and I guess trying to think about the – specifically with the Global Oil – trying to think about what's the bilateral – what's the real opportunity out there in terms of the bilateral turnover in similar products, and how much, and how quickly do you think some of this could move over to your platform?

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: I had this – I have a simplistic view from going back to the starting of ICE where I came out of the electric power market, and that was the first market that Chuck Vice and I attacked and then it moved into natural gas and then we moved into oil. And if you think about that chronology, oil had been the oldest market of those three that it traded. Natural gas at the time we started ICE had been trading relatively robustly for maybe almost 10 years and electric power was just starting in its infancy. So, sort of the newer the market, the faster they are willing to adopt newer trading techniques and technologies.

So, the oil is the last of those, it seems to just now be starting to think about clearing. For many, many years, you had major oil companies with deep balance sheets and large global banks and asset managers that were trading that and balance sheet credit was not an issue. We saw after the Lehman collapse that people started to think about their counterparty risk, and it's that trend that is moving people. And I would suggest to you it's all voluntary, not regulated, into clearing. And so, it's early days. I'm sure there's a lot of people that have long-standing, bilateral, big balance sheet, big collateralized OTC relationships that have yet to move positions into clearing, but I think the trend is starting, it's accelerating, and we're helping that trend by now controlling our clearing technology and putting domain knowledge in how to manage risks of complicated OTC oil portfolios.

<Q – Matthew Heinz – Stifel, Nicolaus & Co., Inc.>: Okay, that's great. Thank you. And then as my follow-up, you mentioned that you were clearing some more sovereign CDS in ICE Trust or forming ICE Trust and ICE Europe, how much sovereign are you doing on the brokerage side? It seems like you saw some nice growth there, really I guess the first quarter of year-over-year growth in quite a while for the brokerage. How much sovereign are you doing, and what are the kind of early or what's the early feedback you're seeing from the Greek situation?

<A – Scott Hill – IntercontinentalExchange, Inc.>: What we announced is the clearing of Latin American sovs out of our ICE Clear Credit clearinghouse. We've not yet launched the European sovereign clearing yet. We're working through still with regulators on the approval to launch those products. We don't have a large sovereign desk in our execution business. Obviously, the volatility that's been generated around those sovereigns has been good for volumes and was one of the contributors as you look at the third quarter.

The other thing that really drove the strong performance is with that volatility and with some of the other economic risks that are out there, what we're seeing is a lot of customers trying to get off risk as much as they can. And one of the products that we've talked a little bit about in the past are DNA or Delta Neutral Auctions, which basically allows customers to mitigate risks. We saw a tremendous performance out of that product in the quarter, it's a highly electronic product, and that was really a big contributor to the growth. So, we don't have direct exposure of the sovereigns on the execution side, but the volatility around those sovereigns certainly contribute to the performance of that business, and particularly in the electronic offerings like DNA.

<Q – Matthew Heinz – Stifel, Nicolaus & Co., Inc.>: And then anything you're hearing from just on the sovereign side in general from the Greek situation?

<A – Scott Hill – IntercontinentalExchange, Inc.>: The same thing that you read in the paper.

<Q – Matthew Heinz – Stifel, Nicolaus & Co., Inc.>: [Laughter] Okay. Thanks. Thought I'd try.

Operator: Our next question comes from Michael Carrier of Deutsche Bank. Your line is open.

<Q – Michael Carrier – Deutsche Bank Securities, Inc.>: Thanks, guys. Hey, Scott, just tax rate in the quarter is fairly low relative to what you've said on the guidance side. You didn't change the guidance for the year, so I just wanted to get some sense and obviously, depending on where the business is coming from that's going to have an impact, but any update there?

<A – Scott Hill – IntercontinentalExchange, Inc.>: Look, I hate to go into the accounting weeds, but our tax rate for the first nine months is 32%, which is spot in the range that we've given of 31% to 34%. However, each quarter I've got to book a rate in the quarter that gets me booked right on the year. So, the low rate in the quarter simply is reflective of the math to get me to the right full year or current year rate of 32%. And so, what I'd look at is the year-to-date rate, not the quarter rate, as indicative, that's in the range of 31% to 34%. I'll note that we definitely are trending lower on the tax rate, and that's reflective of the fact that we continue to grow the business outside the U.S., and in the U.K. and in particular, the authorities in the U.K. have made the determination that it's good for business to have relatively lower tax rates, and we're seeing the tax rate in the U.K. come down, and we benefit from that.

So it's almost a perfect storm of more business coming from the U.K. and with tax rates going down in the U.K. that's driving that. So, the range was 31% to 34%, we're sitting at 32% on a year-to-date basis and trending lower. We'll give some updated guidance as we move into 2012, but as we see our business continue to grow outside the U.S. and continue to see indications from outside the U.S. that tax rates are likely to stabilize or continue to come down, I think you should expect to continue to see us have a fairly attractive, certainly on a relative basis, tax rate.

