Intercontinental Exchange, Inc.
Form 10-Q
August 03, 2016

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

þ	Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
	For the quarterly period ended June 30, 2016
Or	
¨	Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
	For the transition period from to

Commission File Number 001-36198

INTERCONTINENTAL EXCHANGE, INC.
(Exact name of registrant as specified in its charter)

Delaware	46-2286804
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)
5660 New Northside Drive, Atlanta, Georgia	30328
(Address of principal executive offices)	(Zip Code)

(770) 857-4700
Registrant's telephone number, including area code

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ Accelerated filer ¨ Non-accelerated filer ¨ Smaller reporting company ¨

(Do not check if a smaller company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No þ

As of August 1, 2016, the number of shares of the registrant’s Common Stock outstanding was 119,133,837 shares.

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Form 10-Q
Quarterly Period Ended June 30, 2016
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PART I. Financial Statements
Item 1. Consolidated Financial Statements (Unaudited)

Intercontinental Exchange, Inc. and Subsidiaries
Consolidated Balance Sheets
(In millions, except per share amounts)
(Unaudited)

	As of June 30, 2016	As of December 31, 2015
Assets:		
Current assets:		
Cash and cash equivalents	$390	$ 627
Short-term investments	24	29
Short-term restricted cash and investments	722	657
Customer accounts receivable, net of allowance for doubtful accounts of $2 at June 30, 2016 and December 31, 2015	862	700
Margin deposits and guaranty funds	48,501	51,169
Prepaid expenses and other current assets	131	131
Total current assets	50,630	53,313
Property and equipment, net	1,048	1,037
Other non-current assets:		
Goodwill	12,046	12,079
Other intangible assets, net	10,493	10,758
Long-term restricted cash and investments	262	263
Long-term investments	427	299
Other non-current assets	318	238
Total other non-current assets	23,546	23,637
Total assets	$75,224	$ 77,987
Liabilities and Equity:		
Current liabilities:		
Accounts payable and accrued liabilities	$350	$ 398
Section 31 fees payable	195	116
Accrued salaries and benefits	149	215
Deferred revenue	330	98
Short-term debt	1,811	2,591
Margin deposits and guaranty funds	48,501	51,169
Other current liabilities	102	156
Total current liabilities	51,438	54,743
Non-current liabilities:		
Non-current deferred tax liability, net	2,903	2,837
Long-term debt	4,719	4,717
Accrued employee benefits	470	478
Other non-current liabilities	331	337
Total non-current liabilities	8,423	8,369
Total liabilities	59,861	63,112
Commitments and contingencies		
Redeemable non-controlling interest	33	35

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Equity:		
Intercontinental Exchange, Inc. shareholders' equity:		
Preferred stock, $0.01 par value; 100 shares authorized; no shares issued or outstanding at June 30, 2016 and December 31, 2015	—	—
Common stock, $0.01 par value; 500 shares authorized; 126 shares issued at June 30, 2016 and December 31, 2015, and 119 shares outstanding at June 30, 2016 and December 31, 2015	1	1
Treasury stock, at cost; 7 shares at June 30, 2016 and December 31, 2015	(1,496)	(1,448)
Additional paid-in capital	12,376	12,295
Retained earnings	4,669	4,148
Accumulated other comprehensive loss	(258)	(188)
Total Intercontinental Exchange, Inc. shareholders' equity	15,292	14,808
Non-controlling interest in consolidated subsidiaries	38	32
Total equity	15,330	14,840
Total liabilities and equity	$75,224	$77,987

See accompanying notes.

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

	Six Months Ended June 30,		Three Months Ended June 30,	
	2016	2015	2016	2015
Revenues:				
Transaction and clearing, net	$1,789	$1,583	$860	$747
Data services	974	405	497	205
Listings	208	202	105	101
Other revenues	87	86	42	43
Total revenues	3,058	2,276	1,504	1,096
Transaction-based expenses:				
Section 31 fees	196	171	98	78
Cash liquidity payments, routing and clearing	579	458	277	221
Total revenues, less transaction-based expenses	2,283	1,647	1,129	797
Operating expenses:				
Compensation and benefits	472	295	236	144
Technology and communication	184	98	92	47
Professional services	69	65	37	32
Rent and occupancy	35	31	17	15
Acquisition-related transaction and integration costs	47	26	20	7
Selling, general and administrative	52	58	30	29
Depreciation and amortization	289	182	146	93
Total operating expenses	1,148	755	578	367
Operating income	1,135	892	551	430
Other income (expense):				
Interest expense	(90)	(46)	(44)	(23)
Other income (expense), net	11	(7)	9	(9)
Other expense, net	(79)	(53)	(35)	(32)
Income before income tax expense	1,056	839	516	398
Income tax expense	316	227	153	109
Net income	$740	$612	$363	$289
Net income attributable to non-controlling interest	(14)	(14)	(6)	(6)
Net income attributable to Intercontinental Exchange, Inc.	$726	$598	$357	$283
Earnings per share attributable to Intercontinental Exchange, Inc. common shareholders:				
Basic	$6.10	$5.37	$3.00	$2.55
Diluted	$6.07	$5.34	$2.98	$2.54
Weighted average common shares outstanding:				
Basic	119	112	119	111
Diluted	120	112	120	112
Dividend per share	$1.70	$1.40	$0.85	$0.75

See accompanying notes.

Intercontinental Exchange, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
(In millions)
(Unaudited)

	Six Months Ended June 30,		Three Months Ended June 30,	
	2016	2015	2016	2015
Net income	$740	$612	$363	$289
Other comprehensive income (loss):				
Foreign currency translation adjustments, net of tax (expense) benefit of $1 and $3 for the six months ended June 30, 2016 and 2015, respectively, and ($1) and ($1) for the three months ended June 30, 2016 and 2015, respectively	(199)	19	(125)	56
Change in fair value of available-for-sale securities	129	(39)	75	31
Employee benefit plan adjustments	—	(2)	—	(2)
Other comprehensive income (loss)	(70)	(22)	(50)	85
Comprehensive income	$670	$590	$313	$374
Comprehensive income attributable to non-controlling interest	(14)	(14)	(6)	(6)
Comprehensive income attributable to Intercontinental Exchange, Inc.	$656	$576	$307	$368

See accompanying notes.

