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Intercontinental Exchange, Inc. (ICE)

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CORPORATE PARTICIPANTS

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OTHER PARTICIPANTS

Alexander Blostein

Analyst, Goldman Sachs & Co. LLC

MANAGEMENT DISCUSSION SECTION

Alexander Blostein

Analyst, Goldman Sachs & Co. LLC

Great. Well, good afternoon, everyone. I'm Alex Blostein, Capital Markets Analyst here at Goldman Sachs. It is my pleasure to introduce Jeff Sprecher, Founder, Chairman and CEO of Intercontinental Exchange. Over the years, ICE has established itself as a leading global network of exchanges, clearing houses and data services. Most recently, ICE also expanded into the mortgage space with an acquisition of Ellie Mae, creating the largest front to back electronic platform in US mortgage ecosystem. With lots of momentum in the business, we look forward to getting an update from Jeff on his vision for the business.

So, Jeff thanks so much for joining us.

Jeffrey Craig Sprecher

Founder, Chairman & Chief Executive Officer, Intercontinental Exchange Inc.; Chairman, New York Stock Exchange, Intercontinental Exchange, Inc.

Thank you, Alex. It's always good to be with you.

QUESTION AND ANSWER SECTION

Alexander Blostein

Analyst, Goldman Sachs & Co. LLC

Q

Awesome. Well, this is not the most typical audience for us being at tech conference as opposed to financial service conference. Since the last time you participated in this event actually quite a bit has changed and evolved in the business probably most notably the acquisition of Ellie Mae and kind of how that sort of propels ICE into the mortgage space. So maybe just to level set everyone, can you help us understand how these assets exchange trading, clearing data and now mortgages, how do they come together on ICE's network and ultimately why is this greater than the individual pieces?

Jeffrey Craig Sprecher

Founder, Chairman & Chief Executive Officer, Intercontinental Exchange Inc.; Chairman, New York Stock Exchange, Intercontinental Exchange, Inc.

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That's a good question. I am the founder of the company and I came from outside the financial services industry and we started building exchanges. And I realized pretty quickly in a digital world, those were just networks. And they have this unique effect that every new participant on the network makes the network more valuable to all the other participants. And every new piece of data or information that is pushed across the network can be sold and – to everybody. So build that one, sell it many times.

And so, we have as a company just looked for opportunities where we can build, buy or start networks. And so, we really have from a segment standpoint three that we think about. One is exchanges both the commodities and equities; one is fixed income. In other words bonds and information data related to bonds; and a third mortgage or essentially interest rates. And the reason that they work well together is at the core of them are some let's call them anchor tenants like Goldman Sachs. The major financial institutions around the world tend to be in all of those businesses and have connectivity to us to these networks. And so, I like the compounding effect in terms of managing a business and that's really what we look for.

Alexander Blostein

Analyst, Goldman Sachs & Co. LLC

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So we'll unpack some of that in a little bit. But first I wanted to kind of hit maybe on the financial profile from these changes right. So, ICE recently revamped disclosure really I think trying to, aiming to underscore the durability of the revenue base right, like roughly 50-ish-percent of the top line is coming from these recurring businesses and not following non-transaction based sources. How should investors think about sort of the growth algorithm for that recurring piece of the model for the next two years to three years? And what are some of the key themes that are underpinning these growth assumptions?

Jeffrey Craig Sprecher

Founder, Chairman & Chief Executive Officer, Intercontinental Exchange Inc.; Chairman, New York Stock Exchange, Intercontinental Exchange, Inc.

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Yeah. It's a good question because I think investors in my view and you can challenge me on this because you're better placed, but the investors in my view don't in our space haven't really differentiated between variable revenues and recurring subscription revenues. And – but as a manager, I would much rather have recurring subscription revenues today. We pay a dividend. We have the mindset of our board is that as we grow earnings, we should be growing the dividend. And so from a purely cash flow standpoint from an M&A standpoint having a predictable compounding growing revenue base is, is valuable to me. And however when you have spikes in volatility, these businesses all at the core of them are there to respectively help people manage risk. And so when

you have spikes and volatility around day to day economic affairs of the world, volumes go – tend to go up on these businesses. And so we do participate a lot in the upside if you will of significant impacts to the globe such as COVID, which gave us a record quarter in the first quarter of last year.