<Q – Michael Carrier – Deutsche Bank Securities, Inc.>: Okay, thanks. And just a follow-up. On the OTC Credit side, the sovereign opportunity obviously that's not going to make or break you, meaning there's a lot of other opportunities and you guys have been gaining traction in other product areas. But the way the Greek situation plays out, and I guess it will ultimately depend on what ISDA decides, but does it put a crimp in the whole sovereign CDS opportunity, particularly if the CDS doesn't trigger restructuring? I'm just wondering, like the sovereigns may be different than corporates in terms of when you go into a bankruptcy or the actual triggers. And, obviously, it's still to be determined, and we'll see how these all shakes out over the next months and quarters, but is there any thoughts around that, how ISDA will potentially look at that?

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: I guess I agree with you that it's yet to be determined, and it's obviously, I think, important for a determination to ultimately be made in a collective view of the market as to what it means to own a sovereign CDS and I think once the market understands it's utility and maybe where it lacks utility, then the product can seek its own trading level. But, and it may be the different countries that the market has different view of different countries in the way they manage defaults, or potential defaults, and so it may not be just one thing, but may be country by country that the product may have different utility. So, we're going to have to wait and see. Right now this is a voluntary write-down proposal, and if the market really accepts that it is voluntary, then I think CDS will continue somewhat unabated, frankly.

<Q – Michael Carrier – Deutsche Bank Securities, Inc.>: Okay. Thanks, guys.

Operator: Thank you. Our next question comes from Ken Worthington of JPMorgan. Your line is open.

<Q – Kenneth Worthington – JPMorgan Securities LLC>: Hi, good morning. I apologize, I missed some of your opening remarks, and so if this is repeated you can just shut me down. In Brent versus Gas Oil we are seeing open interest kind of stagnate on the Gas Oil side when it's accelerating on the Brent side, I would assume the customers are the same. There was the reconstitution, is that still having an impact here or is there something else? And when would you kind of think that Gas Oil and Brent fundamentals would start to converge or what would it take for them to converge again?

<A – Scott Hill – IntercontinentalExchange, Inc.>: Right, now Ken, the fundamental issue is Gas Oil the pricing curve is backwardization, I can't even say it, which fundamentally means there's a negative cost to carry. So, you're not even seeing people put open interest on it and hold it because basically the prices are lower out in the future then they are today. That is the fundamental issue. Volumes growth has been in line, I think I said in my prepared remarks, Brent grew 41% and Gas Oil grew 30%, so the volume growth has continued unabated the interest in the product has continued unabated. The OI is simply related to the shape of the curve right now.

<Q – Kenneth Worthington – JPMorgan Securities LLC>: Okay, great. And then, again, I apologize if you mentioned, this, but on BRIX, can we get an update on the project there, and what kind of progress you're making towards launch?

<A – Charles Vice – IntercontinentalExchange, Inc.>: Sure, this is Chuck. We've launched the trading system for over-the-counter physical trades in Brazil. We launched that several months ago, and that's gone very well. I think there are about 40 or 45 signed participants with – we're having trades every day there and trades every day there. And we're kind of now beginning to think about Phase II, and how we go about offering and structuring the right kinds of derivatives for trading there to help in risk management in that market, looking at the clearing assets that we have, speaking with Citi 50:32 where we have a minority investment there and really just exploring what the options are to continue to build some infrastructure for that market, not only power, but some of the other commodities in Brazil.

<Q – Kenneth Worthington – JPMorgan Securities LLC>: Okay, great. Thank you very much.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Thanks.

Operator: Thank you. Our next question comes from Jillian Miller of BMO Capital Markets. Your line is open.

<Q – Jillian Miller – BMO Capital Markets (United States)>: Thanks, morning.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Good morning.

<Q – Jillian Miller – BMO Capital Markets (United States)>: So, you guys have said in the past that your Energy markets are gaining some new participants from China and the Middle East, as those governments kind of scale back the subsidies they're providing for gasoline and though hedging becomes more important. I was just wanted to get an update there on how those policies of the governments are progressing and maybe some commentary on any new firms in the past quarter or two that have been looking to start trading on your markets as a result?

<A – Scott Hill – IntercontinentalExchange, Inc.>: Yeah, I guess probably the – I don't know, most exciting or interesting new news that we've gotten recently is over the past couple of months China has said that they're going to, I believe it was 31 of their largest companies, to begin to participate in global markets. And I believe the comment was something along the lines of we're large consumers of commodities, but we don't really participate in the price formation. I think that's a big opportunity, clearly, as I think we said on past calls, maybe three, four call ago, when Jeff and I were in China last year, we met with SinoTech and talked to them about their trading activities in our markets.

