

ICE Securities Execution & Clearing, LLC

**Statement of Financial Condition Filed Pursuant to Rule 17a-5 of
the Securities Exchange Act of 1934
December 31, 2021**

With Report of Independent Registered Public Accounting Firm

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

ANNUAL REPORTS
FORM X-17A-5
PART III

OMB APPROVAL
OMB Number: 3235-0123
Expires: Oct. 31, 2023
Estimated average burden hours per response: 12
SEC FILE NUMBER

FACING PAGE

Information Required Pursuant to Rules 17a-5, 17a-12, and 18a-7 under the Securities Exchange Act of 1934

FILING FOR THE PERIOD BEGINNING 01/01/2021 AND ENDING 12/31/2021
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: ICE Securities Execution & Clearing, LLC

TYPE OF REGISTRANT (check all applicable boxes):

- ☒ Broker-dealer ☐ Security-based swap dealer ☐ Major security-based swap participant
☐ Check here if respondent is also an OTC derivatives dealer

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use a P.O. box no.)

55 East 52nd Street, 40th Floor
(No. and Street)
New York NY 10055
(City) (State) (Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

Sean Thomasson (770)916-2593 sean.thomasson@ice.com
(Name) (Area Code – Telephone Number) (Email Address)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing*

Ernst & Young LLP
(Name – if individual, state last, first, and middle name)

55 Ivan Allen Jr Blvd Suite 1000 Atlanta GA 30308
(Address) (City) (State) (Zip Code)

10/20/2003 42
(Date of Registration with PCAOB)(if applicable) (PCAOB Registration Number, if applicable)

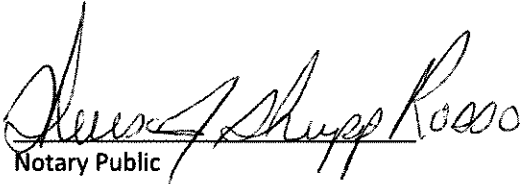
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* Claims for exemption from the requirement that the annual reports be covered by the reports of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis of the exemption. See 17 CFR 240.17a-5(e)(1)(ii), if applicable.

Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, John McKissick, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of ICE Securities Execution & Clearing, LLC, as of December 31, 2021, is true and correct. I further swear (or affirm) that neither the company nor any partner, officer, director, or equivalent person, as the case may be, has any proprietary interest in any account classified solely as that of a customer.


Notary Public

Signature: 

Title:
President

Commonwealth of Pennsylvania - Notary Seal
Theresa J Shupp-Rosso, Notary Public
Monroe County
My commission expires March 25, 2024
Commission number 1152171

This filing** contains (check all applicable boxes):

- ☒ (a) Statement of financial condition.
- ☒ (b) Notes to consolidated statement of financial condition.
- ☐ (c) Statement of income (loss) or, if there is other comprehensive income in the period(s) presented, a statement of comprehensive income (as defined in § 210.1-02 of Regulation S-X).
- ☐ (d) Statement of cash flows.
- ☐ (e) Statement of changes in stockholders' or partners' or sole proprietor's equity.
- ☐ (f) Statement of changes in liabilities subordinated to claims of creditors.
- ☐ (g) Notes to consolidated financial statements.
- ☐ (h) Computation of net capital under 17 CFR 240.15c3-1 or 17 CFR 240.18a-1, as applicable.
- ☐ (i) Computation of tangible net worth under 17 CFR 240.18a-2.
- ☐ (j) Computation for determination of customer reserve requirements pursuant to Exhibit A to 17 CFR 240.15c3-3.
- ☐ (k) Computation for determination of security-based swap reserve requirements pursuant to Exhibit B to 17 CFR 240.15c3-3 or Exhibit A to 17 CFR 240.18a-4, as applicable.
- ☐ (l) Computation for Determination of PAB Requirements under Exhibit A to § 240.15c3-3.
- ☐ (m) Information relating to possession or control requirements for customers under 17 CFR 240.15c3-3.
- ☐ (n) Information relating to possession or control requirements for security-based swap customers under 17 CFR 240.15c3-3(p)(2) or 17 CFR 240.18a-4, as applicable.
- ☐ (o) Reconciliations, including appropriate explanations, of the FOCUS Report with computation of net capital or tangible net worth under 17 CFR 240.15c3-1, 17 CFR 240.18a-1, or 17 CFR 240.18a-2, as applicable, and the reserve requirements under 17 CFR 240.15c3-3 or 17 CFR 240.18a-4, as applicable, if material differences exist, or a statement that no material differences exist.
- ☐ (p) Summary of financial data for subsidiaries not consolidated in the statement of financial condition.
- ☐ (q) Oath or affirmation in accordance with 17 CFR 240.17a-5, 17 CFR 240.17a-12, or 17 CFR 240.18a-7, as applicable.
- ☐ (r) Compliance report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☐ (s) Exemption report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☒ (t) Independent public accountant's report based on an examination of the statement of financial condition.
- ☐ (u) Independent public accountant's report based on an examination of the financial report or financial statements under 17 CFR 240.17a-5, 17 CFR 240.18a-7, or 17 CFR 240.17a-12, as applicable.
- ☐ (v) Independent public accountant's report based on an examination of certain statements in the compliance report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☐ (w) Independent public accountant's report based on a review of the exemption report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- ☐ (x) Supplemental reports on applying agreed-upon procedures, in accordance with 17 CFR 240.15c3-1e or 17 CFR 240.17a-12, as applicable.
- ☐ (y) Report describing any material inadequacies found to exist or found to have existed since the date of the previous audit, or a statement that no material inadequacies exist, under 17 CFR 240.17a-12(k).
- ☐ (z) Other: _____