Alexander Blostein

Analyst, Goldman Sachs & Co. LLC

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Yeah. Let's, let's kind of break these up a little bit and talk about some of these individual pieces. One that I'm sure you guys probably getting most questions on is the mortgage business that's going to the newest and probably the fastest growing part of the model on the back of the recent acquisition. But if I got a take it to a couple of years back you guys sort of started this mission to digitize the US mortgage space a little while ago. You bought MERS, you bought Simplifile and obviously of course, Ellie Mae now. So what is your vision for this industry sort of five years from now? And what role do you kind of see ICE playing in that whatever that world sort of looks like in the mortgage space?

Jeffrey Craig Sprecher

Founder, Chairman & Chief Executive Officer, Intercontinental Exchange Inc.; Chairman, New York Stock Exchange, Intercontinental Exchange, Inc.

A

Yeah. So, through acquisition, and then what we've built around it, we would like to have a complete end-to-end network in the mortgage space that and we can currently we start with prospecting for mortgages. And consumer interest in looking at rates and what have you online, so early stage prospecting all the way through to when a mortgage is actually consummated and filed with the local recording office.

And we've built a network that basically handles that entire lifecycle. What we've been doing now is they're still if you look at the way mortgage works today there's still a lot of paper. So people are they may be scanning pieces of paper and creating PDF files and they're going across the network, but they also then come off the network and become paper again and then on the network as PDF and off the network.

And so our goal is to completely digitize that mortgage so that it never has to leave the network. And so that all participants in the mortgage are using the same data set and the same data standards so that artificial intelligence and other tools can be overlaid. And by the way which is the big growth driver for us right now to take errors out of the process of writing and underwriting a mortgage and streamlining and speeding up the process of actually entering into a mortgage.

I think my company because we own LIBOR and calculate LIBOR which is at the heart of many mortgages, we have credit default swaps and we're writing or helping people to manage risk around the GSEs and other major banks and mortgage participants. So we touch all kinds of institutional credit around the mortgage market. And I think if we can get the underlying market completely digitized, I think it will create a velocity and other products that you'll see in risk management on the institutional level a few years from now.

Alexander Blostein

Analyst, Goldman Sachs & Co. LLC

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And that actually dovetails into my next question which is really thinking about the addressable market you guys see for ICE in the mortgage space and in the last – when you announced the deal and most recently, of course, you talked about it being roughly a \$10 billion addressable market, I think the current revenue run rate in the mortgage for you guys is about \$1.2 billion, right. So it's considerable run rate.

Jeffrey Craig Sprecher

Founder, Chairman & Chief Executive Officer, Intercontinental Exchange Inc.; Chairman, New York Stock Exchange, Intercontinental Exchange, Inc.

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Right.

Alexander Blostein

Analyst, Goldman Sachs & Co. LLC

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And the way you talked about gaining share of that sort of pie is through obviously share gains for origination platform. There's data analytics uptick and then the closing process. And that sort of rounds out how you get to that \$10 billion addressable market.

Jeffrey Craig Sprecher

Founder, Chairman & Chief Executive Officer, Intercontinental Exchange Inc.; Chairman, New York Stock Exchange, Intercontinental Exchange, Inc.

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Right.

Alexander Blostein

Analyst, Goldman Sachs & Co. LLC

Q

What are the things outside of that, that you think could be interesting sort of again down the road for ICE to address outside of kind of like the core mortgage [indiscernible] (00:08:36)

Jeffrey Craig Sprecher

Founder, Chairman & Chief Executive Officer, Intercontinental Exchange Inc.; Chairman, New York Stock Exchange, Intercontinental Exchange, Inc.

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Well, let me just say the fastest part of the growth in that we see right now and at very, very early stages is putting some automation and artificial intelligence around the data that is flowing across that network. In other words – and our network has about 1,000 third parties that are – that use our network to go to market or to do various things in the mortgage space. So we see a tremendous amount of information. And the real goal and what will really increase the addressable market is by automating the ability to for example look at a consumer's credit report, look at what they've filled on their loan application look at the W-2 and payroll information of their employer automatically and to pull that all together and to make sure that everything there is verified. Because a lot of what goes on in underwriting a mortgage today is a lot of people that are manually doing that work and a lot of what we call stare and compare.

