

WARNING: Failure to keep this form current and to file accurate supplementary information on a timely basis, or the failure to keep accurate books and records or otherwise to comply with the provisions of law applying to the conduct of the applicant would violate the federal securities laws and may result in disciplinary, administrative, or criminal action.

INTENTIONAL MISSTATEMENTS OR OMISSIONS OF FACTS MAY CONSTITUTE CRIMINAL VIOLATIONS

APPLICATION  AMENDMENT

1. State the name of the applicant: NASDAQ PHLX LLC
2. Provide the applicant's primary street address (Do not use a P.O. Box):  
One Liberty Plaza, New York, NY 10006

SEC  
Mail Processing  
Section
3. Provide the applicant's mailing address (if different):  
Office of General Counsel  
805 King Farm Blvd., Rockville, MD 20850

JUL 11 2016  
Washington DC  
412
4. Provide the applicant's business telephone and facsimile number:  
Phone: 301-978-8400 / Fax: 301-978-8472  

(Telephone)
(Facsimile)
5. Provide the name, title, and telephone number of a contact employee:  
John Yetter Vice President, Office of General Counsel 301-978-8497  

(Name)
(Title)
(Telephone Number)
6. Provide the name and address of counsel for the applicant:  
Edward S. Knight  
805 King Farm Blvd.  
Rockville, MD 20850
7. Provide the date applicant's fiscal year ends: December 31
8. Indicate legal status of applicant:  Corporation  Sole Proprietorship  Partnership  
 Limited Liability Company  Other (specify): \_\_\_\_\_  
 If other than a sole proprietor, indicate the date and place where applicant obtained its legal status (e.g. state where incorporated, place where partnership agreement was filed or where applicant entity was formed):  
 (a) Date (MM/DD/YY): 12/16/2005 (b) State/Country of formation: Delaware  
 (c) Statute under which applicant was organized: \_\_\_\_\_



16019245

**EXECUTION:** The applicant consents that service of any civil action brought by , or notice of any proceeding before, the Securities and Exchange Commission in connection with the applicant's activities may be given by registered or certified mail or confirmed telegram to the applicant's contact employee at the main address, or mailing address if different, given in Items 2 and 3. The undersigned, being first duly sworn, deposes and says that he/she has executed this form on behalf of , and with the authority of , said applicant. The undersigned and applicant represent that the information and statements contained herein, including exhibits, schedules, or other documents attached hereto, and other information filed herewith, all of which are made a part hereof, are current, true, and complete.

Date: 07/08/16 NASDAQ PHLX LLC  
 (MM/DD/YY) (Name of applicant)  
 By: [Signature] John M. Yetter, Vice President and Deputy  
 (Signature) (Printed Name and Title)  
 Subscribed and sworn before me this 8th day of July, 2016 by [Signature]  
 (Month) (Year) (Notary Public)  
 My Commission expires: \_\_\_\_\_ County of \_\_\_\_\_ State of \_\_\_\_\_

*This page must always be completed in full with original, manual signature and notarization.  
Affix notary stamp or seal where applicable.*

COLLEEN MARIE STEELE  
 NOTARY PUBLIC STATE OF MARYLAND  
 County of Montgomery  
 My Commission Expires January 29, 2020



805 KING FARM BLVD.  
ROCKVILLE, MD 20850

July 8, 2016

SEC  
Mail Processing  
Section

JUL 11 2016

Washington DC  
412

Via Overnight Mail

U.S. Securities and Exchange Commission  
Division of Trading and Markets  
Office of Market Supervision  
100 F Street, N.E.  
Washington, DC 20549

Re: Form 1 – Amendment of July 8, 2016

Dear Sir of Madam:

Pursuant to Rule 6a-2 under the Securities Exchange Act of 1934, NASDAQ  
PHLX LLC is submitting a supplementary amendment to its Form 1 sent to the  
Commission on June 28, 2016. If you have any questions, please call me at 1-301-  
978-8497 or Jonathan Cayne at 1-301-978-8493.

Sincerely,

John M. Yetter  
Vice President and Deputy General Counsel

**NASDAQ PHLX LLC**

**SUPPLEMENTAL EXHIBIT LIST**

**Exhibit A** Articles of Incorporation, By-Laws, and Rules

The information is available at <http://nasdaqphlx.cchwallstreet.com/>.  
The Exchange certifies that the information available at such location is accurate as of its date.

**Exhibit B** All Written Rulings, Settled Practices having the effects of Rules and Interpretations.

The information is available at <http://nasdaqphlx.cchwallstreet.com/>.  
The Exchange certifies that the information available at such location is accurate as of its date.

**Exhibit C** Updated List of Subsidiaries and Affiliates of the Exchange (as of 6/30/2016)

The Exchange has updated the list of subsidiaries and affiliates to reflect Nasdaq, Inc.'s ("Nasdaq Holdco") acquisition of U.S. Exchange Holdings, Inc. and certain of its subsidiaries and affiliates ("ISE Entities") on June 30, 2016.