And we're seeing more and more interest. We actually have a person in China and in an office in Singapore, who are in constant dialogue with the Chinese companies and instructing them on how to get access to our markets for trading. So, that's probably the biggest new news, is that the Chinese government now as they start to try and deregulate pricing to some extent, they recognize their companies are going to be faced with price volatility, and they are now offering an opportunity, for at least a small subset of those companies, to go out manage that risk.

And I think when they look to go and manage that risk they are going to think about what are their exposures; Brent, which is what their oil is priced on, Gas Oil, which is an important diesel hedge or hedge tool, those are the benchmarks globally, those are going to be the products that attract the Chinese companies because it will help them manage the risks they've got, global sugar, global cotton, same thing. So, we're basically letting them know then on our exchange we've got these benchmark contracts, they reflect riskier looking to hedge, and we are clearly seeing growing interest from those companies in our markets.

<Q – Jillian Miller – BMO Capital Markets (United States)>: Great, thanks. And then there is some regulatory changes I guess going on in Canada that are going to allow you list additional contracts. I just wanted to get some insight as to how widely used you expect the new contracts could be. And then in general maybe you could give us an update on your strategy for ICE Canada? I don't know if there is like OTC Clearing opportunities or maybe some additional new product launches that you're eyeing?

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: It's an exciting opportunity for us in that the Canadian Wheat forward used to be the price-setter for wheat, and with the proposed legislation to eliminate that, here will be a free market. So, we have the canola contract in Canada that, as you may know, and many of the same agri business firms are active in the wheat market, so they have rallied around us to work with us and the market has designed a new contract and contract terms and specifications, delivery points, et cetera, or a Canadian Wheat contract.

We have filed with the regulator to begin the launch that, to get the approval to launch that contract. And so we think we are the natural home for that contract, our customers think we're the natural home for that contract, and it should be a good opportunity for us. As a result of that, ICE has a history of as we get customer connectivity, we work with those customers to try to figure out their other hedging needs and launch new contracts that are similar that can give economic offsets and other hedging tools for them. So, I would expect that it would spawn additional contracts for us.

<Q – Jillian Miller – BMO Capital Markets (United States)>: Okay. Thank you.

Operator: Thank you. Our next question comes from Roger Freeman of Barclays Capital. Your line is open.

<Q – Roger Freeman – Barclays Capital, Inc.>: Hi, good morning.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Good morning.

<Q – Roger Freeman – Barclays Capital, Inc.>: I just wanted to come back to your OTC business, have a bunch of questions on that, so trying to start the opportunity. I mean, if you look at all of the 600 contracts across the Energy space, what percentage of that total OTC market would you say is addressed by sort of equivalent contracts in your clearinghouse?

<A – Scott Hill – IntercontinentalExchange, Inc.>: I don't even know where I'd begin to answer that question, Roger. I don't have a view to the full size of the OTC market. We've tried a few times to size it. You know, look, the thing I keep going back to is that Global Oil two years ago was just under $5 million and around 6% of our total OTC revenue. Every one of our OTC revenue products has grown over the past two years and yet Global Oil is now roughly 12% of our total OTC revenues and has doubled in size.

So, I don't know how large the opportunity is; there is clearly demand for the clearing solution. I mean, we've got one recent example of a fairly large airline who's making a decision to start hedging their risk directly, as opposed to – or at least hedging a portion of their risk directly as opposed to going to a third party to write those hedges for them. So, I can't give you a metric, I'd love to give you a metric, but I can't give you a firm metric other than what we've seen over the last couple of years and the customer movements that we're seeing moved directly into the market as opposed to going through third parties for their hedging.

<Q – Roger Freeman – Barclays Capital, Inc.>: Okay. But I'm assuming you talk to new customer as you develop these new products, so I was just trying to get a sense for whether, obviously, like the airline issue is one where the airline has sort of decided to take on maybe some basis risk from a standardized to clear contract versus an OTC, but are willing to do that. And just wondering how – are there any big holes at this point in terms of kind of customization that corporate and other customers look forward these true bilateral arrangements that they can't get pretty close to in a Clear contract?

<A – Scott Hill – IntercontinentalExchange, Inc.>: I think the thing that exchanges can't lift, at least as the market exists right now, are contracts that have lots of optionality in it. I mean, just take a hypothetical airline, if you were in airline you might want an OTC hedge that in the event you add certain routes you were able to increase its size, in the event that you drop certain routes, you might drop certain delivery points, and so on so forth. You might in the case of a tenor or you might have certain contracts, and if you get out of your long-dated contracts you might want to swap to also terminate. So, exchanges that list standard contracts for trading tend to not have all that optionality.