Intercontinental Exchange, Inc. and Subsidiaries
Consolidated Statements of Changes in Equity, Accumulated Other Comprehensive Loss and Redeemable Non-Controlling Interest
(In millions)
(Unaudited)

	Intercontinental Exchange, Inc. Shareholders' Equity							Non-Controlling Interest in Consolidated Subsidiaries	Total Equity	Redeemable Non-Controlling Interest
	Common Stock		Treasury Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss			
	Shares	Value	Shares	Value						
Balance, as of December 31, 2014	116	$ 1	(3)	$(743)	$ 9,938	$ 3,210	$ (46)	$ 32	$ 12,392	$ 165
Other comprehensive loss	—	—	—	—	—	—	(142)	—	(142)	—
Stock consideration issued for acquisitions	9	—	—	—	2,197	—	—	—	2,197	—
Exercise of common stock options	—	—	—	—	19	—	—	—	19	—
Repurchases of common stock	—	—	(3)	(660)	—	—	—	—	(660)	—
Payments relating to treasury shares	—	—	(1)	(45)	—	—	—	—	(45)	—
Stock-based compensation	—	—	—	—	122	—	—	—	122	—
Issuance of restricted stock	1	—	—	—	—	—	—	—	—	—
Tax benefits from stock option plans	—	—	—	—	19	—	—	—	19	—
Adjustment to redemption value	—	—	—	—	—	(5)	—	—	(5)	4
Distributions of profits	—	—	—	—	—	—	—	(16)	(16)	(11)
Dividends paid to shareholders	—	—	—	—	—	(331)	—	—	(331)	—
Purchase of subsidiary shares	—	—	—	—	—	—	—	—	—	(128)
Net income attributable to non-controlling interest	—	—	—	—	—	(21)	—	16	(5)	5
Net income	—	—	—	—	—	1,295	—	—	1,295	—
Balance, as of December 31, 2015	126	1	(7)	(1,448)	12,295	4,148	(188)	32	14,840	35
Other comprehensive loss	—	—	—	—	—	—	(70)	—	(70)	—
Exercise of common stock options	—	—	—	—	13	—	—	—	13	—
Payments relating to treasury shares	—	—	—	(48)	—	—	—	—	(48)	—
Stock-based compensation	—	—	—	—	68	—	—	—	68	—
Distributions of profits	—	—	—	—	—	—	—	(7)	(7)	(3)
Dividends paid to shareholders	—	—	—	—	—	(205)	—	—	(205)	—
Net income attributable to non-controlling interest	—	—	—	—	—	(14)	—	13	(1)	1
Net income	—	—	—	—	—	740	—	—	740	—
Balance, as of June 30, 2016	126	$ 1	(7)	$(1,496)	$ 12,376	$ 4,669	$ (258)	$ 38	$ 15,330	$ 33

	As of June 30, 2016	As of December 31, 2015
Accumulated other comprehensive loss was as follows:		
Foreign currency translation adjustments	$(244)	$ (45)
Fair value of available-for-sale securities	103	(26)
Comprehensive income from equity method investment	2	2
Employee benefit plans adjustments	(119)	(119)
Accumulated other comprehensive loss	$(258)	$ (188)

See accompanying notes.

Intercontinental Exchange, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(In millions)
(Unaudited)

	Six Months Ended June 30,	
	2016	2015
Operating activities:		
Net income	$740	$612
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	289	182
Stock-based compensation	60	47
Deferred taxes	49	(38)
Amortization of fair market value premium on NYSE Notes	—	(23)
Other	4	(17)
Changes in assets and liabilities:		
Customer accounts receivable	(157)	(91)
Other current and non-current assets	(21)	(25)
Section 31 fees payable	79	31
Deferred revenue	257	237
Other current and non-current liabilities	(197)	(145)
Total adjustments	363	158
Net cash provided by operating activities	1,103	770
Investing activities:		
Capital expenditures	(96)	(92)
Capitalized software development costs	(61)	(44)
Proceeds from term deposits and sales of available-for-sale investments	—	1,084
Decrease (increase) in restricted cash and investments	(75)	11
Other	(70)	(60)
Net cash provide by (used in) investing activities	(302)	899
Financing activities:		
Repayments of debt facilities and commercial paper, net	(781)	(918)
Dividends to shareholders	(205)	(158)
Repurchases of common stock	—	(399)
Payments relating to treasury shares received for restricted stock tax payments and stock option exercises	(48)	(39)
Distributions of profits to non-controlling interest	(10)	(17)
Purchase of subsidiary shares from non-controlling interest	—	(128)
Other	13	24
Net cash used in financing activities	(1,031)	(1,635)
Effect of exchange rate changes on cash and cash equivalents	(7)	(8)
Net increase (decrease) in cash and cash equivalents	(237)	26
Cash and cash equivalents, beginning of period	627	652
Cash and cash equivalents, end of period	$390	$678

Supplemental cash flow disclosure:

Cash paid for income taxes	$275	$233
Cash paid for interest	$88	$91

See accompanying notes.

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Intercontinental Exchange, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(Unaudited)

1. Description of Business

We are a leading global operator of regulated exchanges, clearing houses and listings venues, and a provider of data services for commodity and financial markets. We operate regulated marketplaces for trading, listing and clearing a broad array of derivatives and securities contracts across major asset classes, including energy and agricultural commodities, interest rates, equities, equity derivatives, exchange traded funds, credit derivatives, bonds and currencies. We offer end-to-end market data services to support the trading, investment, risk management and connectivity needs of customers across virtually all asset classes.

Our exchanges include futures exchanges in the United States, or U.S., United Kingdom, or U.K., Continental Europe, Canada and Singapore and cash equities exchanges and equity options exchanges in the U.S. We also operate over-the-counter, or OTC, markets for physical energy and credit default swaps, or CDS, trade execution. To serve global derivatives markets, we operate central counterparty clearing houses in the U.S., U.K., Continental Europe, Canada and Singapore (Note 9). We offer a range of data and connectivity services to customers in global financial and commodity markets, including fixed income pricing and reference data, analytics, feeds, desktops and connectivity solutions. Through our markets, clearing houses, listings and data services, we provide end-to-end solutions for our customers through liquid markets, benchmark products, access to capital markets, information, and a range of related services to support their ability to manage risk and raise capital.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared by us in accordance with U.S. generally accepted accounting principles, or GAAP, pursuant to the rules and regulations of the Securities and Exchange Commission, or SEC, regarding interim financial reporting. Accordingly, the unaudited consolidated financial statements do not include all of the information and footnotes required by GAAP for complete financial statements and should be read in conjunction with our audited consolidated financial statements and related notes thereto for the year ended December 31, 2015. The accompanying unaudited consolidated financial statements reflect all adjustments that are, in our opinion, necessary for a fair presentation of results for the interim periods presented. These adjustments are of a normal recurring nature.

Preparing financial statements requires us to make certain estimates and assumptions that affect the amounts that are reported in the consolidated financial statements and accompanying disclosures. Although these estimates are based on our best knowledge of current events and actions that we may undertake in the future, actual results may be different from these estimates. The results of operations for the six months and three months ended June 30, 2016 are not necessarily indicative of the results to be expected for any future period or the full fiscal year.

The accompanying unaudited consolidated financial statements include the accounts of us and our wholly-owned and controlled subsidiaries. All intercompany balances and transactions between us and our wholly-owned and controlled subsidiaries have been eliminated in the consolidation. For those consolidated subsidiaries in which our ownership is less than 100% and for which we have control over the assets and liabilities and the management of the entity, the outside stockholders' interests are shown as non-controlling interests. In instances where outside stockholders' hold an option to require us to repurchase the outside stockholders' interest, these interests are shown as redeemable non-controlling interests.

