



NEWS RELEASE

Intercontinental Exchange Launches Clearing for CDS Index Options

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Extends Monte Carlo Portfolio Framework to Higher Order CDS Derivatives

ATLANTA & NEW YORK--(BUSINESS WIRE)-- Intercontinental Exchange, Inc. (NYSE:ICE), a leading operator of global exchanges and clearing houses and provider of mortgage technology, data and listings services, today announced it has launched clearing for Credit Default Swap (CDS) Index Options, bringing greater capital efficiencies, price discovery and risk management to the CDS market. Beginning today, ICE Clear Credit now offers clearing of Index Options on the CDX North American Investment Grade and High Yield indices. Index Options on the iTraxx Europe indices are expected to be added in 2021.

ICE Clear Credit's Index Options solution provides a number of innovations including a common exercise-and-assignment platform where all market participants, dealers and buy-side, can perform time-critical decision making in a centralized, risk-managed and technologically advanced fashion. To establish a robust and transparent price discovery process, ICE Clear Credit uses an extension of its current end-of-day approach to Single Name and Index clearing to determine executable mark-to-market levels for CDS Index Options and provide convenient access to these daily prices.

"The launch of CDS Index Options leverages ICE's market infrastructure and robust risk management methodology and builds on the tremendous momentum we've seen across our CDS complex," said Stan Ivanov, President of ICE Clear Credit. "By incorporating Index Options into our existing capital efficient risk management approach to CDS clearing, we're bringing new tools to our customers to access the CDS market, and to execute cost-effective and versatile strategies to manage risk."

“In close consultation with market participants, ICE Clear Credit is introducing CDX options clearing which will enhance standardization and transparency in the market,” said Amy Hong, Head of Market Structure Strategy for the Global Markets Division at Goldman Sachs. “The offering is intended to drive efficiencies, improve risk management and further promote the product.”

To help determine margin levels across portfolios, customers can use ICE’s state-of-the-art CDS risk management system, PACE, which leverages a Monte Carlo simulation framework and provides significant improvements over common modelling practices. Index, Single Name and Index Option instruments are analyzed and managed through the same general CDS portfolio framework computing consistent, efficient and reliable risk measures.

“Clearing CDS index options is an exciting development for the CDS market. Cross-margining across indices and options, and ICE Clear Credit’s exercise-and-assignment platform should bring about capital efficiencies and enhance operational risk management on expiry dates,” said Ali Balali, Managing Director in the Global Credit group at BofA Securities.

Through the third quarter of 2020, ICE Clear Credit cleared nearly \$25 trillion two-sided notional amount of CDS instruments, representing a 11% growth over the same period in 2019. ICE Clear Credit is on track to achieve record index volumes in 2020 for both its dealer and client cleared business, having exceeded in the third quarter of 2020 the total index notional amount cleared during all of 2019. Additionally, the Single Name notional amount cleared at ICE Clear Credit has significantly grown each year since 2015, driven by sovereign Single Names and Single Names referencing corporate entities domiciled outside of North America.

Launched in 2009, ICE Clear Credit and ICE Clear Europe CDS clearing solutions offer clearing for more than 500 Single Name and Index CDS instruments based on corporate and sovereign debt and have reduced counterparty risk exposure by clearing over \$283 trillion in two-sided notional amount, with combined open interest of approximately \$2.0 trillion.

For more information about ICE Clear Credit, please visit: <https://www.theice.com/credit-derivatives/options>.

About Intercontinental Exchange

Intercontinental Exchange (NYSE: ICE) is a Fortune 500 company and provider of marketplace infrastructure, data services and technology solutions to a broad range of customers including financial institutions, corporations and government entities. We operate regulated **marketplaces**, including the **New York Stock Exchange**, for the listing, trading and **clearing** of a broad array of derivatives contracts and financial securities across major asset classes. Our comprehensive **data services** offering supports the trading, investment, risk management and connectivity needs of customers around the world and across asset classes. As a leading technology provider for the U.S.

residential mortgage industry, **ICE Mortgage Technology** provides the technology and infrastructure to transform and digitize U.S. residential mortgages, from application and loan origination through to final settlement.

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Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995 -- Statements in this press release regarding ICE's business that are not historical facts are "forward-looking statements" that involve risks and uncertainties. For a discussion of additional risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see ICE's Securities and Exchange Commission (SEC) filings, including, but not limited to, the risk factors in ICE's Annual Report on Form 10-K for the year ended December 31, 2019, as filed with the SEC on February 6, 2020.

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