All information required under Exhibit C for the subsidiaries and affiliates of the Exchange is listed in the attachment for Exhibit C and is kept up-to-date and available to the Commission and the public upon request. The Exchange certifies that the information available at such location is accurate as of its date.

**Exhibit D** Supplemental Financial Statements for Subsidiaries and Affiliates of the Exchange (as of 6/30/2016), for the following ISE Entities (no financial statements are available yet for ISE Mercury, LLC, launched on February 16, 2016):

1. U.S. Exchange Holdings, Inc.
2. International Securities Exchange Holdings, Inc.
3. International Securities Exchange, LLC
4. ISE Gemini, LLC
5. ISE ETF Ventures LLC
6. Longitude LLC
7. Longitude S.A.
8. ETC Acquisition Corp.

Additionally, as a result of the acquisition of the ISE Entities, The Options Clearing Corporation ("OCC") now qualifies as an affiliate of Nasdaq Holdco. OCC's financial statements can be found at: <http://www.optionsclearing.com/components/docs/about/annual-reports/occ-2015-annual-report.pdf>

The unconsolidated financial statements for the latest fiscal year that is required under Exhibit D for the subsidiaries and affiliates of the Exchange is listed in the attachment for Exhibit D and is kept up-to-date and available to the Commission and the public upon request.

**Exhibit E**      Operation of Electronic Trading System

Not applicable.

**Exhibit F**      Forms: Membership and Member

The information is available at <http://nasdaqtrader.com/Micro.aspx?id=PHLXMembership>. The Exchange certifies that the information available at such location is accurate as of its date.

**Exhibit G**      Forms: Financial Statements, Reports, or Questionnaires

This information is kept up-to-date and available to the Commission and the public upon request.

**Exhibit H**      Forms: Company Listings

Not applicable.

**Exhibit I**      Financial Statement of Exchange

The audited financial statements for NASDAQ PHLX were submitted to the Commission on June 28, 2016. The audited financial statements for The Nasdaq Educational Foundation, Inc. will be completed shortly and will be filed upon completion. The audited financial statements contained in the Form 10-K for Nasdaq Holdco for the fiscal year ended December 31, 2015 are available at <https://www.sec.gov/Archives/edgar/data/1120193/000112019316000020/ndaq-20151231x10k.htm>

**Exhibit J**      List of Officers, Governors, and Members of Standing Committees

This information is kept up-to-date and available to the Commission and the public upon request.

**Exhibit K** List of Shareholders or Partners of the Exchange

1. Full legal name;
2. Title or Status;
3. Date title or status was acquired;
4. Approximate ownership interest; and
5. Whether the person has control, a term that is defined in the instructions to this Form.

Nasdaq, Holdco is the sole shareholder of NASDAQ PHLX LLC, a Delaware corporation. All additional information required under Exhibit K for Nasdaq, Holdco can be found in the Amendments to Form 1 filed separately by The NASDAQ Stock Market, LLC. NASDAQ PHLX certifies that the information required under Exhibit K is kept up-to-date and is available to the Commission and the public upon request.

**Exhibit L** Membership Criteria.

Not applicable

**Exhibit M** Membership Information

This information is kept up-to-date and available to the Commission and the public upon request.

**Exhibit N** Schedule of Securities

This information is kept up-to-date and available to the Commission and the public upon request.

**NASDAQ PHLX LLC**

**FORM 1 – Amendment of July 8, 2016**

**EXHIBIT C**

## Subsidiaries and Affiliates of the Exchange<sup>1</sup>

### U.S. Entities

1. BoardVantage, Inc.
2. Boston Stock Exchange Clearing Corporation
3. Bwise Internal Control Inc.
4. Consolidated Securities Source LLC
5. Directors Desk, LLC
6. Dorsey, Wright & Associates, LLC
7. ETC Acquisition Corp.
8. ExactEquity, LLC
9. Execution Access, LLC
10. FinQloud LLC
11. FINRA/NASDAQ Trade Reporting Facility LLC
12. FTEN, Inc.
13. Global Network Content Services, LLC
14. GlobeNewswire, Inc.
15. GraniteBlock, Inc.
16. Granite Redux, Inc.
17. Inet Futures Exchange, LLC
18. International Securities Exchange Holdings, Inc.
19. International Securities Exchange, LLC
20. ISE Gemini, LLC
21. ISE Mercury, LLC
22. ISE ETF Ventures LLC
23. Kleos Managed Services Holdings, LLC
24. Kleos Managed Services, L.P.
25. Longitude LLC
26. Marketwire, Inc.
27. MW Holdco (2006) Inc.
28. NASDAQ BX, Inc.
29. Nasdaq Commodities Clearing LLC
30. Nasdaq Corporate Solutions, Inc.
31. Nasdaq Corporate Solutions, LLC
32. NASDAQ Energy Futures, LLC
33. Nasdaq Execution Services, LLC
34. NASDAQ Futures, Inc.
35. NASDAQ Global, Inc.
36. Nasdaq, Inc.
37. Nasdaq Information, LLC
38. Nasdaq International Market Initiatives, Inc.
39. NASDAQ OMX BX Equities LLC
40. NASDAQ OMX Event Technologies LLC (liquidated in 2015)

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<sup>1</sup> This list does not include not-for-profit entities or branches of any of the subsidiaries or affiliates.