New and Recently Adopted Accounting Pronouncements

In January 2016, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update No. 2016-01, Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities, or ASU 2016-01. ASU 2016-01 provides updated guidance for the recognition, measurement, presentation, and disclosure of certain financial assets and liabilities, including the requirement that equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) are to be measured at fair value with changes in fair value recognized in net income. ASU 2016-01 is effective for annual and interim reporting periods beginning after December 15, 2017. On the adoption of ASU 2016-01, changes in the fair value of our equity investment in Cetip, S.A., or Cetip, will no longer be reflected in accumulated other comprehensive income but will be recognized in net income. As of June 30, 2016, our investment in Cetip included an accumulated unrealized gain of $103 million (Note 10). During the six months and three months ended June 30, 2016, the change in the fair value of the Cetip investment was an increase of $128 million and $75 million, respectively. Once adopted, such fair value changes will be reported as other income (expense) under ASU 2016-01. We are currently evaluating this guidance to determine any additional potential impact on our consolidated financial statements upon adoption.

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, Leases, or ASU 2016-02. ASU 2016-02 requires an entity to recognize both assets and liabilities arising from financing and operating leases, along with additional qualitative and quantitative disclosures. A lessee should recognize in its balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. ASU 2016-02 is effective for annual and interim reporting periods beginning after December 15, 2018, with early adoption permitted. We are currently evaluating this guidance to determine the potential impact on our consolidated financial statements and whether we will adopt this guidance early.

In March 2016, the FASB issued Accounting Standards Update No. 2016-09, Stock Compensation (Topic 718) - Improvements to Employee Share-Based Payment Accounting, or ASU 2016-09. ASU 2016-09 provides updated guidance for the recognition, measurement, presentation, and disclosure of certain components of stock compensation. The guidance includes the recognition of all excess tax benefits/deficiencies in the statement of income and classification as operating activities within the statement of cash flows, as well as the option to account for forfeitures based on awards expected to vest or as they occur. ASU 2016-09 is effective for annual and interim reporting periods beginning after December 15, 2017, with early adoption permitted. We decided to adopt ASU 2016-09 early as of January 1, 2016 on a prospective basis. As a result, for the six months and three months ended June 30, 2016, we recorded $12 million and $1 million, respectively, in excess tax benefits within our consolidated statements of income (Note 8). No other terms of the adopted guidance resulted in any significant impact on our consolidated financial statements.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current period’s financial statement presentation. For the six months and three months ended June 30, 2015, we reclassified $47 million and $23 million, respectively, of transaction based expenses in transaction and clearing revenues, net to transaction based expenses for consistency of how we report our cash equities markets. The amounts reclassified to transaction based expenses relate to equity options markets. For the six months and three months ended June 30, 2015, we also reclassified $27 million and $14 million, respectively, in connectivity fees from other revenues to data services revenues.

3. Acquisitions

Interactive Data Acquisition

On December 14, 2015, we acquired 100% of Interactive Data Holdings Corporation, or Interactive Data, in a stock and cash transaction. The total purchase price was $5.6 billion comprised of cash consideration of $4.1 billion and 6.5 million shares of our common stock. The cash consideration was funded from $2.5 billion of net proceeds received on November 24, 2015 in connection with the offering of new senior notes and $1.6 billion of borrowing under our commercial paper program (Note 6). Interactive Data is a leading provider of financial market data, analytics and related data solutions, serving financial institutions, asset management firms, hedge funds, securities and the financial instrument processing and administration sectors. ICE Data Services is the marketing name we use to refer to the suite of pricing, market data, analytics, and related services offered by us and certain of our affiliates, including Interactive Data and its subsidiaries.

The total purchase price was allocated to Interactive Data’s preliminary tangible and identifiable intangible assets and liabilities based on the estimated fair values of those assets as of December 14, 2015, as set forth below. The excess of the purchase price over the preliminary net tangible and identifiable intangible assets was recorded as goodwill and assigned to our data and listings reporting unit. The adjusted preliminary purchase price allocation is as follows (in millions):

Cash and cash equivalents	$301
Goodwill	3,247
Identifiable intangible assets	2,883
Other assets and liabilities, net	268
Deferred tax liabilities on identifiable intangible assets	(1,071)
Total purchase price	$5,628

In performing the preliminary purchase price allocation, we considered, among other factors, the intended future use of acquired assets, analysis of historical financial performance and estimates of future performance of Interactive

Data's business. We have not yet obtained all of the information related to the fair value of the acquired assets and liabilities related to the acquisition to finalize the purchase price allocation. However, during the six months ended June 30, 2016, we adjusted the preliminary purchase price allocation based on updated fair value analyses of the Interactive Data tangible and intangible assets and liabilities. The fair value adjustments reflected in the tables above and below primarily result in an increase in data/databases intangible assets of $33 million, a decrease in trade name and trademarks intangible assets of $21 million, a decrease in customer relationship intangible assets of $17 million, a decrease in other assets and liabilities, net of $28 million, an increase in deferred tax liabilities on identifiable intangible assets of $20 million, and a corresponding increase in goodwill of $47 million. The income statement impact for 2015 related to these fair value adjustments is not significant and has been recorded in 2016 in accordance with ASU 2015-16, Business Combinations: Simplifying the Accounting for Measurement-Period Adjustments.

The primary areas of the preliminary purchase price allocation that are not yet finalized relate to the valuation of income taxes (including uncertain tax positions) and certain other tangible assets and liabilities. The allocation of the purchase price will be finalized upon the completion of the analysis of the acquired assets and liabilities during the year ended December 31, 2016.

The following table sets forth the components of the preliminary intangible assets associated with the acquisition as of June 30, 2016 (in millions, except years):

Preliminary Intangible Assets	Acquisition-Date Preliminary Fair Value	Foreign Currency Translation	Accumulated Amortization	Net Book Value	Useful Life (Years)
Customer relationships	$ 2,452	$ (45)	$ (55)	$2,352	20 to 25
Developed technology	168	(3)	(13)	152	5 to 8
In-process research and development	129	(3)	—	126	N/A
Data/databases	109	(1)	(16)	92	4
Trade names and trademarks	12	—	(6)	6	2
Market data provider relationships	11	—	—	11	20
Non-compete agreements	2	—	(1)	1	1
Total	$ 2,883	$ (52)	$ (91)	$2,740	

As of June 30, 2016, $11 million of the in-process research and development has been moved to developed technology with a useful life of seven years.