I personally think one of the unintended consequences of all this new OTC regulations is that there will be a – there will be more money to be made by people that can write a lot of optionality in the contracts and I think those will become hard to value because options are more difficult to value. So, I think that just happens to be one of the unintended consequences is creating harder-to-value contracts for those that don't come into clearinghouses or on exchanges.

<Q – Roger Freeman – Barclays Capital, Inc.>: Okay. All right, thanks.

Operator: Thank you. Our next question comes from Daniel Harris of Goldman Sachs. Your line is open.

<Q – Daniel Harris – Goldman Sachs & Co.>: Hey, good morning.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Good morning.

<Q – Daniel Harris – Goldman Sachs & Co.>: Hey, Jeff, you mentioned earlier that you saw that a transaction tax was bad policy and yet probably for the third time that I can remember in the last five years, it was put forth again or will it be put forth today. How much global coordination do you think is out there maybe in front of the G20 meeting, given that we know that France and Germany want this. There are certainly some sects of the U.S. government that might want this. I'm not sure, do you feel that there is any global demand for putting a transaction tax out there to raise taxes or is it just something that's just more noise you think?

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Well, first of all, I do think that if regulators are and legislators are being much more coordinated globally than I've seen in my 10 year tenure here in the industry. So – and I do think that's a positive thing, because we operate global markets, so to the extent that we have consistent regulation, it's helpful for our customers. I don't know, we've got some large countries that have very explicitly said they won't support such a tax, and others that have very explicitly said they are demanding such a tax, and so it's hard to know where it all lands. But I do think there is a general appreciation that unless such a tax is widely applied, that global products will find a different home in a lower tax environment. And so, I do think that I mean, that in every conversation we've had, there is an acknowledgement that that's a real capability. That being said, we have seen that the equities markets tend to be local markets, and there have been local transaction taxes on some equity markets. And those markets haven't left, they have evolved into things like contracts for differences, OTC markets to try to avoid the tax, et cetera, but nonetheless, they haven't actually left, they've morphed into something that avoids the tax, but stays.

<A – Scott Hill – IntercontinentalExchange, Inc.>: Well, on the bad policy point, too, I mean, today it costs you less than $1 to trade a Brent contract. If you take one-tenth of 1% as a tax on that one contract, which is 1,000 barrels of oil, it's going to cost you $10. So, today it costs you $1 to trade, tomorrow it costs you $10 in taxes on a commodity, the price of that commodity is going to go up to reflect that additional tax.

<Q – Daniel Harris – Goldman Sachs & Co.>: Right, couldn't agree with you more. Just want to turn back to office and you guys said about the CDS markets, you are seeing some signs of stabilization. I'm guessing that's both in the execution side, as well as the clearing side, which obviously has continued to grow through more and more people using the clearing. But what are you really seeing, it looks like the execution side is up off the 4Q lows, are you seeing more traders engaging that market? You also mentioned electronification was increasing pretty rapidly, certainly over the last two years. So, I mean, where do you think that could go back to in a market that has more certainty around clearing and regulation around CDS?

<A – Scott Hill – IntercontinentalExchange, Inc.>: I think more clarity on what the rules are going to be for SES, I think more clarity around the rules for clearing, I think all of those are predicate to that market recovering. what you're seeing in the results today, as I mentioned earlier, really is driven largely by risk mitigation strategies, and that's enabled by the products that we offer, like DNA, which allows people to get off the risk. So, today that's what's is driving it. As I look, despite the fact that we've been in a relatively subdued environment, we're still a number one or number two market share in key index and single-name products that we serve.

We're building out capabilities in things like emerging markets. So, as we get the clarity around the rules for trading CDS and the rules for clearing CDS, we feel very good about the position we've got, and we feel very confident that over the longer term, the CDS is a viable product. It does facilitate the flow of credit into the market. It is a good indicator, and I would argue a better indicator, than the ratings agencies or stock prices with regards to the health of the company.

So we think it's a way that people in the future will take a view on a company. So, we like our market position, we like the product offerings we've got, we like the position we have as the clearinghouse. And as that market turns, we believe it's a significant opportunity to help contribute to our ability to continue to grow.

<Q – Daniel Harris – Goldman Sachs & Co.>: Thanks, Scott.

Operator: Thank you. Our next question comes from Chris Harris of Wells Fargo. Your line is open.

<Q – Chris Harris – Wells Fargo Advisors LLC>: Thank you. Good morning, guys.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Good morning.

<A – Scott Hill – IntercontinentalExchange, Inc.>: Good morning.