41. NASDAQ OMX (San Francisco) Insurance LLC
42. NASDAQ Options Services, LLC
43. Nasdaq Technology Services, LLC
44. Norway Acquisition LLC
45. NPM Securities, LLC
46. Operations & Compliance Network, LLC
47. SecondMarket Labs, LLC
48. SecondMarket Solutions, Inc.
49. SMTX, LLC
50. The NASDAQ Options Market LLC
51. The NASDAQ Private Market, LLC
52. The NASDAQ Stock Market LLC
53. The Options Clearing Corporation
54. The Stock Clearing Corporation of Philadelphia
55. U.S. Exchange Holdings, Inc.

Non-U.S. Entities

1. 2157971 Ontario Ltd
2. AB "Lietuvos centrinis vertybinių popierių depozitoriumas"
3. AB NASDAQ OMX Vilnius
4. AS eCSD Expert
5. AS Eesti Väärtpaberikeskus
6. AS Latvijas Centralais depozitārijs
7. BoardVantage (HK) Limited
8. BoardVantage (UK) Limited
9. BoardVantage Singapore Pte. Limited
10. Bwise Beheer B.V.
11. Bwise B.V.
12. Bwise Development B.V. (merged out of existence in 2015)
13. Bwise Germany GmbH
14. Bwise Holding B.V.
15. "Central Depository of Armenia" Open Joint Stock Company (partially sold in 2015)
16. Clearing Control CC AB
17. Egypt for Information Dissemination Company
18. Eignarhaldsfelagid Verdbrefathing hf.
19. Ensoleillement Inc.
20. European Central Counterparty N.V.
21. Farm Church Holdings ULC
22. FTEN Europe Ltd (dissolved in 2015)
23. Hugin AS
24. Indxis Ltd
25. Longitude S.A.
26. Marketwire China Holding (HK) Ltd.
27. Marketwired L.P.
28. Marketwired UK Ltd
29. Nasdaq AB



30. Nasdaq (Asia Pacific) Pte. Ltd.
31. Nasdaq Australia Holding Pty Ltd
32. Nasdaq Broker Services AB
33. Nasdaq Canada Inc.
34. Nasdaq Clearing AB
35. Nasdaq Copenhagen A/S
36. Nasdaq Corporate Solutions Canada ULC
37. Nasdaq Corporate Solutions (India) Private Limited
38. Nasdaq Corporate Solutions International Limited
39. Nasdaq CSD Iceland hf.
40. Nasdaq CXC Limited
41. Nasdaq Exchange and Clearing Services AB
42. Nasdaq Helsinki Ltd
43. Nasdaq Holding AB
44. Nasdaq Holding Denmark A/S
45. Nasdaq Holding Luxembourg Sàrl
46. Nasdaq Iceland hf.
47. Nasdaq International Ltd
48. Nasdaq Ltd
49. Nasdaq NLX Ltd
50. Nasdaq Nordic Ltd
51. "NASDAQ OMX Armenia" Open Joint Stock Company (partially sold in 2015)
52. NASDAQ OMX Europe Ltd
53. NASDAQ OMX France SAS
54. NASDAQ Germany GmbH
55. NASDAQ Korea Ltd.
56. Nasdaq Oslo ASA
57. Nasdaq Pty Ltd
58. Nasdaq Riga, AS
59. Nasdaq Stockholm AB
60. Nasdaq Tallinn AS
61. Nasdaq Technology AB
62. Nasdaq Technology Canada Inc.
63. Nasdaq Technology Energy Systems AS
64. Nasdaq Technology Italy Srl
65. Nasdaq Technology (Japan) Ltd
66. Nasdaq Teknoloji Servisi Limited Sirketi
67. Nasdaq Treasury AB
68. Nasdaq Vilnius Services UAB
69. OMX Netherlands B.V.
70. OMX Netherlands Holding B.V.
71. OMX Technology Ltd (dissolved in 2015)
72. OMX Technology (UK) Ltd (dissolved in 2015)
73. OMX Treasury Euro AB
74. OMX Treasury Euro Holding AB
75. Shareholder.com B.V.
76. SMARTS (Asia) Ltd

77. SMARTS Broker Compliance Pty Ltd
78. SMARTS Group Europe Ltd (dissolved in 2015)
79. SMARTS Group Holdings Pty Ltd
80. SMARTS Market Surveillance Pty Ltd
81. TOM Broker B.V.
82. TOM B.V.
83. TOM Holding N.V.