So we think if we if we can automate the existing data set that we have and we've already started and it's like I say the fastest growing part of our business off a very low base. But we think that really increases the addressable market. Beyond that, we have essentially this data set that is the most significant transaction that a consumer probably does in their life. We see the cash flows that come across it. We know exactly when the deal closes. We know exactly who the participants are and because that's all digitized now in real time, we can know that there's a major difference in this person's life, who just bought a home. So what else? Having just bought a home, what are the other things around that person's behavior that might be interesting? I've talked to other people in the industry who say a home purchase often triggers other kinds of behaviors in a family. And we're looking at okay, we have the information and data about that. Who would that be valuable to? What could we actually do with it? What rights do we have to it? And how do we think about growing the information business?

Jeffrey Craig Sprecher

Founder, Chairman & Chief Executive Officer, Intercontinental Exchange Inc.; Chairman, New York Stock Exchange, Intercontinental Exchange, Inc.

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Yeah. That's a great point. The other element from where you guys are trying to build that stands out is how much money this could actually save to the originators, right. I mean, people that are actually underwriting mortgage and you guys provided a ton of interesting statistics around that. The thing that strikes me is that despite the fact that it's significant amount of savings for them, you guys are way cheaper. But there's a lot of room to go, right,

like the gap is still quite significant. So how do you think about sort of the pricing power in terms of where you're going to try to build? How big of a growth algorithm is that going to be for ICE for the next couple of years?

Jeffrey Craig Sprecher

Founder, Chairman & Chief Executive Officer, Intercontinental Exchange Inc.; Chairman, New York Stock Exchange, Intercontinental Exchange, Inc.

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Yeah. So what is lacking in the market right now is essentially a digital note. Most lenders still have a paper note with a wet signature on it. And if there's a foreclosure, most courts respect a original paper note document with the wet signature on it in terms of dealing with foreclosure issues. The industry is working with and it's under 10% of the market right now. A digital note that you would consummate by mouse clicks much like the signatures that many people that are watching this would do on other kinds of legal documents using a mouse. And that, that would never necessarily have a wet signature. It would never be put on paper and it would be ultimately stored in a digital vault and accessible as the original respected as the original, if there was a foreclosure.

So we're building that and we'll be launching a lot of tools around that that workflow this year. And once we have that, it will really then allow a collapsing in our mind of the time to enter into a mortgage, particularly, if you can couple it with some of this artificial intelligence and data work that we're doing. And it will collapse. The closing from if you've ever done a – bought a new home or done a refinancing, it's probably at least a 30-day period. And there's no reason for that if we can bring all the data together and the parties together and it's all online. So the savings that we're talking about is tremendous both in the stare and compare personnel, but also just the cash flows that would go along. And our fixed income network we are the largest pricing agent for mortgage-backed securities. And we calculate for institutions the value of mortgage-backs.

And so we do feel like you know part of what we'll be able to wire together ultimately is real underlying information about the mortgage and the people in the mortgage and when it's going to fund and what rate it's at and how the rates is going to lock. And the actual institutional capital markets that are backing that funds flow. And so there's just tremendous savings in there. And we're – we've got a team together and we've been doing a lot of work on how do you go about pricing these things? How much of it is – to your opening question, how much of it is a recurring revenue subscription based? How much of it would be transaction based that would be on the closing statement of the actual borrower? We don't have the answer for that now, but it's definitely an area where we're doing a lot of work.

Alexander Blostein

Analyst, Goldman Sachs & Co. LLC

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Yeah. Yeah. Makes sense. Just as you mentioned data, I wanted to move on to the next kind of vertical of what ICE looks like today, which is your fixed income data business. Again you guys kind of built it through a number of acquisitions, IDC being the largest one, several years back now. It feels like that business has seen accelerating momentum towards the end of last year and into 2021. But again for the benefit of this sort of audience, maybe spend a minute on sort of talking through the key elements of what your fixed income data business looks like today. What is the competitive set looks like there, who do you guys compete with and how do you envision that business grow in the next couple of years?

Jeffrey Craig Sprecher

Founder, Chairman & Chief Executive Officer, Intercontinental Exchange Inc.; Chairman, New York Stock Exchange, Intercontinental Exchange, Inc.

A

Yeah, I mean for those that that don't touch fixed income, there's an unbelievable number millions and millions of debt bond instruments in the world, all of which have their own customized bond documents. There's no two that are alike. And so our business starts with the reference data which is we have a database where almost every security in the world, we have the terms and conditions that we get out of the paper bond documents and

digitized, and so that they're available. Having that information then allows us to help people create indices because we know all the instruments and the underlying terms. And so we also have some execution platforms, which are mostly consumer base. And as you know we've been moving them and building them out so they can become more institutional.