<Q – Chris Harris – Wells Fargo Advisors LLC>: Just a quick follow-up on the CDS business. Obviously, CME is focused on capturing share here, and they're obviously looking closely at getting share in the buy side. We know that you guys are, obviously, cornered to dealer market. But just wondering what kind of strategic advantages or structural advantages do you have over CME that will help you win out on the buy side with respect to CDS?

<A – Scott Hill – IntercontinentalExchange, Inc.>: The first advantage is $25 trillion versus a few million, or billion that they have done. The second is $1.6 trillion of open interest, the third is over 330 CDS products that we clear, which is far away more than anybody else in the industry. The fourth is a very open and robust dialog with the buy side customers, where for example, we're putting together allocation capabilities, which is key to a number of those buy side firms, that we'll be rolling out shortly, which will facilitate their ability to come in. It's our risk models and our risk management capabilities, the ability to develop technology to look at the portfolio that our clients have.

We're in discussions with regulators right now to try and get them to allow us to deploy the technology we've already built that will look at the portfolio of single-name and index product. So, I think it's the full fleet of operations – it's our operations, it's our risk management, it's our open interest, it's the number of products we clear. We feel very good about the position that we've got in terms of CDS claims.

<Q – Chris Harris – Wells Fargo Advisors LLC>: Thanks for that, Scott. And then just a quick follow-up on the health of the overall business. You guys are definitely not seeing it in volumes yet, but just curious how you think a prolonged slowdown in Europe might affect your growth outlook over the next couple of years?

<A – Scott Hill – IntercontinentalExchange, Inc.>: I think the thing you have seen historically you go back and look at the fourth quarter of 2008 and into 2009, we don't – our business model is very geographically diverse. We're not tied to just the European economy, we're not tied to just U.S. economy, we're not tied to the deleveraging of financial institutions. We've got a very strong commercial customer base. We have global commodities, the demand for which is being driven out of the emerging economies. The geographic diversity, the product diversity, all of that has enabled us to grow right through the difficult periods over the last two years and gives us confidence that we'll continue to grow into the future.

Operator: Thank you. Our next question comes from Niamh Alexander of KBW.

<Q – Niamh Alexander – Keefe, Bruyette & Woods, Inc.>: Hi, good morning. Thanks for taking my question. And if I could touch on the climate exchange business and are we still kind of running, is it neural this year or maybe positively accretive? And can you give me an update on that market environment? I think we're moving into an important next phase in Europe.

<A – Scott Hill – IntercontinentalExchange, Inc.>: Yeah, Niamh, I would say we're on track to where we had expected to be. We took the synergy – the cost synergies out, it's frankly, a little bit ahead of pace. In terms of revenues, we were off to a little bit of a soft start this year, but as I mentioned in my remarks, 52% volume in the third quarter, 44% revenues. October was another good month in terms of the emission. So, I would tell you, we're kind of right on track with where we expected to be and then embedded in your question is the key, the next real, if you will, growth wave that we think we're well-positioned for is Phase III.

There are new participants in that marketplace, airlines, as an example, who haven't participated before who will begin to be able to participate in 2012. The certificates for – the emission certificates today, which have been provided for free, will start to be auctioned in the future. We will participate in a part of that, but more importantly, those auctions will generate additional price volatility, which tends to mean more risk, which tends to mean more hedging, which is what people do with the products on our exchange. So, we feel good about where we are now, had a very strong third quarter and a good October in terms of top line, and with the new participants and the implementation of Phase III in the coming 12 months to 18 months, we feel like that's a good growth business for us looking forward.

<Q – Niamh Alexander – Keefe, Bruyette & Woods, Inc.>: Okay, fair enough. Thanks, Scott. And if I could, Jeff or Scott, you tend to see a lot of outside – the non-organic acquisition opportunities. You've made the big investment into Brazil, but I got from your comments there that you're still seeing some acquisitive opportunities. Are the conversations changing, are the sellers kind of more willing sellers, are the price expectations different? Do you think maybe you're getting closer to something?

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: I won't say whether we're getting closer to something, and you know that. But, yeah, I do think that people are having different price expectations. It is interesting that you picked up on that because the last few months, we went through this period I think after Dodd-Frank was announced when everybody said we're big winner here. And now what we've seen is that the implementation of Dodd-Frank, and its counterparty EMIR in Europe is going to take some time.

It's going to be implemented over a long period of time, there's a lot of details, the details matter. And so I've seen some people realize, okay, a pot of gold just didn't land in my lap and I'm going to have to work to evolve businesses and stay ahead of all of this, and it's been sobering for some people. So, I do think that there will be some opportunities potentially to buy interesting businesses at reasonable prices, accretive prices for us, as time goes on. Which as you know, I suggested it would be the case and I do see it starting to happen now.