Trayport Acquisition

On December 11, 2015, we acquired 100% of Trayport in a stock transaction. The total purchase price was $620 million, comprised of 2.5 million shares of our common stock. Trayport is a software company that licenses its technology to serve exchanges, OTC brokers and traders to facilitate electronic and hybrid trade execution primarily in the energy markets. The Competition and Markets Authority in the U.K. is currently reviewing our acquisition of Trayport under the merger control laws of the U.K. During the pendency of the review, we have limited ability to integrate Trayport's operations in to our existing business operations and the review could force us to take actions that may result in us not realizing the benefits of the acquisition. The timing of a final decision is uncertain at this time.
The total purchase price was allocated to Trayport’s preliminary tangible and identifiable intangible assets and liabilities based on the estimated fair values of those assets as of December 11, 2015, as set forth below. The excess of the purchase price over the preliminary net tangible and identifiable intangible assets was recorded as goodwill and assigned to our data and listings reporting unit. The preliminary purchase price allocation is as follows (in millions):

Goodwill	$388
Identifiable intangible assets	274
Other assets and liabilities, net	8
Deferred tax liabilities on identifiable intangible assets	(50)
Total purchase price	$620

In performing the preliminary purchase price allocation, we considered, among other factors, the intended future use of acquired assets, analysis of historical financial performance and estimates of future performance of Trayport's business. We have not yet obtained all of the information related to the fair value of the acquired assets and liabilities related to the acquisition to finalize the purchase price allocation. The primary areas of the preliminary purchase price allocation that are not yet finalized relate to the valuation of income taxes (including uncertain tax positions) and certain other tangible assets and liabilities. The allocation of the purchase price will be finalized upon the completion of the analysis of the acquired assets and liabilities during the year ended December 31, 2016.

The following table sets forth the components of the preliminary intangible assets associated with the acquisition as of June 30, 2016 (in millions, except years):

Preliminary Intangible Assets	Acquisition-Date Preliminary Fair Value	Foreign Currency Translation	Accumulated Amortization	Net Book Value	Useful Life (Years)
Customer relationships	$ 242	$ (30)	$ (7)	$ 205	20
Developed technology	14	(1)	(2)	11	3 to 5
Trade names and trademarks	18	(2)	—	16	Indefinite
Total	$ 274	$ (33)	$ (9)	$ 232	

Pro Forma Information

The financial information in the table below summarizes the combined results of operations of us, Interactive Data and Trayport, on a pro forma basis, as though the companies had been combined as of the beginning of the periods presented. The pro forma financial information is presented for informational purposes only and is not indicative of the results of operations that would have been achieved if the acquisitions had taken place at the beginning of the periods presented. This pro forma financial information is based on estimates and assumptions that have been made solely for purposes of developing such pro forma information, including, without limitation, purchase accounting adjustments. The pro forma financial information does not reflect any synergies or operating cost reductions that have been and may be achieved from the combined operations. The pro forma financial information combines the historical results for us, Interactive Data and Trayport for the six months and three months ended June 30, 2015 in the following table (in millions, except per share amounts).

	Six Months Ended June 30, 2015	Three Months Ended June 30, 2015
Total revenues, less transaction-based expenses	$ 2,153	$ 1,053
Operating income	996	478
Net income attributable to ICE	632	299
Earnings per common share:		
Basic	$ 5.25	$ 2.49
Diluted	$ 5.22	$ 2.48

Pending Acquisition

In March 2016, we entered into a definitive agreement with McGraw Hill Financial to acquire Standard & Poor's Securities Evaluations, Inc., or SPSE, a provider of fixed income evaluated pricing, and Credit Market Analysis Limited, or CMA, a provider of independent data for the OTC markets. When, and if, completed, the acquisition will enable us to offer customers new data and valuation services. Under the terms of the agreement, we can elect to satisfy our payment of the purchase price upon closing in either cash or shares of our common stock. The completion of the transaction is subject to obtaining regulatory approvals.

4. Goodwill and Other Intangible Assets

The following is a summary of the activity in the goodwill balance for the six months ended June 30, 2016 (in millions):

Goodwill balance at December 31, 2015	$ 12,079
Foreign currency translation	(79)
Other activity, net	46
Goodwill balance at June 30, 2016	$ 12,046

The following is a summary of the activity in the other intangible assets balance for the six months ended June 30, 2016 (in millions):

Other intangible assets balance at December 31, 2015	$10,758
Foreign currency translation	(95)
Other activity, net	(6)
Amortization of other intangible assets	(164)
Other intangible assets balance at June 30, 2016	$10,493

The foreign currency translation adjustments in the tables above resulted from a portion of our goodwill and other intangible assets being held at our U.K., Continental European and Canadian subsidiaries, some of whose functional currencies are not the U.S.

dollar. The foreign currency translation decrease for the six months ended June 30, 2016 is primarily due to certain of our goodwill and intangible assets being recorded in pounds sterling, which decreased in value due to the weakening pound sterling exchange rate following the U.K. referendum vote in late June 2016 to leave the European Union.

The changes in other activity, net in the tables above primarily relate to adjustments to the fair value of the net tangible and identifiable intangible assets and liabilities relating to the Interactive Data acquisition, with a corresponding adjustment to goodwill (Note 3). We did not recognize any impairment losses on goodwill or other intangible assets during the six months and three months ended June 30, 2016 and 2015.

5. Deferred Revenue

Deferred revenue represents cash received that is yet to be recognized as revenue. Total deferred revenue was $442 million as of June 30, 2016, including $330 million in current deferred revenue and $112 million in non-current deferred revenue. The changes in our deferred revenue during the six months ended June 30, 2016 are as follows (in millions):

	Annual Listings Revenue	Original Listings Revenues	Other Listings Revenues	Data Services and Other Revenues	Total
Deferred revenue balance at December 31, 2015	$ —	$ 50	$ 59	$ 81	$190
Additions	363	12	43	263	681
Amortization	(183)	(4)	(21)	(221)	(429)
Deferred revenue balance at June 30, 2016	$ 180	$ 58	$ 81	$ 123	$442

6. Debt

Our total debt, including short-term and long-term debt, consisted of the following as of June 30, 2016 and December 31, 2015 (in millions):

	As of June 30, 2016	As of December 31, 2015
Debt:		
Commercial Paper	$1,811	$ 2,591
Short-term debt	1,811	2,591
NYSE USD Notes (2.00% senior unsecured notes due October 5, 2017)	852	852
2018 Senior Notes (2.50% senior unsecured notes due October 15, 2018)	597	597
2020 Senior Notes (2.75% senior unsecured notes due December 1, 2020)	1,240	1,239
2023 Senior Notes (4.00% senior unsecured notes due October 15, 2023)	789	789
2025 Senior Notes (3.75% senior unsecured notes due December 1, 2025)	1,241	1,240
Long-term debt	4,719	4,717
Total debt	$6,530	$ 7,308

Credit Facility

We have entered into a $3.0 billion senior unsecured revolving credit facility, or the Credit Facility, with a maturity date of November 13, 2020. The Credit Facility includes an option for us to propose an increase in the aggregate amount available for borrowing by up to $1.0 billion, subject to the consent of the lenders funding the increase and certain other conditions. On November 13, 2015, we utilized this option to increase the amount of the Credit Facility to $3.4 billion. The commitments under the Credit Facility will automatically reduce to $2.95 billion on April 3, 2019. No amounts were outstanding under the Credit Facility as of June 30, 2016.

Of the $3.4 billion that is currently available for borrowing under the Credit Facility, $1.8 billion is required to back-stop the amount outstanding under our Commercial Paper Program as of June 30, 2016. The amount required to back-stop the amounts outstanding under the Commercial Paper Program will fluctuate as we increase or decrease our commercial paper borrowings. The remaining $1.6 billion as of June 30, 2016 is available to us to use for working capital and general corporate purposes including, but not limited to, acting as a back-stop to the amounts outstanding under the Commercial Paper Program.