And we've seen this tremendous trend now of people that are preferring to own fixed income securities in the form of ETFs, as opposed to individual instruments. And so we're involved in helping people to construct the indices under those, helping to calculate the values of those ETFs on a real time basis and also listing them on one of the New York Stock Exchange venues that we have. So it's an ecosystem that we've built. And I think it's the sum of all those parts that's been accelerating the growth. And this is a case where we have largely been capturing revenue through subscription as opposed to transaction. And it's a large compounding growing subscription base because we keep finding new ways to add value to that whole portfolio of fixed income services.

Alexander Blostein

Analyst, Goldman Sachs & Co. LLC



It's interesting. You mentioned indexation, that's probably one of the bigger trends in financial services, tremendous amount of growth if you look at what happened on the equity side, many would argue that the fixed income side of the ETF trend is still kind of in early innings. Can you delve into that a little bit more, how does ICE as a whole benefit from the trend towards indexation? Any numbers around that in terms of how much and kind of total revenues you guys have from the index business and where you see that going?

Jeffrey Craig Sprecher

Founder, Chairman & Chief Executive Officer, Intercontinental Exchange Inc.; Chairman, New York Stock Exchange, Intercontinental Exchange, Inc.



Yeah. So your audience will be familiar with the major equity indices around the world. And those are fantastic franchises for the people that own them. And we own some. But fixed income is a little different in that. If somebody does a 20- or 30-year bond, they can redeem it and pay it off early. Sometimes the bonds [ph] are fees (00:18:20). There's a lot more activity in a bond is created and then it's ended. And so, an index has to be constantly rebalanced. And it doesn't necessarily lend itself to quarterly rebalancing or predictable rebalancing dates because bonds suddenly are retired or people go bankrupt and – or other [indiscernible] (00:18:46) issue.

So the trick there is in coming up with obviously the original index and then ongoing substitutes that can fit into the index as its being rebalanced on the fly so that it has a continuous look and feel to it even though underneath it's definitely a duck with little legs that are moving under water. But we just happened to have an unbelievable capability there to help people figure out what instruments to put in an index and then how to keep it balanced.

Similarly, once an ETF forms against an index, it can't always buy all the names that are in the index. And so, we help the ETF industry to figure out ongoing substitutions that can be held sometimes for short periods of time while they look for the actual instruments that they need, so that again there is continuous performance underneath that index.

Alexander Blostein

Analyst, Goldman Sachs & Co. LLC



Let's stick with some of the thematic stuff and I wanted to touch on the ESG developments as a theme. Obviously it's been quite pronounced in Europe for several years, it's becoming much bigger focus in the US. I know ICE has initiatives targeting this theme as a whole, but can you help us kind of better frame what is your related offerings ICE really provide kind of the overall revenue contribution and the opportunities for yourself in that part of the market?

Jeffrey Craig Sprecher

Founder, Chairman & Chief Executive Officer, Intercontinental Exchange Inc.; Chairman, New York Stock Exchange, Intercontinental Exchange, Inc.

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Sure. Well, it's definitely a huge area of interest from our clients. I think at our core we believe in free open transparent market. So, we believe the market should determine what attributes that it wants in a company and in the company's management. And that – the best thing that we can do is help people get access to the information that they need to make that decision as opposed to preaching or dictating an index or a decision to somebody. And so, it's against that philosophy that we decided to use this reference data infrastructure that we have to take a roughly 400 attributes that public companies and public instruments could have.

We worked with a lot of institutional investors to develop this list of 400. But what we do is that if a company in its annual report or if it does an ESG report or in its Ks and Qs, if it's putting out information about the business we strip that information out of those paper documents again and put it into a digital database. So, for example, my own company we can tell you the constitution of the board, the makeup of the board of the management, various tenures, all kinds of ESG oriented information. People are actually interested increasingly in – is the company in a area where there may be fires. How much of their businesses are in areas that we don't like? How does it do business overseas? This kind of information. And so, what we do is pull the raw data out of public documents and then make it available to institutional investors and also index providers, so that they can – similar to the fixed income business, they can figure out what are the attributes that matter to them and then make their voices heard in the capital markets.