**To request confidential treatment of certain portions of this filing, see 17 CFR 240.17a-5(e)(3) or 17 CFR 240.18a-7(d)(2), as applicable.

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NY

10055

(City)

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PERSON TO CONTACT WITH REGARD TO THIS FILING

Sean Thomasson

(770)916-2593

sean.thomasson@ice.com

(Name)

(Area Code – Telephone Number)

(Email Address)

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INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing*

Ernst & Young LLP

(Name – if individual, state last, first, and middle name)

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Atlanta

GA

30308

(Address)

(City)

(State)

(Zip Code)

10/20/2003

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(Date of Registration with PCAOB)(if applicable)

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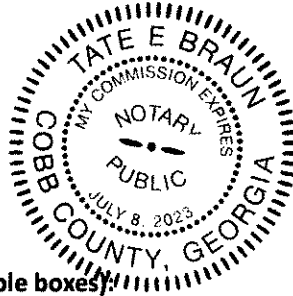
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OATH OR AFFIRMATION

I, Sean Thomasson, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of ICE Securities Execution & Clearing, LLC, as of December 31, 2021, is true and correct. I further swear (or affirm) that neither the company nor any partner, officer, director, or equivalent person, as the case may be, has any proprietary interest in any account classified solely as that of a customer.

Tate E. Braun
Notary Public



Signature: [Signature]

Title:
Finance and Operations Principal

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ICE Securities Execution & Clearing, LLC
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December 31, 2021

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Building a better
working world

Ernst & Young LLP
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Atlanta, GA 30308

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Report of Independent Registered Public Accounting Firm

To the Member and Management of ICE Securities Execution & Clearing, LLC

Opinion on the Financial Statement

We have audited the accompanying statement of financial condition of ICE Securities Execution & Clearing, LLC (the Company) as of December 31, 2021 and the related notes (the “financial statement”). In our opinion, the financial statement presents fairly, in all material respects, the financial position of the Company at December 31, 2021, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

This financial statement is the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Ernst & Young LLP

We have served as the Company’s auditor since 2020.
Atlanta, GA
February 28, 2022

ICE Securities Execution & Clearing, LLC
Statement of Financial Condition
As of December 31, 2021

(\$ in thousands)

Assets

Cash and cash equivalents	\$19,898
Cash segregated under federal and other regulations	2,000
Receivables from brokers or dealers, clearing organizations, and customers	13,814
Receivables from affiliate	97
Capitalized software, net	2,217
Other assets	494
Total assets	<u>\$38,520</u>

Liabilities and Member's Equity

Liabilities	
Payables to brokers or dealers, clearing organizations, and customers	\$6,519
Payables to affiliates	223
Other liabilities	2,096
Total liabilities	8,838
Member's equity	29,682
Total liabilities and member's equity	<u>\$38,520</u>

The accompanying notes are an integral part of this financial statement.

ICE Securities Execution & Clearing, LLC

Notes to Financial Statements

As of December 31, 2021

(\$ in thousands)

1. Organization and Nature of Operations

ICE Securities Execution & Clearing, LLC (the "Company"), a Delaware limited liability company, is a wholly-owned subsidiary of ICE ETF Hub, LLC (the "Parent"). The Parent is a wholly-owned subsidiary of Intercontinental Exchange, Inc. ("ICE"), a publicly-traded company listed on the New York Stock Exchange (NYSE: ICE). The Company is a registered broker-dealer under the Securities Exchange Act of 1934 (the "Exchange Act") and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Company clears transactions, through fully disclosed clearing agreements, on behalf of ICE Bonds Securities Corporation ("IBSC") and ICE Markets Limited, which are wholly-owned subsidiaries of ICE. No transactions were cleared for ICE Markets Limited in 2021.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements. Actual results could differ from these estimates.