364 Day Facility

In November 2015, we entered into a $500 million 364 day senior unsecured revolving credit facility, or the 364 Day Facility. The amounts available under the 364 Day Facility are available for use by us for working capital and general corporate purposes, but specifically excluding any use to back-stop amounts issued under the Commercial Paper Program. The commitments under the 364 Day Credit Facility were reduced to $375 million on May 13, 2016 and will be automatically reduced to $250 million on August 13, 2016. No amounts were outstanding under the 364 Day Facility as of June 30, 2016.

Commercial Paper Program

We have entered into a U.S. dollar commercial paper program, or the Commercial Paper Program. Our Commercial Paper Program is currently backed by the borrowing capacity available under the Credit Facility, equal to the amount of the commercial paper that is issued and outstanding at any given point in time. The effective interest rate of commercial paper issuances does not materially differ from short term interest rates (such as USD LIBOR). The fluctuation of these rates due to market conditions may impact our interest expense.

Commercial paper notes of $1.8 billion with original maturities ranging from 1 to 89 days were outstanding as of June 30, 2016 under our Commercial Paper Program. As of June 30, 2016, the weighted average interest rate on the $1.8 billion outstanding under our Commercial Paper Program was 0.54% per annum, with a weighted average maturity of 18 days. We repaid $781 million of the amounts outstanding under the Commercial Paper Program during the six months ended June 30, 2016 using cash flows from operations and a portion of our unrestricted cash balances.

Senior Notes

On November 24, 2015, we issued $2.5 billion in aggregate senior notes, including $1.25 billion principal amount of 2.75% senior unsecured fixed rate notes due November 2020, or the 2020 Senior Notes, and $1.25 billion principal amount of 3.75% senior unsecured fixed rate notes due November 2025, or the 2025 Senior Notes. We used the net proceeds from the 2020 Senior Notes and 2025 Senior Notes offering, together with $1.6 billion of borrowings under our Commercial Paper Program, to finance the $4.1 billion cash portion of the purchase price of the acquisition of Interactive Data (Note 3).

In October 2013, we issued $600 million principal amount of 2.50% senior unsecured fixed rate notes due October 2018, or the 2018 Senior Notes, and $800 million principal amount of 4.00% senior unsecured fixed rate notes due October 2023, or the 2023 Senior Notes.

NYSE Notes

In connection with our acquisition on November 13, 2013 of NYSE Euronext, which we refer to as NYSE following the initial public offering and sale of Euronext in 2014, we assumed NYSE's outstanding debt instruments, which included $850 million of 2.00% senior unsecured fixed rate notes due in October 2017, or the NYSE USD Notes, and €920 million ($1.1 billion) of 5.375% senior unsecured fixed rate notes that were due in June 2015, or the NYSE EUR Notes, and together with the NYSE USD Notes, the NYSE Notes. On June 30, 2015, we repaid the NYSE EUR Notes using cash that had been set aside in July 2014 from the proceeds of the sale of Euronext.

During the six months and three months ended June 30, 2015, the amortization of the increase in the fair value of the NYSE Notes that was recorded in connection with the NYSE acquisition purchase accounting was $23 million and $11 million, respectively. No significant amortization expenses were recorded after the repayment of the NYSE EUR Notes.

7. Equity

We currently sponsor employee and director stock option and restricted stock plans. Stock options and restricted stock are granted at the discretion of the compensation committee of the board of directors. All stock options and restricted stock awards are granted at an exercise price equal to the fair value of the common stock on the date of grant. The grant date fair value is based on the closing stock price on the date of grant. The fair value of the stock options and restricted stock on the date of grant is recognized as expense over the vesting period, net of estimated forfeitures. The non-cash compensation expenses recognized in our consolidated statements of income for stock options and restricted stock were $60 million and $47 million for the six months ended June 30, 2016 and 2015, respectively, and $31 million and $23 million for the three months ended June 30, 2016 and 2015, respectively.

Stock Option Plans

The following is a summary of stock options for the six months ended June 30, 2016:

	Number of Options	Weighted Average Exercise Price per Option
Outstanding at December 31, 2015	774,551	$ 159.66
Granted	150,323	250.07
Exercised	(92,653)	143.45

Outstanding at June 30, 2016	832,221	177.80

Details of stock options outstanding as of June 30, 2016 are as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (In millions)
Vested or expected to vest	832,221	$ 177.80	6.9	$ 65
Exercisable	559,552	$ 151.84	5.9	$ 58

The total intrinsic value of stock options exercised during the six months ended June 30, 2016 and 2015 were $10 million and $14 million, respectively, and $7 million and $9 million for the three months ended June 30, 2016 and 2015, respectively. As of June 30, 2016, there was $11 million in total unrecognized compensation costs related to stock options. These costs are expected to be recognized over a weighted average period of 2.0 years as the stock options vest.

We use the Black-Scholes option pricing model for purposes of valuing stock option awards. During the six months ended June 30, 2016 and 2015, we used the weighted-average assumptions in the table below to compute the value of all options for shares of common stock granted to employees:

	Six Months Ended June 30,	
Assumptions:	2016	2015
Risk-free interest rate	1.51 %	1.08 %
Expected life in years	5.0	5.0
Expected volatility	24 %	24 %
Expected dividend yield	1.36 %	1.25 %
Estimated weighted-average fair value of options granted per share	$49.39	$40.94

The risk-free interest rate is based on the zero-coupon U.S. Treasury yield curve in effect at the time of grant. The expected life computation is derived from historical exercise patterns and anticipated future patterns. Expected volatilities are based on historical volatility of our stock.

Restricted Stock Plans

In January 2016, we reserved a maximum of 330,924 restricted shares for potential issuance as performance-based restricted shares to certain of our employees. The number of shares that will ultimately be granted under the performance awards will be based on our actual financial performance as compared to financial performance targets set by our board of directors and compensation committee for the year ending December 31, 2016. The maximum compensation expense to be recognized under these performance-based restricted shares is $80 million if the maximum financial performance target is met and all 330,924 shares vest. The compensation expense to be recognized under these performance-based restricted shares will be $39 million if the target financial performance is met, which would result in 165,462 shares vesting. These restricted shares are also subject to a market condition that could reduce the number of shares that are ultimately granted. We will recognize expense on an accelerated basis over the three-year vesting period based on our quarterly assessment of the probable 2016 actual financial performance as compared to the 2016 financial performance targets. As of June 30, 2016, we determined that it is probable that the financial performance level will be at target for 2016. Based on this assessment, we recorded non-cash compensation expense of $11 million and $6 million for the six months and three months ended June 30, 2016, respectively, related to these shares and the remaining $28 million in non-cash compensation expense will be recorded on an accelerated basis over the remaining vesting period, including $13 million of which will be recorded over the remainder of 2016.