<Q – Niamh Alexander – Keefe, Bruyette & Woods, Inc.>: Thank you.

Operator: Thank you. Our next question comes from Jonathan Casteleyn of Susquehanna. Your line is open.

<Q – Jonathan Casteleyn – Susquehanna Financial Group LLP>: Yeah, thanks. Good morning. Just one question from me on your legacy OTC Energy business. I guess what impact does a very abundant supply of U.S. natural gas have on the business, so, if your adoption rates of new participants in your markets start to slow, why won't this be an issue for the gas franchise? Thank you.

<A – Scott Hill – IntercontinentalExchange, Inc.>: Jon, I would argue that the abundance of natural gas and the fact that in the U.S., we're looking at natural gas as a particular – as a potential alternative to oil is something that that's going to drive more interest in that product, drive more people towards using that product. Consuming, producing and all of that will be good for that business on the longer term. Obviously, in pockets where we see really low prices because of supplies, we've seen in past that can impact volumes over the short-term, but over the longer term, as natural gas is looked to more as the viable alternative to oil, I think that only bodes well for that market.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: And I would say, Jon, one of the interesting things that we look at here in trying to figure out forward-looking budgets is the growth in our data revenues and the growth in people that are requesting screens for view only and you can look at that and see that it continues to be robust. So, we have a very powerful set of OTC data that comes from all of these contracts and all the data points that we see and there is an increasing demand, it appears, for that dataset, which would suggest to me that there is more interest in those natural gas markets.

<Q – Jonathan Casteleyn – Susquehanna Financial Group LLP>: Great, that's very helpful. Thanks very much.

Operator: Thank you. Our next question comes from Brian Bedell of ISI Group. Your line is open.

<Q – Brian Bedell – International Strategy & Investment Group, Inc.>: Thanks, good morning, blokes. Jeff, if you can just comment on Brent and WTI, I mean, you gained about 10 percentage points of market share if you look at Brent as a proportion of Brent and WTI combined, from about 30% to 40% in the beginning of the year. And with the price conversions coming back in to around $16, do you think that has an impact on how people will view Brent versus WTI or do you think more organically Brent has much more room to go in terms of gaining share of those two?

<A – Scott Hill – IntercontinentalExchange, Inc.>: What's interesting is both Brent and WTI are – they're physically delivered products, and they have unique delivery issues, both of them do, and they've evolved over time to continue to stay relevant and grow in relevance. And so what's happened really more obviously for the first time to many in the market over the last couple of quarters is that people see that those are two different grades that have two different specific issues and, as well as issues move around, it's good for hedging. They're both important benchmarks.

We like having both. I would say we probably have cannibalized our WTI contract more than our competitors in pushing people to Brent, but that's the natural consequence of the fact that we have an active sales force and education component that are talking to people about using Brent as a hedge and showing them against our own contracts how that would work. But I think that all-in, that's very helpful and positive.

I do think that these issues will move around. I think they'll continue to move around. I think the contracts have disconnected long enough that people will continue to use both now for specific reasons and not necessarily as substitutes for one another, which used to be the case. You'll see that we've been able to develop an active Brent options market around our Brent. It used to be that the only options that traded in oil were options on WTI. Because Brent and TI were so highly correlated, when you got to an old liquid options market, people didn't want to split the liquidity so you were able to hedge Brent with a WTI option. But, today there is a new option market, it creates new arbitrage opportunities for options market makers to deal in both and I think that will just continue to grow.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Just to clarify, both contracts.

<Q – Brian Bedell – International Strategy & Investment Group, Inc.>: Great, that's very helpful. And then just for my follow-up, can you elaborate a little bit on cross sale progress between your energy products and your financial and other commodity products between customer sets? What type of resources are you allocating to that from I guess a sales force perspective and do you see that improving over the next, say, 12 months or so?

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Yeah, we've got quite a sales force here now, and it doesn't just span product, but it also spans geography. And then if you think about we really now have a sales force that's selling clearing, and we have a sales force that's selling post-trade services, so we go from front, middle to back office. So, we have done a pretty good job, it's a great team, and they are really energetic and people that are on our sales team, if you like working here, you really like working here, and they work together as a joint team.

We standardize information inside that sales force for tremendous amount of information sharing on customers, what we learn, and so the cross-selling opportunity, I think, has really been helpful. I'd suggest you, for example, that people like to ask me a lot in shareholder meetings about moving the Russell index to ICE, and what we paid, and how it's doing, and what it's return on investment is, and so on, and so forth. But one of the side benefits is that it got us – that became our first truly retail product, which that sales channel opened up our ability to sell the dollar index, get on some of the independent system vendor screens that are here with retail and now we've been pushing other FX products. And we wouldn't have had that sales channel unless we had a flagship product like Russell. So, it's has been a really great consequence of that, and we see that all over the organization.