Cash and Cash Equivalents

We consider all short-term, highly liquid investments with maturities of three months or less at the time of purchase that are not segregated and deposited for regulatory purposes to be cash equivalents.

Investments in money market funds are considered to be cash equivalents. The carrying value of such cash equivalents approximates their fair value due to the short-term nature of these instruments. Cash equivalents at December 31, 2021, include \$38 invested in money market funds that are governed under Rule 2a-7 of the Investment Company Act of 1940.

Cash Segregated Under Federal or Other Regulations

The Company is subject to Rule 15c3-3 under the Exchange Act, which requires the Company to maintain cash or qualified securities in a segregated reserve account for the exclusive benefit of its customers. Included in cash segregated under federal and other regulations at December 31, 2021 was \$1,000 segregated in a special reserve account for the exclusive benefit of customers and \$1,000 in a special reserve account for the exclusive benefit of brokers and dealers. The amounts recognized as cash segregated under federal and other regulations approximate fair value.

Receivables from/Payables to Brokers or Dealers, Clearing Organizations, and Customers

Receivables from and payables to brokers or dealers, clearing organizations, and customers primarily represent amounts due for securities failed to deliver or failed to receive and deposits with clearing organizations. The receivables are reported at their outstanding principal balance.

ICE Securities Execution & Clearing, LLC
Notes to Financial Statements
As of December 31, 2021

(\$ in thousands)

2. Summary of Significant Accounting Policies(continued)

In the normal course of business, a significant portion of the Company's securities transactions, money balances, and security positions are transacted with several third-party brokers. The

Company is subject to credit risk to the extent that any broker with whom it conducts business is unable to fulfill contractual obligations on its behalf. The Company monitors the financial condition of such brokers to minimize the risk of any losses from these counterparties.

ASU 2016-13, Financial Instruments - Measurement of Credit Losses on Financial Instruments, primarily impacts the Company's receivables from customers, broker-dealers and clearing organizations. A portion of the Company's trades and contracts are cleared through a clearing organization and are settled daily between the clearing organization and the Company. Because of this daily settlement, the amount of unsettled credit exposures is limited to the amount owed to the Company during this short period of time.

Capitalized Software

The Company capitalizes costs related to software it develops or obtains for internal use. The costs capitalized include both internal and external direct and incremental costs. Costs incurred during the application development stage are capitalized and amortized using the straight-line method over the useful life of the software. Amortization begins only when the software becomes ready for its intended use.

The Company also capitalizes the costs related to licenses acquired for internal use software and records the unpaid license fees related to the intangible asset in other liabilities. At December 31, 2021 there were \$1,645 in unpaid license fees included in other liabilities.

Revenue Recognition

The Company earns clearing revenue related to clearing trades on behalf of affiliates IBSC and ICE Markets Limited. All clearing revenues are considered to be revenues from contracts with customers. The related accounts receivable balances are recorded in the statement of financial condition as receivables from affiliate. Payment is typically received the month after the trades are cleared. The Company does not have obligations for warranties, returns or refunds to customers.

Clearance, brokerage and other transaction expenses, are accounted for when incurred.

Income Taxes

The Company and its Parent are single member LLCs of ICE. They are treated as disregarded entities for income tax purposes and are therefore treated as divisions of ICE. As such, the Company is not subject to entity-level federal, state or local income tax. All revenues, expenses, gains and losses of the Company are included in the consolidated tax returns of ICE. The Company has adopted ASU 2019-12, Simplifying the Accounting for Income Taxes, which specifies that an entity is not required to allocate the consolidated amount of current and deferred tax expense to a legal entity that is not subject to tax in its separate financial statements. The Company does not allocate the consolidated amount of current and deferred tax expense of ICE to itself. Therefore, no income tax provision is reported in the financial statement and no disclosure on income tax provision is reported in the accompanying footnotes.

ICE Securities Execution & Clearing, LLC
Notes to Financial Statements
As of December 31, 2021

(\$ in thousands)

3. Receivables from/Payables to Brokers or Dealers, Clearing Organizations, and Customers

Receivables from and Payables to brokers, dealers and clearing organizations at December 31, 2021 consist of the following.