The following is a summary of the non-vested restricted shares for the six months ended June 30, 2016:

	Number of Restricted Stock Shares	Weighted Average Grant-Date Fair Value per Share
Non-vested at December 31, 2015	1,254,235	$ 199.44
Granted	580,901	248.45
Vested	(447,715)	187.50
Forfeited	(36,541)	225.76
Non-vested at June 30, 2016	1,350,880	224.22

Restricted stock shares granted in the table above include both time-based and performance-based grants. Performance-based shares have been presented to reflect the actual shares to be issued based on the achievement of past performance targets. Non-vested performance-based restricted shares granted are presented in the table above at the maximum number of restricted shares that would vest if the maximum performance targets are met. As of June 30, 2016, there were $174 million in total unrecognized compensation costs related to the time-based restricted stock and the performance-based restricted stock. These costs are expected to be recognized over a weighted-average period of 1.6 years as the restricted stock vests. These unrecognized compensation costs assume that a target performance level will be met on the performance-based restricted shares granted in January 2016. During the six months ended June 30, 2016 and 2015, the total fair value of restricted stock vested under all restricted stock plans was $112 million and $86 million, respectively.

Stock Repurchase Program

During 2015, our stock repurchases were completed under stock repurchase plans authorized by our board of directors. In connection with our acquisition of Interactive Data during the fourth quarter of 2015, we suspended our stock repurchase plan and that plan has now expired. We did not repurchase any of our outstanding common stock during the six months ended June 30, 2016. The timing and extent of future repurchases, if any, that are not made pursuant to a Rule 10b5-1 trading plan will be at our discretion and will depend upon many conditions. Our management and board of directors periodically review whether or not to be active in repurchasing our stock. In making a determination regarding any stock repurchases, we consider multiple factors. The factors may include: overall stock market conditions, our common stock price movements, the remaining amount authorized for repurchases by our board of directors, the potential impact of a stock repurchase program on our corporate debt ratings, our expected free cash flow and working capital needs, our current and future planned strategic growth initiatives, and other potential uses of our cash and capital resources.

In August 2016, our board of directors approved an aggregate of $1.0 billion for future repurchases of our common stock with no fixed expiration date, subject to applicable laws and regulations. Repurchases may be made from time to time on the open market, through established plans, in privately-negotiated transactions or otherwise, in accordance with all applicable securities laws, rules and regulations. We plan to enter into a Rule 10b5-1 trading plan in the future to govern the repurchase of our shares of common stock. Assuming we do begin to repurchase our shares of common stock in the future, we may discontinue the stock repurchases at any time and may terminate the Rule 10b5-1 trading plan. The approval for the share repurchases does not obligate us to acquire any particular amount of our common stock. In addition, our board of directors may increase or decrease the amount of capacity we have for repurchases from time to time.

8. Income Taxes

Our effective tax rate was 30% and 27% for the six months ended June 30, 2016 and 2015, respectively, and 30% and 27% for the three months ended June 30, 2016 and 2015. The effective tax rates for the six months and three months ended June 30, 2016 and 2015 were lower than the federal statutory rate primarily due to favorable foreign income tax rate differentials, partially offset by state income taxes. The favorable foreign income tax rate differential results primarily from lower tax rates in the U.K. The effective tax rates for the six months and three months ended June 30, 2016 are higher than the effective tax rate for the comparable periods in 2015 primarily due to a mix of foreign versus U.S. based income and an increase to deferred income taxes in the current year, partially offset by the tax benefit from the early adoption of ASU 2016-09 (Note 2).

Our non-U.S. subsidiaries had $3.3 billion in cumulative undistributed earnings as of June 30, 2016. This amount represents the post-income tax earnings under GAAP adjusted for previously taxed income. The earnings from our non-U.S. subsidiaries are considered to be indefinitely reinvested. Accordingly, no provision for U.S. federal and state income taxes has been made in the accompanying consolidated financial statements. Further, a determination of the unrecognized deferred tax liability is not practicable. Any future distribution by way of dividend of these non-U.S. earnings may subject us to both U.S. federal and state income taxes, as adjusted for non-U.S. tax credits, and withholding taxes payable to various non-U.S. countries.

9. Clearing Organizations

We operate regulated central counterparty clearing houses for the settlement and clearance of derivative contracts. The clearing houses include ICE Clear Europe, ICE Clear Credit, ICE Clear U.S., ICE Clear Canada, ICE Clear Netherlands and ICE Clear Singapore (referred to herein collectively as the “ICE Clearing Houses”).

- ICE Clear Europe performs the clearing and settlement for all futures and options contracts traded through ICE Futures Europe and ICE Endex, for CDS contracts submitted for clearing in Europe, and for energy futures and options contracts trading through ICE Futures U.S.

- ICE Clear Credit performs the clearing and settlement for CDS contracts submitted for clearing in North America.
- ICE Clear U.S. performs the clearing and settlement of agricultural, metals, currencies and financial futures and options contracts traded through ICE Futures U.S.
- ICE Clear Canada performs the clearing and settlement for all futures and options contracts traded through ICE Futures Canada.
- ICE Clear Netherlands offers clearing for The Order Machine, a multi-lateral trading facility for equity options.
- ICE Clear Singapore performs the clearing and settlement for all futures and options contracts traded through ICE Futures Singapore.

Each of the ICE Clearing Houses requires all clearing members to maintain cash on deposit or pledge certain assets, which may include government obligations, non-government obligations, letters of credit or gold to guarantee performance of the clearing members' open positions. Such amounts in total are known as "original margin". The ICE Clearing Houses may make intraday original margin calls in circumstances where market conditions require additional protection. The daily profits and losses from and to the ICE Clearing Houses due to the marking-to-market of open contracts is known as "variation margin". The ICE Clearing Houses mark all outstanding contracts to market, and therefore pay and collect variation margin, at least once daily, and in some cases multiple times throughout the day. Marking-to-market allows the ICE Clearing Houses to identify any clearing members that may be unable to satisfy the financial obligations resulting from changes in the prices of their open contracts before those financial obligations become exceptionally large and jeopardize the ability of the ICE Clearing Houses to ensure financial performance of clearing members' open positions.

Each of the ICE Clearing Houses requires that each clearing member make deposits into a fund known as a "guaranty fund", which is maintained by the relevant ICE Clearing House. These amounts serve to secure the obligations of a clearing member to the ICE Clearing House to which it has made the guaranty fund deposit and may be used to cover losses sustained by the respective ICE Clearing House in the event of a default of a clearing member.

The ICE Clearing Houses seek to reduce their exposure through a risk management program that includes initial and ongoing financial standards for clearing member admission and continued membership, original and variation margin requirements, and mandatory deposits to the guaranty fund. The amounts that the clearing members are required to maintain in the original margin and guaranty fund accounts are determined by standardized parameters established by the risk management departments and reviewed by the risk committees and the boards of directors of each of the ICE Clearing Houses and may fluctuate over time. As of June 30, 2016 and December 31, 2015, the ICE Clearing Houses have received or have been pledged $89.1 billion and $87.2 billion, respectively, in cash and non-cash collateral in original margin and guaranty fund deposits to cover price movements of underlying contracts for both periods. The ICE Clearing Houses also have powers of assessment that provide the ability to collect additional funds from their clearing members to cover a defaulting member's remaining obligations up to the limits established under the respective rules of each ICE Clearing House.