**NASDAQ PHLX LLC**

**FORM 1 – Amendment of July 8, 2016**

**EXHIBIT D**

# US Exchange Holdings, Inc

(in thousands)

	<b>Year Ended December 31,</b>	
	<b>2015</b>	
<b>Revenues:</b>		
Intercompany revenue	\$	6,774
Dividends from ISE Holdings		-
Other		-
Revenue		<u>6,774</u>
<b>Expenses:</b>		
Expenses:		<u>7,524</u>
Earnings/(loss) before interest and taxes		(749)
Interest expense		0
Interest income		8
Pretax Income/(Loss)		<u>(742)</u>
Provision for income tax		<u>11,371</u>
Net Income/(Loss)	\$	(12,113)

	<b>December 31,</b>	
	<b>2015</b>	
<b>ASSETS</b>		
Cash and cash equivalents	\$	31,950
Other current assets		<u>18,952</u>
Current assets		50,903
Investment in subsidiaries		2,765,181
Deferred tax asset		92,038
Investment in associates		<u>2,675</u>
Non-current assets		<u>2,859,894</u>
Total assets		2,910,797
<b>LIABILITIES, AND MEMBER'S EQUITY</b>		
<b>Liabilities</b>		
Loan from affiliated companies		-
Other liabilities		<u>105,990</u>
Total liabilities		105,990
<b>MEMBER'S EQUITY</b>		
Total member's equity		<u>2,804,807</u>
Total liabilities and member's equity	\$	2,910,797

# International Securities Exchange Holdings Inc.

(in thousands)

	Year Ended December 31, 2015	
	<hr/>	
<b>Revenues:</b>		
Income from investment in subsidiaries	\$	51,660
<b>Expenses:</b>		
Depreciation and amortization		17,700
Other		13
Total expenses		<hr/> 17,713
Earnings/(loss) before interest and taxes		33,947
Investment income		(767)
Interest expense		-
<b>Pretax Income/(Loss)</b>		<hr/> 33,180
Provision for income tax		(13,861)
<b>Net Income/(Loss)</b>	\$	<hr/> 47,041
		December 31, 2015
		<hr/>
<b>ASSETS</b>		
Intangible assets, net		517,933
Goodwill		1,268,493
Receivable from affiliates		1,095
Investment in subsidiaries		102,625
Dividends receivable		-
Investment in associates		<hr/> 144,977
Total assets		2,035,123
<b>LIABILITIES, AND MEMBER'S EQUITY</b>		
<b>LIABILITIES</b>		
Income tax payable		22,279
Deferred tax liabilities		236,167
Payable to affiliates		147
Total liabilities		<hr/> 258,593
<b>MEMBER'S EQUITY</b>		
Total member's equity		<hr/> 1,776,531
Total liabilities and member's equity	\$	<hr/> 2,035,123

**INTERNATIONAL SECURITIES EXCHANGE, LLC**

Financial Statements

December 31, 2015

(With Independent Auditors' Report Thereon)



KPMG LLP  
345 Park Avenue  
New York, NY 10154-0102

## Independent Auditors' Report

The Member  
International Securities Exchange, LLC:

### Report on the Financial Statements

We have audited the accompanying financial statements of International Securities Exchange, LLC (the Company), which comprise the statement of financial condition as of December 31, 2015, and the related statements of income, changes in member's equity, and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of International Securities Exchange, LLC as of December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

**KPMG LLP**

May 6, 2016

KPMG LLP is a Delaware limited liability partnership,  
the U.S. member firm of KPMG International Cooperative  
("KPMG International"), a Swiss entity

**INTERNATIONAL SECURITIES EXCHANGE, LLC**

Statement of Financial Condition

December 31, 2015

(In thousands)

**Assets**

Current assets:		
Cash and cash equivalents	\$	20,695
Accounts receivable, net		17,984
Related party receivable		864
Income tax receivable		26,441
Other current assets		6,002
Total current assets		<u>71,986</u>
Fixed assets, net		8,140
Intangible assets, net		14,610
Securities owned, at fair value		12,951
Deferred tax asset, net		9,129
Investment in associate, held at cost		31,000
Other assets		1,045
Total assets	\$	<u>148,861</u>

**Liabilities and Member's Equity**

Liabilities:		
Current liabilities:		
Accounts payable and accrued expenses	\$	16,021
Related party payable		6,478
Related party loan payable		20,000
Compensation and benefits payable		14,837
Deferred revenue		5,119
Payment for order flow payable		373
Total current liabilities		<u>62,828</u>
Deferred revenue		4,922
Compensation and benefits payable		5,988
Other liabilities		2,569
Total liabilities		<u>76,307</u>
Member's equity:		
Total member's equity		<u>72,554</u>
Total liabilities and member's equity	\$	<u>148,861</u>

See accompanying notes to financial statements.



**INTERNATIONAL SECURITIES EXCHANGE, LLC**

Statement of Income

Year ended December 31, 2015

(In thousands)

Revenues:		
Transaction fees	\$	200,950
Member fees and other		49,216
Market data		9,392
Management and service fees		8,745
Total revenues		<u>268,303</u>
Transaction based expenses:		
Transaction rebates		106,208
Activity remittance fees		7,860
License and data fees		2,371
Total transaction based expenses		<u>116,439</u>
Net revenues		<u>151,864</u>
Expenses:		
Compensation and benefits		41,076
Technology and communications		17,167
Depreciation and amortization		9,452
Occupancy		6,659
Professional fees		9,304
Marketing and business development		1,405
Other		2,762
Total expenses		<u>87,825</u>
Operating income		64,039
Interest and investment income, net		<u>2,845</u>
Income before provision for income taxes		66,884
Provision for income taxes		<u>23,047</u>
Net income	\$	<u>43,837</u>

See accompanying notes to financial statements.