Alexander Blostein

Analyst, Goldman Sachs & Co. LLC

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Okay. Makes sense. Shifting gears a little bit. It feels like you can't spend a day without talking about cryptocurrencies and Bitcoin and it's in the headlines every day. ICE has a number of stakes, I guess economic stakes in the crypto space mainly the 65% sort of pro forma ownership in Bakkt once it goes through destocking process and that holding is complete. Also you guys have a small stake in Coinbase. If you look at the implied market value of all of those, it's actually quite substantial. It's like a couple of billion dollars to ICE's value today at current rates. Can you talk us through is there a strategic angle to these stakes going forward? How are you thinking about bigger picture ICE's global network playing a role in the crypto space over time, or these are just kind of economic stakes and you may monetize it at some point in time?

Jeffrey Craig Sprecher

Founder, Chairman & Chief Executive Officer, Intercontinental Exchange Inc.; Chairman, New York Stock Exchange, Intercontinental Exchange, Inc.

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Well, it really started years ago when everybody was talking about the blockchain and will the block chain disintermediate or disrupt the financial services markets as we know them. And we were basically saying oh my God, we better get up to speed on this stuff. And so, we have befriended the management of Coinbase and helped them finance company in early stage.

But more interestingly, we said to ourself what can we do. And our real strength is these networks that are hooked to the institutional market. And so, we said why don't we stand up a company and get the proper licensings and approvals to be an institutional custodian and an institutional regulated trading platform for cryptocurrencies and more broadly for digital payments. And so, we built this company called Bakkt to do that. Now we are early because there really is no institutional demand honestly right now for cryptocurrencies. And to the extent that there is institutional activities, it's actually operating in the over-the-counter markets. So, some of the funds and transactions that are being done are really being done in the unregulated OTC markets.

There hasn't been a groundswell yet or enough institutionalization to really bring it into a fully regulated exchange type environment. That being said, we're building this company and have a lot of domain knowledge. And so, we have started working with some major retailers largely that consumer facing brands like Starbucks, who we've announced and a host of others who we haven't yet announced. But we'll soon about how they can work digital payments into their infrastructure. And so, we've basically built a company that has a wallet and has an exchange and it has a custodian piece that is fully regulated that we believe ultimately will be successful with major merchants that would like to be on the forefront of the payment revolution, but also obviously don't want to be subject to money laundering or other nefarious things that can go on in the digital space.

We've also really broadened our view of this space, which is we bought a company that deals in rewards programs. And so, we provide over 1,000 different rewards programs to major companies and many of whom are brand names you would all recognize for things like airline miles and hotel nights and rental cars days and so on and so forth. And those are effectively digital assets that are monetary assets that many of us who travel and move around and use various merchants acquire over our lives, but have never been organized or become fungible or even thought of as a way of exchanging value between various groups of businesses.

So, that's really what Bakkt is trying to do. It wasn't being appreciated inside of ICE. So, we decided to take it public. We're doing that via SPAC. We at the New York Stock Exchange were part of the infrastructure that worked with the SEC to develop the concept of a SPAC. We've been very early in SPACs. My old colleague Tom Farley, who ran the New York Stock Exchange, left the company to go do a SPAC. This is kind of ingrained in us for many, many years, a lot of passion about it. And so, we decided that we should avail ourselves of that vehicle as we take this company public, even though obviously we owning New York Stock Exchange we know how to do a traditional IPO. But we really, the New York Stock Exchange itself with direct listings and [indiscernible] (00:27:33) we hope capital raises from direct listings and SPACs have been on the forefront of how capital is being raised in public markets right now.

Alexander Blostein

Analyst, Goldman Sachs & Co. LLC

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Yeah. That makes sense. Let's shift gears a little bit. I wanted to touch on the trading side of the business. And maybe starting with some of the newer initiatives and we'll kind of go into some of the core businesses that you guys built over the years. One is credit. Obviously, we talked about the data piece and data is incredibly valuable when it comes to credit trading. And you acquired a couple of platforms there over the years, so maybe give us an update on sort of what's the strategy for ICE bond trading at this point and sort of ultimately what are your ambitions in that part of the market?

Jeffrey Craig Sprecher

Founder, Chairman & Chief Executive Officer, Intercontinental Exchange Inc.; Chairman, New York Stock Exchange, Intercontinental Exchange, Inc.