Should a particular clearing member fail to deposit original margin, or fail to make a variation margin payment, when and as required, the relevant ICE Clearing House may liquidate or hedge the clearing member's open positions and use the clearing member's original margin and guaranty fund deposits to make up any amount owed. In the event that those deposits are not sufficient to pay the amount owed in full, the ICE Clearing Houses may utilize the respective guaranty fund deposits of their respective clearing members on a pro-rata basis for that purpose.

We have contributed $150 million, $50 million and $50 million in cash to the ICE Clear Europe, ICE Clear Credit and ICE Clear U.S. guaranty funds, respectively, as of June 30, 2016, and such amounts are at risk and could be used in the event of a clearing member default where the amount of the defaulting clearing member's original margin and guaranty fund deposits are insufficient. The $250 million combined contributions to the guaranty funds as of June 30, 2016 and December 31, 2015 are included in long-term restricted cash in the accompanying consolidated balance sheets.

As of June 30, 2016, our cash margin deposits and guaranty fund are as follows for the ICE Clearing Houses (in millions):

	ICE Clear Europe	ICE Clear Credit	ICE Clear U.S.	Other ICE Clearing Houses	Total
Original margin	$25,177	$14,176	$ 4,445	$ 160	$43,958
Guaranty fund	2,797	1,431	303	12	4,543
Total	$27,974	$15,607	$ 4,748	$ 172	$48,501

As of December 31, 2015, our cash margin deposits and guaranty fund are as follows for the ICE Clearing Houses (in millions):

	ICE Clear	ICE Clear	ICE Clear U.S.	Other ICE	Total

	Europe	Credit		Clearing Houses	
Original margin	$28,454	$13,750	$ 3,882	$ 159	$46,245
Guaranty fund	2,589	2,011	311	13	4,924
Total	$31,043	$15,761	$ 4,193	$ 172	$51,169

We have recorded these cash deposits in the accompanying consolidated balance sheets as current assets with corresponding current liabilities to the clearing members of the relevant ICE Clearing House. All cash, securities and letters of credit are available only to meet the financial obligations of that clearing member to the relevant ICE Clearing House. ICE Clear Europe, ICE Clear Credit, ICE Clear U.S., ICE Clear Canada, ICE Clear Netherlands and ICE Clear Singapore are separate legal entities and are not subject to the liabilities of the other ICE Clearing Houses or the obligations of the members of the other ICE Clearing Houses. The amount of these cash deposits may fluctuate due to the types of margin collateral choices available to clearing members and the change in the amount of deposits required. As a result, these assets and corresponding liabilities may vary significantly over time.

Except with respect to ICE Clear Credit, the majority of the cash held by the ICE Clearing Houses is secured in reverse repurchase agreements with primarily overnight maturities or direct investment in U.S. government securities. ICE Clear Credit has been designated as a systemically important financial market utility by the Financial Stability Oversight Council and has been authorized to establish and maintain a cash account at the Federal Reserve Bank of Chicago. ICE Clear Credit held $7.3 billion of its U.S. dollar cash in the guaranty fund and in original margin in the cash account at the Federal Reserve Bank of Chicago as of June 30, 2016. The remaining cash deposits at the ICE Clearing Houses are held in demand deposit accounts at large, highly rated financial institutions and directly in U.S. Treasury securities with original maturities of less than 12 months.

In addition to the cash deposits for original margin and the guaranty fund, the ICE Clearing Houses have also received other assets from clearing members, which may include government obligations, certain agency and corporate debt, letters of credit or gold to mitigate credit risk. These assets are not reflected in the accompanying consolidated balance sheets as the risks and rewards of these assets remain with the clearing members unless the ICE Clearing Houses have sold or re-pledged the assets or in the event of a clearing member default, where the clearing member is no longer entitled to redeem the assets. Any income, gain or loss accrues to the clearing member. For certain non-cash deposits, the ICE Clearing Houses may impose discount or “haircut” rates to ensure adequate collateral levels to account for fluctuations in the market value of these deposits. As of June 30, 2016 and December 31, 2015, the assets pledged by the clearing members as original margin and guaranty fund deposits for each of the ICE Clearing Houses are detailed below (in millions):

	As of June 30, 2016				As of December 31, 2015			
	ICE Clear Europe	ICE Clear Credit	ICE Clear U.S.	Other ICE Clearing Houses	ICE Clear Europe	ICE Clear Credit	ICE Clear U.S.	Other ICE Clearing Houses
Original margin:								
Government securities at face value	$23,465	$6,157	$9,862	$ 44	$21,690	$4,989	$8,161	$ 97
Letters of credit	—	—	—	389	—	—	—	381
Total	$23,465	$6,157	$9,862	$ 433	$21,690	$4,989	$8,161	$ 478
Guaranty fund:								
Government securities at face value	$261	$179	$153	$ 45	$267	$229	$158	$ 61

10. Fair Value Measurements

Our financial instruments consist primarily of cash and cash equivalents, short-term and long-term restricted cash and investments, short-term and long-term investments, customer accounts receivable, margin deposits and guaranty funds, cost and equity method investments, short-term and long-term debt and certain other short-term assets and liabilities. The fair value of our financial instruments are measured based on a three-level hierarchy:

- Level 1 inputs — quoted prices for identical assets or liabilities in active markets.
- Level 2 inputs — observable inputs other than Level 1 inputs such as quoted prices for similar assets and liabilities in active markets or inputs other than quoted prices that are directly observable.
- Level 3 inputs — unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

In general, we use Level 1 inputs to determine fair value. The Level 1 assets consist of U.S. Treasury securities, equity and other securities listed in active markets, and investments in publicly traded mutual funds held for the purpose of providing future payments of the supplemental executive retirement and the supplemental executive savings plans. Financial assets and liabilities recorded in the accompanying consolidated balance sheets as of June 30, 2016 and December 31, 2015 are classified in their entirety based on the lowest level of input that is significant to the asset or liability’s fair value measurement. Financial instruments measured at fair value on a recurring basis as of June 30, 2016 and December 31, 2015 are as follows (in millions):

	As of June 30, 2016			As of December 31, 2015		
	Level 1	Level 2 and 3	Total	Level 1	Level 2 and 3	Total
Assets at fair value:						
Long-term investment in equity securities	$427	$ —	$427	$299	$ —	$299
U.S. Treasury securities	503	—	503	449	—	449
Mutual Funds	24	—	24	29	—	29
Total assets at fair value	$954	$ —	$954	$777	$ —	$777

As of June 30, 2016, the fair value of our $1.24 billion 2020 Senior Notes was $1.30 billion, the fair value of our $1.24 billion 2025 Senior Notes was $1.35 billion, the fair value of our $852 million NYSE USD Notes was $860 million, the fair value of our $789 million 2023 Senior Notes was $865 million, and the fair value of our $597 million 2018 Senior Notes was $615 million. The fair values of these fixed rate notes were estimated using quoted market prices for these instruments. The fair value of our commercial paper approximates the carrying value since the rates of interest on this short-term debt approximate market rates as of June 30, 2016. All other financial instruments are determined to approximate carrying value due to the short period of time to their maturities.