**INTERNATIONAL SECURITIES EXCHANGE, LLC**

Statement of Changes in Member's Equity

Year ended December 31, 2015

(In thousands)

Member's equity as of December 31, 2014	\$	11,037
Net income		43,837
Capital contributions		<u>17,680</u>
Member's equity as of December 31, 2015	\$	<u><u>72,554</u></u>

See accompanying notes to financial statements.

**INTERNATIONAL SECURITIES EXCHANGE, LLC**

Statement of Cash Flows

Year ended December 31, 2015

(In thousands)

Cash flows from operating activities:	
Net income	\$ 43,837
Adjustments to reconcile net income to cash provided by operating activities:	
Depreciation and amortization	9,452
Loss on sale of equipment	7
Unrealized (gain)/loss on securities owned, net	250
Deferred taxes	(350)
(Increase) decrease in operating assets:	
Accounts receivable, net	487
Related party receivable	64
Income tax receivable	(3,923)
Securities owned, at fair value	(78)
Other assets	(3,176)
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	2,702
Related party payable	(1,519)
Compensation and benefits payable	803
Deferred revenue	(5,110)
Payment for order flow payable	(148)
Other liabilities	805
Net cash provided by operating activities	<u>44,103</u>
Cash flows from investing activities:	
Purchase of fixed assets and intangible assets	(2,658)
Expenditure on internally developed intangible assets	(4,564)
Investment in associate, held at cost	(30,000)
Net cash used in investing activities	<u>(37,222)</u>
Cash flows from financing activities:	
Capital contribution	17,680
Repayment of related party loan	(48,000)
Proceeds of related party loan	30,000
Net cash used in financing activities	<u>(320)</u>
Increase in cash and cash equivalents	6,561
Cash and cash equivalents, beginning of year	14,134
Cash and cash equivalents, end of year	<u>\$ 20,695</u>
Supplemental disclosure of cash flow information:	
Cash paid for interest	528
Cash paid for income taxes	14,447

See accompanying notes to financial statements.

## INTERNATIONAL SECURITIES EXCHANGE, LLC

Notes to Financial Statements

December 31, 2015

(In thousands)

### (1) Organization and Description of Business

International Securities Exchange, LLC (ISE or the Company) is a wholly owned subsidiary of International Securities Exchange Holdings, Inc. (ISE Holdings or the Parent). ISE Holdings is the sole member of the Company and its liability is limited to the balance of its capital account.

The Company is a fully electronic exchange for equity and index options and related services utilizing a market structure which combines the efficiencies of electronic trading with auction market principles. ISE was founded in September 1997. In February 2000, it received regulatory approval to become a national securities exchange and, in May 2000, formally commenced trading. ISE is regulated by the U.S. Securities and Exchange Commission (SEC).

Effective December 2007, Deutsche Börse AG (Deutsche Börse) through its wholly owned subsidiary Eurex, purchased all the outstanding common stock of ISE Holdings. Deutsche Börse has entered into an agreement whereby it commits to provide adequate funding to the Company for its responsibilities as a regulated securities exchange.

### (2) Basis of Presentation and Significant Accounting Policies

#### (a) Basis of Presentation

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and in the opinion of management reflect all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement of financial condition, income, and cash flows for the period presented.

#### (b) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### (c) Revenue Recognition

Transaction fees are earned based on contracts executed on the Company's exchange and are recorded as transactions occur on a trade-date basis. Revenues from transactions are recorded on a gross basis in transaction revenues with related rebates recorded as transaction based expenses.

Member fees are comprised of revenues earned for connectivity and access to the Company's exchange; revenue from the sale of Competitive Market Maker (CMM) trading rights; fees for use of the Company's communication network, equipment, and trading software; regulatory and administrative fees; and index license fees and ETF royalty fees. Connectivity, access and communications fees, and equipment and trading software fees are charged and recognized on a monthly basis based upon a specific fixed fee for each service. Revenue from the sale of CMM trading

## INTERNATIONAL SECURITIES EXCHANGE, LLC

Notes to Financial Statements

December 31, 2015

(In thousands)

rights is deferred and recognized on a straight-line basis over 14 years. Administrative fees are charged and recognized as earned. Regulatory fees are predominately charged on a trade-date basis.

Market data revenues are earned from the sale of the Company's trade and quote information through the Options Price Reporting Authority, LLC (OPRA) as well as from real time and historical data feeds sold directly to exchange members. The Company earns a portion of OPRA's net income based on its pro rata share of industry trade volume. OPRA revenue is recorded as transactions occur on a trade-date basis and other market data revenues are charged and recognized on a monthly or quarterly basis.

Management and service fees represent fees for services provided to affiliates of ISE and Deutsche Börse. Among the services provided to these affiliates are those relating to technology, regulatory supervision, and general administration. These fees are accrued monthly.