<Q – Brian Bedell – International Strategy & Investment Group, Inc.>: Right, and the momentum is improving there?

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Yes, definitely because we've, maybe to your question, started to recognize our ability to organize our own sales force better and to cross pollinate those opportunities through our own management efforts.

<Q – Brian Bedell – International Strategy & Investment Group, Inc.>: Great. Thank you very much.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Thank you.

Operator: Thank you. Our next question comes from Patrick O'Shaughnessy of Raymond James. Your line is open.

<Q – Patrick O'Shaughnessy – Raymond James & Associates>: Hey, good morning.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Good morning.

<Q – Patrick O'Shaughnessy – Raymond James & Associates>: One of the interesting slide that one of your competitors in Chicago puts together is to talk about how much of their trading activity takes place during U.S. trading hours versus Asian versus U.K. hours. Have you guys looked at a data similar to that? I'm guessing that given ICE Futures Europe, obviously based on London, it would probably skew a little bit more towards Europe. But can you give us a sense of how global your customer order flow is from that perspective?

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Well, first of all, we don't have to guess by guessing hours. We actually have data, and we have the unique ability because of the way the ICE Trading Platform was built as an OTC platform, where we were required by law to know the identity of every customer in the early days of ICE. We have tremendous tracking capabilities inside our trading engine, and we also have our own screen, as I mentioned earlier, and so we don't rely solely on third-party screens. So, we have a very good sampling across the market of people that are using our screen, so that we can see, and we track people's IP addresses, frankly. So, we can see not just to the country, but exactly to their address where people are acting from. So, we have about half of our revenues that come from outside United States and, frankly, we just don't look at hours.

<Q – Patrick O'Shaughnessy – Raymond James & Associates>: Okay. I appreciate that. And then for my follow-up question, just kind of a more long-term philosophical question, with North Sea production dwindling, the way that they calculate Brent, obviously, it keeps changing a little bit. At some point, do you run the risk of where Brent isn't the relevant global benchmark just because there is no Brent left? Or how do you see that developing over I think probably next 10 years to 20 years, it's probably not a next 5 years to 10 years issue, but further out?

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Yeah, it's interesting, because we call the contract Brent, but actually there's little or maybe no Brent in Brent. It's over time – this trend is not a new trend. This has been a trend for the 25 years or so that the contract has been in existence. And so what happened is that the industries work with us, and we moved the location.

So we went from Brent to Oseberg to Forties, which are different grades of oil, and we will likely at some point add Ekofisk and, frankly, what people are delivering would be the cheapest to deliver, which is another way of saying the lowest grade of that complex. And so, Brent is becoming less sweet as the sweetest oils go away. But then also what has we announced Platts, which is one of the, there's three or four price assessors, is changing their assessment criteria to lengthen the number of cargoes, put more cargoes in the assessment that they do. We've announced that we're going to follow them, follow behind them and change the way, we create our own Brent Index that uses the data that we get from Platts and other assessors. So, it will continue to evolve, it doesn't go to zero, it's not peak oil theory kind of contracts. The reality is the market wants a grade of crude that is sort of the Utopian grade against which all other grades can be benchmarked through delta pricing. And so it will continue – that contract will continue to evolve to be the best that's available.

Also by the way, when we first brought the International Petroleum Exchange of London there was a lot of discussions whether the North Sea was kind of go away and technology keeps finding new ways of extracting more and more oil. And just with $80 and $100 oil prices, market forces continue to find new oil. So, the demise of the actual Brent oil field has been greatly exaggerated over decades. So, I think quite frankly, stepping back, it provides intellectual property and domain knowledge in content that we uniquely have to keep that market organized and keep the customers around us, and so, in that regard it's a good thing. It will be very hard for a competitor replicate what we do in continuing to evolve that contract.

Operator: Thank you. Our next question comes from Rob Rutschow of CLSA. Your line is open.

<Q – Rob Rutschow – Credit Agricole Securities (USA), Inc.>: Good morning, everybody.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Good morning.

<Q – Rob Rutschow – Credit Agricole Securities (USA), Inc.>: I guess my first question, open interest in Europe in energy business has been largely a result of growth in options open interest. And you spoke to a bit, but can you kind of talk about what's driving the growth in those options open interest? And also whether or not there's any reason to think that turnover in those would be higher than it is for some of your other options contracts?

<A – Scott Hill – IntercontinentalExchange, Inc.>: Yeah, I think as Jeff mentioned a few minutes ago on the options question, there really wasn't a viable Brent option until we launched that product this year. So, in the past where people were potentially wanting to hedge the Brent futures position with an option, their really – their only option for any liquid pool was to go to the WTI option. And so the reason you've seen the big build up in Brent options is because we've launched the product, it's built up a liquidity pool, and it's obviously the most natural hedge to a Brent future is the Brent option.