The long-term investment in equity securities represents our investment in Cetip, which is recorded as an available-for-sale investment, and is recorded and held in Brazilian reais. Cetip was valued at $427 million as of June 30, 2016, using its quoted market price. Changes in the fair value of the Cetip investment are currently reflected in accumulated other comprehensive income (loss) and do not impact earnings, except to the extent that unrealized losses are deemed to be other than temporary (Note 2). As of June 30, 2016, we had an accumulated unrealized gain related to this investment of $103 million.

In April 2016, Cetip and BM&FBOVESPA in Brazil entered into a merger agreement. Consummation of the merger remains subject to approval by the regulatory bodies of the Central Bank of Brazil, the Securities and Exchange Commission of Brazil and Brazil's Council for Economic Defense. The proposed merger values Cetip at R$43.79 per share based upon the June 30, 2016 BM&FBOVESPA closing stock price. Under the terms of the merger agreement, Cetip shareholders will receive a combination of cash (75%) and BM&FBOVESPA stock (25%). Given that a portion of the purchase price consists of BM&FBOVESPA stock, the merger agreement includes an adjustment mechanism that provides for a stock valuation based on the BMF&BOVESPA average trading price during the 30 trading days preceding the last required regulatory approval, with a minimum stock valuation of R$42.00 per share and a maximum stock valuation of R$48.51 per share.

As of June 30, 2016, we held $503 million in U.S. Treasury securities, all of which had remaining maturities of less than one year at the date of purchase. Of these securities, $33 million were recorded as cash and cash equivalents, $320 million were recorded as short-term restricted cash and investments and $150 million were recorded as long-term restricted cash and investments in the accompanying consolidated balance sheet as of June 30, 2016. All of the U.S. Treasury securities recorded as cash and cash equivalents have original maturities of less than 90 days.

We did not use Level 2 and 3 inputs to determine the fair value of assets or liabilities measured at fair value on a recurring basis as of June 30, 2016 or December 31, 2015. We measure certain assets, such as intangible assets and cost and equity method investments, at fair value on a non-recurring basis. These assets are recognized at fair value if they are deemed to be impaired. As of June 30, 2016 and December 31, 2015, none of these assets were required to be recorded at fair value since no impairment indicators were present.

11. Condensed Consolidating Financial Statements (Unaudited)

In connection with our acquisition of NYSE, Intercontinental Exchange, Inc., or ICE, and NYSE Holdings LLC, or NYSE Holdings, established various guarantees to protect against structural subordination of each entity's existing indebtedness. NYSE Holdings is our 100% owned subsidiary and fully and unconditionally guarantees, on an unsecured and unsubordinated basis, the payment of principal, premium, if any, and interest of our senior notes. Similarly, ICE fully and unconditionally guarantees, on an unsecured and unsubordinated basis, the payment of principal, premium, if any, and interest of the NYSE USD Notes. The guarantees will remain in place until each applicable debt obligation has been satisfied.

The following consolidating financial information sets forth, under the equity method of accounting, the condensed consolidating statements of income and comprehensive income, the condensed consolidating balance sheets, and the condensed consolidating statements of cash flows for (i) ICE (Parent); (ii) NYSE Holdings; (iii) the subsidiary non-guarantors; (iv) elimination entries necessary to consolidate each of ICE (Parent) and NYSE Holdings with the non-guarantor subsidiaries; and (v) on a consolidated basis. The condensed consolidating financial information should be read in conjunction with the accompanying consolidated financial statements.

Intercontinental Exchange, Inc.
Condensed Consolidating Balance Sheets
As of June 30, 2016
(In millions)

	ICE (Parent)	Subsidiary Guarantor - NYSE Holdings	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Total
Current assets:					
Cash and cash equivalents	$2	$ —	$ 388	$ —	$ 390
Intercompany receivable	3,267	—	312	(3,579)	—
Margin deposits and guaranty funds	—	—	48,501	—	48,501
Notes receivable from affiliate, current	—	343	—	(343)	—
Other current assets	2	—	1,737	—	1,739
Total current assets	3,271	343	50,938	(3,922)	50,630
Property and equipment, net	—	—	1,048	—	1,048
Other non-current assets:					
Goodwill and other intangible assets, net	—	—	22,539	—	22,539
Investment in subsidiaries	21,776	13,925	—	(35,701)	—
Notes receivable from affiliate, non-current	—	5,433	4,689	(10,122)	—
Other non-current assets	91	10	906	—	1,007
Total other non-current assets	21,867	19,368	28,134	(45,823)	23,546
Total assets	$25,138	$ 19,711	$ 80,120	$ (49,745)	$ 75,224
Current liabilities:					
Short-term debt	$1,811	$ —	$ —	$ —	$ 1,811
Margin deposits and guaranty funds	—	—	48,501	—	48,501
Intercompany payable	—	3,579	—	(3,579)	—
Notes payable to affiliates, current	281	—	62	(343)	—
Other current liabilities	24	—	1,102	—	1,126
Total current liabilities	2,116	3,579	49,665	(3,922)	51,438
Non-current liabilities:					
Long-term debt	3,868	851	—	—	4,719
Notes payable to affiliates, non-current	3,858	831	5,433	(10,122)	—
Other non-current liabilities	4	—	3,700	—	3,704
Total non-current liabilities	7,730	1,682	9,133	(10,122)	8,423
Total liabilities	9,846	5,261	58,798	(14,044)	59,861
Redeemable non-controlling interest	—	—	33	—	33
Equity:					
Total shareholders' equity	15,292	14,450	21,251	(35,701)	15,292
Non-controlling interest in consolidated subsidiaries	—	—	38	—	38
Total equity	15,292	14,450	21,289	(35,701)	15,330
Total liabilities and equity	$25,138	$ 19,711	$ 80,120	$ (49,745)	$ 75,224

Intercontinental Exchange, Inc.
Condensed Consolidating Balance Sheets
As of December 31, 2015
(In millions)

	ICE (Parent)	Subsidiary Guarantor - NYSE Holdings	Subsidiary Non-Guarantors	Consolidating Adjustments	Consolidated Total
Current assets:					
Cash and cash equivalents	$ 1	$ —	$ 626	$ —	$ 627
Intercompany receivable	3,176	—	—	(3,176)	—
Margin deposits and guaranty funds	—	—	51,169	—	51,169
Note receivable from affiliate, current	—	705	77	(782)	—
Other current assets	5	—	1,512	—	1,517
Total current assets	3,182	705	53,384	(3,958)	53,313
Property and equipment, net	—	—	1,037	—	1,037
Other non-current assets:					
Goodwill and other intangible assets, net	—	—	22,837	—	22,837
Investment in subsidiaries	21,120	9,840	—	(30,960)	—
Note receivable from affiliate, non-current	—	3,128	3,370	(6,498)	—
Other non-current assets	20	10	770	—	800