Transaction rebates are paid on certain option trades to incentivize market participants to send options order flow to the exchange. These transaction rebates are recorded on a trade-date basis.

Activity remittance fees of \$7,860 were paid to the SEC pursuant to Section 31 of the Exchange Act. These fees are designed to recover costs to the government for the supervision and regulation of securities markets and securities professionals. This expense is wholly offset by activity assessment fees charged by the Company to exchange members which is included in transaction fees. These fees are recorded on a settlement-date basis.

License fees are paid to providers of index options products based upon the number of contracts executed on our exchange. This expense is offset by surcharges charged by the Company to exchange members for trading these products, which is included in transaction fees. These fees are recorded on a trade-date basis. Data fees are paid in order to provide index calculations on the Company's proprietary indexes as well as data used for the Market Data business.

**(d) *Deferred Revenue***

The Company sold CMM trading rights pursuant to purchase agreements which grant perpetual trading rights on the Company's exchange. The estimated useful life was determined based upon an analysis of certain factors driving the securities industry that could have an effect on the Company's operations in providing services to its exchange members. Such factors included significant historical operating, regulatory and technology changes which have affected market participants and trading venues. Based upon the analysis, the Company currently recognizes revenue from the sale on a straight-line basis over the estimated useful life of 14 years; however, this period may be subject to change in the future.

On a periodic basis, or if certain circumstances come to its attention, the Company reviews the original factors or assumptions used in determining the estimated service period to ascertain the effect, if any, current events may have on those factors and assumptions. If the current facts warrant a change in the estimated service period, the Company will adjust the remaining revenue to be recognized in accordance with the new estimated service life using the prospective method. The service period may increase or decrease from the current estimate of 14 years based upon the facts and circumstances.

**INTERNATIONAL SECURITIES EXCHANGE, LLC**

Notes to Financial Statements

December 31, 2015

(In thousands)

**(e) Cash and Cash Equivalents**

The Company considers investments in money market funds and all highly liquid investments with an original maturity of 90 days or less at the time of purchase as cash equivalents. Cash equivalents are carried at cost, which approximates fair value.

**(f) Accounts Receivable, Net**

Accounts receivable are stated at face value, net of allowance for any doubtful account. An estimate for doubtful accounts, based on the Company's bad debt experience and specific circumstances of the debtor, is made when collection of the full amount is no longer probable.

**(g) Income Taxes**

The Company is a single-member limited liability company. It has not elected to be treated as a corporation for tax purposes. Its tax status is therefore considered to be that of a disregarded entity, and as such, the results of the Company's operations are included in ISE Holdings' U.S. federal, state, and local income tax returns.

The Company records income taxes in accordance with ASC 740, *Income Taxes*, on a modified separate-company basis, pursuant to which it is required to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement carrying amounts and tax bases of its assets and liabilities. The separate-company basis is modified for state and local tax apportionment and special tax credits and deductions to appropriately reflect the current and deferred taxes on the Company's financial statements. The Company recognized all deferred tax assets and deferred tax liabilities as non-current in the statement of financial position in accordance with FASB's Accounting Standards Update 2015-17. Prior period statements of financial position were not retrospectively adjusted. A valuation allowance is established for any portion of its deferred tax asset for which a tax benefit is not expected to be realized. The income tax receivable balance represents amounts due from ISE Holdings.

The Company applies the provisions of ASC 740 which requires management to determine whether a tax position is more likely than not to be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Once it is determined that a position meets this recognition threshold, the position is measured to determine the amount of benefit to be recognized in the financial statements. The Company recognizes interest and penalties, if applicable, related to uncertain tax positions separate from income tax expense in the accompanying statement of income.

**(h) Payment for Order Flow**

The Company imposes fees upon market makers to fund payments to order flow providers under a program administered by the Company. These fees are distributed to certain order flow providers as an economic inducement to route their customer orders to the Company's exchange. The market makers have full discretion regarding the payment. Pursuant to ASC 605, *Revenue Recognition*, the Company reflects the assessments and payments on a net basis, with no impact on revenues or expenses. When fees are assessed, the Company records an asset (accounts receivable) with a corresponding liability (payment for order flow payable).

## INTERNATIONAL SECURITIES EXCHANGE, LLC

### Notes to Financial Statements

December 31, 2015

(In thousands)

Payment for order flow cash is reflected in cash and cash equivalents on the Company's statement of financial condition. These funds are not legally restricted and can be used for general corporate purposes.

**(i) Long-Term Deferred Compensation Plan**

Under terms of the Long-Term Deferred Compensation Plan, eligible employees are awarded a deferred incentive bonus in which the Company will invest its own funds, on behalf of the employee, in amounts equal to the investment choices as designated by the plan participant. The investments held through an irrevocable grantor trust were in several mutual funds. Investments, which are classified as Securities owned, at fair value on the statement of financial condition, with realized and unrealized gains or losses reported in other interest and investment income on the statement of income. The deferred compensation obligations are classified as liabilities and adjusted with a corresponding charge or credit to compensation and benefits expense to reflect the fair value of the amount owed to the employees.