Assets

Securities failed to deliver- customers	\$ 2,467
Securities failed to deliver- brokers or dealers	5,968
Deposits with clearing organizations	<u>5,379</u>
Total receivables from brokers or dealers, clearing organizations, and customers	<u>13,814</u>

Liabilities:

Securities failed to receive- customers	1,003
Securities failed to receive- brokers or dealers	<u>5,516</u>
Total payables to brokers or dealers, clearing organizations, and customers	<u>6,519</u>

Securities failed to deliver or receive ("fails") represent receivable or payable balances, respectively, arising from transactions with customers and brokers or dealers for the contract value of securities that have not been delivered or received on settlement date. Fails open at December 31, 2021, which remain unsettled as of February 28, 2022, are not material to the Company's financial statements.

4. Related Party Transactions

The Company performs clearing services on behalf of an affiliate. Throughout the year the Company incurs licensing costs from its affiliates for accessing fixed income pricing and rent expense from its affiliates for office space by personnel.

The Company has Services Agreements with affiliates including ICE and Creditex Group, Inc., whereby certain support services are provided by the affiliates. The Agreements provide for allocation methodologies for certain administrative expenses that reflect the Company's proportionate share of these costs. These operating costs include facilities and occupancy costs, information technology and communications, and other administrative support costs, including personnel.

The agreements provide for the Company's expenses and liquidity needs to be met by ICE without expectation of repayment. Customary and reasonable direct expenses are attributable to the ownership and control of all such employed personnel and the Company is dependent on its affiliates providing the services in order for the Company to carry out its operations.

As a result of the intercompany agreements, receivables from affiliates were \$97 and payables to affiliates were \$223 as of December 31, 2021.

ICE Securities Execution & Clearing, LLC
Notes to Financial Statements
As of December 31, 2021

(\$ in thousands)

4. Related Party Transactions(continued)

On August 15, 2019, the Company entered into a Revolving Note and Cash Subordination Agreement (the "Agreement") with ICE (the "Lender"). The Lender has committed \$55,000 of credit to the Company that can be accessed at any time and repaid at any time, subsequent to FINRA's approval, without premium or penalty. Credit under the Agreement may be advanced through August 9, 2023, with all unpaid principal and interest due on August 9, 2024. Interest is payable at current rates at the advance date. The Lender may accelerate the payment date with six months' notice. The Company paid an annual commitment fee for unutilized amounts payable in arrears at a rate of 0.200% from January 1, 2021 through October 14, 2021 and 0.125% from October 15, 2021 through December 31, 2021. The Company had no draw downs on the loan during 2021.

On December 21, 2021, the Company amended the Agreement with the Lender. Credit under the Agreement may now be advanced through October 15, 2025, with all unpaid principal and interest due on October 15, 2026.

There was no outstanding loan balance at December 31, 2021. The Company drew down \$5,000 from the Agreement on February 3, 2022 to facilitate settlement of trading activity. The outstanding balance was repaid on repaid the loan on February 7, 2022.

5. Capitalized software

Capitalized software consisted of the following:

	As of December 31, 2021	Depreciation Period Years
Software	\$ 1,272	3-5
Software license, net	\$ 1,519	5
Less accumulated depreciation and amortization	\$ (574)	
Capitalized software, net	\$ 2,217	

Software license, net is net of amortization. The accumulated amortization associated to the software license is \$1,090.

6. Concentration

The Company's cash and cash equivalents and cash segregated under federal and other regulations are held at an individual U.S. financial institution, which potentially exposes the Company to counterparty risk. The Company has not experienced any losses in these accounts.

ICE Securities Execution & Clearing, LLC
Notes to Financial Statements
As of December 31, 2021

(\$ in thousands)

7. Regulatory Requirements

The Company is subject to the SEC Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital. The Company computes its net capital under the alternative method permitted by Rule 15c3-1. This method requires that minimum net capital not be less than the greater of \$250 or 2% of aggregate debit items arising from customer transactions pursuant to SEC Rule 15c3-3. As of December 31, 2021, the Company's net capital of \$26,661 was \$26,411 in excess of required net capital.

Advances to affiliates, distribution payments and other equity withdrawals are subject to certain notification and other provisions of SEC Rule 15c3-1 and other regulatory bodies.

The Company is subject to the Rule 15c3-3, which requires the Company to maintain a "special reserve bank account for the exclusive benefit of customers" and a "special reserve bank account for the exclusive benefit of brokers and dealers" and at all times maintain funds or qualified securities computed in accordance with a formula set forth in the rule. As of December 31, 2021, the Company's customer account reserve requirement was \$0 and the proprietary securities account of a broker or dealer("PAB") account reserve requirement was \$0. Total deposits in the customer reserve bank account and PAB reserve bank account were \$1,000 each.

8. Subsequent Events

The Company has evaluated subsequent events through February 28, 2022, which is the date these financial statements were issued, and determined that no events or transactions met the definition of a subsequent event for purpose of recognition or disclosure in the accompanying financial statements other than as otherwise disclosed in the notes.