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Sure. So, we bought some small consumer oriented credit platforms and we've been building them out, so that institutions can come on to them, and that work's been going on. And we're engaged with a lot of institution including your own, who are establishing connectivity to those platforms. But we've been very, very focused on that whole ecosystem. And what we've seen is the consumer part of the bond market is moving much more comfortable buying a bond ETF than they are owning a bond obviously because a bond needs to be managed if you're going to have a ladder of duration what have you.

So, we've been taking the knowledge that we've been getting out of the consumer area essentially and porting it over to the support we're doing for the ETF business, which is helping to drive that subscription growth. And similarly we've been working with institutions now on sort of underlying big auctions of portfolios, not individual bonds, but as an ETFs are being managed and they're big portfolios and they have to be rebalanced every day.

We see our role is not necessarily just being a central limit order book for individual bond execution, but much of more of an ecosystem, if you will, for the way the market is quickly evolving. And because it is evolving we feel like we can be at the forefront of it because our technology is so embedded in these institutions.

Alexander Blostein

Analyst, Goldman Sachs & Co. LLC

Q

Got you. While shifting gears a little bit, let's talk about the energy part of the model, it's still the largest contributor to your trading side of the business. And I feel like given all the new initiatives that are happening at the company sometimes that part of the model gets lost a little bit. It's actually been doing quite well. Now ICE is mostly known for Brent, but there's been a lot of other products underneath Brent that have been growing really rapidly. So, maybe give us a sense of how that business is evolving and where are you seeing the biggest opportunity for the firm in the energy trading part of the market?

Jeffrey Craig Sprecher

Founder, Chairman & Chief Executive Officer, Intercontinental Exchange Inc.; Chairman, New York Stock Exchange, Intercontinental Exchange, Inc.

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Yeah. So, Brent, which was a grade of crude, I think we've had 22 consecutive years of growth. So, I don't want to throw it under the bus per se because it's just been this fantastic flagship contract and marker that the industry uses. But the real growth that we've seen in our franchise has been European natural gas, which is as Europe has become more carbon conscious they've been moving away from coal and oil and much more to natural gas for emissions reasons.

And then, secondly, carbon trading itself, which Europe and many other countries have adopted. And so, we see the shift away from heavy petroleum, if you will, to these renewables, natural gas and carbon-based contracts. An exception to that is we're about to launch a new exchange in Abu Dhabi with the Abu Dhabi National Oil Company. And this we hope will become a marker for a greater crude called Murban, which we hope will become a marker for Middle East crude and the largest consumer of Middle East crude today is China. And there's a tremendous movement of traditional energy if you will out of the Middle East up into this growing middle-class in China. And so, that's an area where sort of the traditional footprint we think has a lot of tradable and risk management upside. And so, we're similarly launching that in the Middle East as we speak.

Alexander Blostein

Analyst, Goldman Sachs & Co. LLC

Q

That's an interesting point by the way. Sticking with some of the trading dynamics, maybe shift gears a little bit towards cash equities. And I want to speak to that part of the market really through the lens of what's been happening recently with just the surge we've seen in retail trading. Obviously, there's almost 50% of volume that now takes place off exchange. A lot of that is driven by retail the way that market works. At the same time, we've got new administration. We've got a potential new incoming Chairman of the SEC. So, there's a lot of buzz around some regulatory change potentially happening in the US cash equity ecosystem. So, just curious to get your thoughts on where that could go, what role ICE would play in that conversation?

Jeffrey Craig Sprecher

Founder, Chairman & Chief Executive Officer, Intercontinental Exchange Inc.; Chairman, New York Stock Exchange, Intercontinental Exchange, Inc.

A

I don't know where it will go. I think it's an opportunity because there is a new administration to have a fresh set of eyes looking at the market structure and the fact that a new administration is coming in while we have this sort of obvious market movements here that are attributable to the increasing footprint of retail, may be fortuitous. The timing of current events on a new administration hopefully will give a new look to what is almost 230-year old market.

But one of the thing that frustrates me is that is that the exchanges are required by law in the United States to price stocks in minimum increment of \$0.01, but the dark pools, the retail brokers have sub-\$0.01. And so, when you hear that I can get a better price or I can get a improved price off exchange, a lot of that is simply because it's true because the exchange can't go sub-\$0.01. And people complain and say well we don't want the hassle of having to deal with sub-\$0.01, but now half the market is already dealing with sub-\$0.01.