**(j) Fixed Assets**

Fixed assets consist of computer hardware, furniture and fixtures, equipment, and leasehold improvements. Capitalized fixed assets are depreciated utilizing the straight-line method over the estimated useful lives as follows:

Hardware and equipment	3 to 7 years
Furniture and fixtures	7 years

Leasehold improvements are amortized on a straight-line basis over the lesser of the lease term or its estimated useful life.

**(k) Intangible Assets**

Intangible assets consist of customized and standard software, related licenses, capitalized software development costs as well as membership in OPRA. Intangible assets are amortized using the straight-line method over the estimated useful lives as follows:

Trading related software licenses	5 to 7 years
Other software licenses	3 to 5 years
OPRA	20 years

Costs for internal software are assessed to determine whether they should be capitalized or expensed in accordance with ASC 350, *Intangibles - Goodwill and Other*. Software development costs incurred during the preliminary project stage are expensed as incurred, while costs incurred during the application development stage are capitalized. Amortization is computed using the straight-line method over the software's estimated useful life, generally three to seven years, depending on the type of software. Amortization of these capitalized costs begins only when the software becomes ready for its intended use. Capitalization of costs ceases when the post implementation/operation stage of the software development process is reached.

## INTERNATIONAL SECURITIES EXCHANGE, LLC

### Notes to Financial Statements

December 31, 2015

(In thousands)

**(l) Marketing and Business Development**

Advertising costs, including media advertising and production costs, are expensed when incurred.

**(m) Impairment of Fixed Assets and Intangible Assets**

On a periodic basis, the Company performs a review for the impairment of fixed and intangible assets when events or changes in circumstances indicate that the estimated undiscounted future cash flows expected to be generated by the assets are less than their carrying amounts or when other events occur which may indicate that the carrying amount of an asset may not be recoverable.

**(n) Credit Risk**

Pursuant to agreements with its members, the Company has the authority to deduct outstanding noncontested receivables from members clearing deposit accounts at the Options Clearing Corporation. Based upon these facts, the Company believes its credit risk is not material to its financial condition.

**(3) Cash and Cash Equivalents**

Cash and cash equivalents are comprised of the following:

Cash at banks	\$	18,242
Money market funds		2,435
Money market funds for payment for order flow program		18
Total	\$	<u>20,695</u>

**(4) Accounts Receivable**

Accounts receivable consists of the following:

Trading related fees	\$	17,654
Payment for order flow program		355
Allowance for doubtful accounts		(25)
Total	\$	<u>17,984</u>

For the year ended December 31, 2015, the write-off for doubtful accounts was \$7. The recorded investment in trade receivables past due 90 days or more is \$279 as of December 31, 2015.

**(5) Fair Value of Financial Instruments**

The Company applies ASC 820, *Fair Value Measurement*, which provides guidance in using fair value to measure assets and liabilities and enhances disclosures about fair value measurements.



## INTERNATIONAL SECURITIES EXCHANGE, LLC

### Notes to Financial Statements

December 31, 2015

(In thousands)

ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities

Level 2 – Quoted prices for instruments that are identical or similar in markets that are not active and model-derived valuations for which all significant inputs are observable, either directly or indirectly in active markets

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and are unobservable

The hierarchy requires the use of observable market data when available. As required by ASC 820, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. As of December 31, 2015, all of the Company's securities owned consist of mutual funds and are classified as Level 1 within the fair value hierarchy.

#### (6) Deferred Revenue

The Company has sold 50 CMM trading rights as of December 31, 2015. No trading rights were sold during the year ended December 31, 2015. The CMM trading rights were each sold pursuant to purchase agreements for \$1,500 each. The corresponding revenue is deferred and recognized on a straight-line basis over 14 years.

Changes in deferred revenue are as follows:

Beginning balance	\$	15,151
Revenue recognized during the period		(5,115)
Other revenue		<u>5</u>
Ending balance	\$	<u>10,041</u>

#### (7) Fixed Assets

Fixed assets consist of the following:

Leasehold improvements	\$	15,518
Furniture and fixtures		1,572
Hardware and equipment		24,613
Accumulated depreciation		<u>(33,563)</u>
Total	\$	<u>8,140</u>

The Company recorded \$4,182 in depreciation expense for the year ended December 31, 2015.

**INTERNATIONAL SECURITIES EXCHANGE, LLC**

Notes to Financial Statements

December 31, 2015

(In thousands)

**(8) Intangible Assets**

Intangible assets consist of the following:

Trading related software	\$	31,788
Other intangible assets		309
In-process intangible assets		5,220
Trading related software - accumulated amortization		<u>(22,707)</u>
Total	\$	<u><u>14,610</u></u>

The Company recorded amortization expense of \$5,270 for the year ended December 31, 2015.

The following table presents the estimated amortization expense for each of the five succeeding fiscal years:

Year ending December 31,	Amortization expense
2016	\$ 4,689
2017	3,990
2018	2,906
2019	1,679
2020	1,105

In-process intangible assets begin amortization when ready for the asset's intended use. The Company capitalized \$174 for software licenses and software developed for internal use during the year ended December 31, 2015.