I'll note though that not only are Brent Options up dramatically, I think over the last year it's – a year ago it was 10% of what it is today, but Brent Futures OI is also up very significantly. Gas Oil, as I mentioned earlier in one of my responses, that that OI is flat, but that's largely related to the nature of the price curve, which is currently in backwardation.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: And you do have – there is a substitution effect that there are people that will hold options positions in synthetic futures and move back and forth since the option expires into the underlying. But all of that ultimately becomes additive as market makers are moving back and forth between options and underlying and the interplay between the two.

<Q – Rob Rutschow – Credit Agricole Securities (USA), Inc.>: Okay. My follow up is little bit longer-term question. I know you talked about this a little bit, but it sounds like you're sort of questioning whether or not OTC market participants will be able to recreate idiosyncratic risk management tools with futures. And so I wanted to see if that's – is that an accurate assessment. And then if it's not, is there a strategic benefit to having a broader product set if you are trying to recreate or address idiosyncratic risks with futures contracts?

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Yeah, that's a good word, I'm going to cannibalize that from you. But, the interesting thing is that, at least in the U.S., there are very strict accounting rules that companies use to determine whether or not their risk is hedged. And it is helpful for companies to have very perfect hedges, which means if you have loans that have prepayment capabilities and the ability to switch from fixed to floating, and so on, and so forth, you might want to write an interest rate swap that has all that optionality in it, and then it would be very clear that that was a hedge and not held for trading. So, I think there will continue to be a real demand for a lot of optionality that will be uniquely tailored to underlying risk, and that will not make its way on to exchanges. The people writing those – the dealers and market makers that will be on one side of providing the liquidity to the end user on those trades, will want to hedge out that risk, and they will break that optionality into small building blocks, I suspect, and put it into liquid markets that we list.

And so, if you look at our energy business now, the hundreds of OTC contracts that we list, those are all the building blocks that are sophisticated market maker can use to assemble an energy trade for an end-user that has a lot of optionality and hedge out in our market. So, the two are complementary, and the reason I make that distinction is, I don't think that one substitutes for the other. I think that they will both grow together. But over time, where we can standardize components of that risk and list them for trading and clearing, there will be a natural growth in that, and where the end-user is willing to sacrifice some optionality they will enter the listed markets directly.

<Q – Rob Rutschow – Credit Agricole Securities (USA), Inc.>: Okay. Thank you.

Operator: Thank you. Our last question comes from Dan Fannon of Jefferies. Your line is open.

<Q – Daniel Fannon – Jefferies & Co., Inc.>: Good morning. Just one question for me.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Okay.

<Q – Daniel Fannon – Jefferies & Co., Inc.>: Jeff, you mentioned the kind of global coordination on the regulatory front. I guess if you think about the differences in the two dynamics that are coming about, are there key issues that you are focused on or concerned about given how things are progressing at this point?

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Yeah, it's mostly that the trend, the overall trend, ignoring the detailed differences between various regulators, is for more clearing of OTC contracts and more transparency in the way the over-the-counter markets trade. And there will be timing differences, I suspect, on when those get implemented. And while regulators are trying to coordinate all that, the realities of legislators and lobbyists and people like us that want to have a say in the details, will affect the timing of implementation. So, we're pretty focused on making sure that during that period of instability we can provide a stable environment for our customers so that there's not some arbitrage that goes on because we've been in the wrong place at the wrong time.

That kind of means we really have to be everything to everybody at the same time, and there's tremendous efforts going on here to try to figure out exactly where our customers' needs are going to be at what time and make sure that we're there ahead of it and make sure we're educating our customers how they can get to us. And so for example, I mentioned that we're building out a swap state or repository that we'll have available shortly, and well in advance, we believe, of the implementation of the U.S. version of SDRs. And it's that kind of thing that is really the focus of management right now.

<Q – Daniel Fannon – Jefferies & Co., Inc.>: Great. Thank you.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Thank you.

Operator: I would now like to turn the conference over to management.

Jeffrey C. Sprecher, Chairman & Chief Executive Officer

Thank you, operator. I'd like to again thank all of our customers. The third quarter for many of our customers was full of volatility, and we very much appreciate that you turned to us for help in managing your risks and, again, I'd like to thank our employees. There was a lot of work that went on here, including the delivery of our new clearing systems in Europe that really positioned us well for handling that customer business. And with that, we'll see you all next quarter.

Operator: Ladies and gentlemen, this does conclude today's conference. Thank you for your participation and have a wonderful day. You may all disconnect.