The exchanges have engineered a way around this in order to try to stay competitive by giving rebates. And if you take a rebate and in large size and do the math, you can come up with a fractional \$0.01 essentially. And so computers can use the exchange rebates to compare the prices on a sub-\$0.01 fractured basis to what the true prices on the off-exchange market. But it just has added unbelievable layer of complexity. And then it's led to this notion of payment for order flow, which is the off-exchange markets response to rebates. And so, anyway, I think the whole thing is kind of a mess personally. And I would welcome an opportunity to simplify the market. Most other countries would not allow what's going on in the United States and most other markets that are organized like our US commodities markets would not allow this, it would be – there would be much more transparency for the end user in what was going on with their order. I think linked to that we'll – if there is a market structure change, we'll have to be more transparency around shorting and who actually owns the stock at any moment in time, as well as real time or near real time settlement, which will make that easier.

Alexander Blostein

Analyst, Goldman Sachs & Co. LLC

Q

Yeah. No definitely. Lots of potential changes, it'll be – see where that goes.

Jeffrey Craig Sprecher

Founder, Chairman & Chief Executive Officer, Intercontinental Exchange Inc.; Chairman, New York Stock Exchange, Intercontinental Exchange, Inc.

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Yeah.

Alexander Blostein

Analyst, Goldman Sachs & Co. LLC

Q

We've got a couple of minutes left. So, I do want to incorporate a bunch of questions that we've got coming online. One around LNG and that may got to go back to some of the things we talked about with respect to ICE's overall energy business. But with respect to LNG specifically maybe give us a update how you guys are thinking about that opportunity?

Jeffrey Craig Sprecher

Founder, Chairman & Chief Executive Officer, Intercontinental Exchange Inc.; Chairman, New York Stock Exchange, Intercontinental Exchange, Inc.

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It's growing a lot. We have various markers that we trade, but there's an Asian marker. It's a Japan LNG, which – trading volumes have really risen around that. You can – you can – it's again become a marker for all of Asia and the importation of energy in and around China. And so, that's another real growth area. We talk a lot about liquefied natural gas in the United States and there has been permitting and movements to try to create the facilities in the US. But outside the US, we're really seeing tremendous movement in that area.

Alexander Blostein

Analyst, Goldman Sachs & Co. LLC

Q

Got you. There's another one around data, specifically focusing on I guess the ESG comments you made earlier. And I guess from the outside looking in there is a lot of focus on ESG and there's lot of different data sources. So,

can you help us sort of differentiate how – what ICE is trying to do with ESG data, how does that compare to something like S&P Global as some of the other platforms and what they're producing?

Jeffrey Craig Sprecher

Founder, Chairman & Chief Executive Officer, Intercontinental Exchange Inc.; Chairman, New York Stock Exchange, Intercontinental Exchange, Inc.

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Yeah. So, we are a provider of hard data to a lot of the index constructors and a lot of people that are gathering their own data. But what – because we own the New York Stock Exchange, we have a very unique relationship with major listed companies. And so, we have a direct ongoing dialogue. And so, what we're able to do is say to a C level executive, look if you have done something that you are proud of and you would like your investor base to know about it just make sure you put it in a public document and we will pick that up and it will make its way into the database. And that data will ultimately be forwarded to both investors themselves and to index constructors, so that everybody can be working off the same kind of data set.

We don't organize the data in terms of creating an index or suggesting, which attributes a company has or are more meritorious than another. We simply are – have the infrastructure and we have more than 100 people that work in this area that are simply gathering that data and scanning it, reading the document, scanning it, gathering the data and putting it into a database. That data is available to anyone who's listening here can subscribe to it. And what we're able to do is broadcast that information back to so many listed companies that we have a relationship with. And basically say to them here's what we see when we look at you. And look in the mirror here this is what you're telling people. This is what we've gleaned from your story. And if you think it's wrong you should correct it, and we'll make sure that we get it corrected.

Alexander Blostein

Analyst, Goldman Sachs & Co. LLC

Q

Got it.

Alexander Blostein

Analyst, Goldman Sachs & Co. LLC

Well, on that note, I think we're right at time. I'd a couple of more questions, but I think we got to wrap it up here. Jeff, thanks so much for being here. Appreciate your time as always and it's great to see you and great catching up.

Jeffrey Craig Sprecher

Founder, Chairman & Chief Executive Officer, Intercontinental Exchange Inc.; Chairman, New York Stock Exchange, Intercontinental Exchange, Inc.

Great. Thanks for covering our name. I appreciate being here.

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