**(9) Member Fees and Other**

Member fees and other are comprised of the following:

Connectivity and access fees	\$	16,755
Revenue from sale of CMM trading rights		5,115
Communication, equipment and software fees		6,881
Regulatory and administrative fees		16,113
ETF royalties		4,185
Other		<u>167</u>
Total	\$	<u><u>49,216</u></u>

## INTERNATIONAL SECURITIES EXCHANGE, LLC

Notes to Financial Statements

December 31, 2015

(In thousands)

### (10) Employee Benefit Plans

Employees are eligible to participate in the Company's defined contribution 401(k) plan upon meeting certain eligibility requirements. Funding is provided by voluntary contributions from the employees who can contribute up to 60% of their annual compensation to the 401(k) plan. The Company makes discretionary contributions based upon its results of operations and each participant's contributions up to prescribed limits. The plan is administered by a third party. The Company's expense relating to this plan was \$1,459 for the year ended December 31, 2015.

Employees are also eligible to participate in a deferred compensation plan established to provide employees with a long-term incentive. Under the terms of the plan, eligible employees are awarded a deferred incentive bonus in which ISE will invest its own funds, on behalf of the employee, in amounts equal to the investment choices by the plan participants into the designated investments options, consisting of several mutual funds. The investment allocations constitute a deemed, not actual, investment for the participating employees. At no time does the participant have beneficial ownership in any investment; rather the allocation is used solely for purposes of adjusting the value of a participant's account based on earnings and losses resulting from the performance of the investment allocation. The investments are held in a trust structured to conform to the model approved by the IRS (an irrevocable grantor's trust) and the assets of the trust are subject to the claims of ISE's general creditors. Investment gains and losses are recorded in interest and investment income with an offsetting entry to compensation and benefits expense. Upon vesting, amounts payable to employee are settled in cash and ISE has no further obligation. Compensation expense related to the deferred compensation plan was \$5,179 for the year ended December 31, 2015. As of December 31, 2015, \$5,939 of unrecognized compensation costs related to unvested deferred compensation plan remains to be amortized in 2016 to 2019.

### (11) Income Taxes

In accordance with an informal tax arrangement, the Company receives an allocation of ISE Holdings current and deferred income tax. The Company's share is calculated as if it were required to file federal, state, and local tax returns. This allocation from ISE Holdings is presented as provision for income taxes in the statement of income and deferred tax assets in the statement of financial condition.

The provision for income taxes consists of the following:

Current:			
Federal	\$	17,620	
State		<u>5,777</u>	
Total current	\$	<u>23,397</u>	
Deferred:			
Federal	\$	(793)	
State		<u>443</u>	
Total deferred		<u>(350)</u>	
Total provision for income taxes	\$	<u>23,047</u>	

**INTERNATIONAL SECURITIES EXCHANGE, LLC**

Notes to Financial Statements

December 31, 2015

(In thousands)

The temporary differences which have created deferred tax assets and liabilities are detailed below. Management believes that it is more likely than not the deferred tax assets will be realized and therefore has not recognized any valuation allowance.

Deferred tax assets:	
CMM trading rights	\$ 4,061
Compensation-related	8,408
Legal	2,505
Other	319
Deferred tax liabilities:	
Software development	(5,622)
Dividend Receivable	(429)
Other	<u>(113)</u>
Total deferred tax assets, net	\$ <u><u>9,129</u></u>

The following is a reconciliation of the provision for income taxes and the amount computed by applying the U.S. federal statutory rate to income before income taxes.

U.S. federal income tax rate	35.0%
State and local income tax, net of federal income tax benefit	5.9%
Other permanent differences	0.2%
Dividends Received Deduction	-1.4%
Tax credits and benefits	-5.4%
Other	<u>0.2%</u>
Effective tax rate	<u><u>34.5%</u></u>

The Company's financial data is combined with its parent's, ISE Holdings, on its parent's federal tax return and the following state and local tax returns: Connecticut, Illinois, New Jersey, New York State, New York City and Washington DC. As of December 31, 2015, the Company's tax years below are closed to audit through the following years:

- Federal – 2010
- Connecticut – 2011
- Illinois – 2010
- New Jersey – 2010
- New York State – 2008
- New York City – 2008
- Washington DC – 2011

## INTERNATIONAL SECURITIES EXCHANGE, LLC

### Notes to Financial Statements

December 31, 2015

(In thousands)

For those tax positions where it is more likely than not that a tax benefit will not be sustained, no tax benefit is recognized in the financial statements. The amount of unrecognized tax benefits, if recognized, that would impact the effective tax rate is \$2,112. At this time, the Company does not expect any material change in the unrecognized tax positions over the next twelve months.

A reconciliation of the beginning and ending balance of the unrecognized tax benefit is as follows:

Balance as of December 31, 2014	\$	570
Prior period tax positions - increases		<u>1,542</u>
Balance as of December 31, 2015	\$	<u>2,112</u>

At December 31, 2015, \$44 of accrued interest expense and \$54 of accrued penalty expense related to the unrecognized tax benefits is reflected separate from income tax in the accompanying statement of income.

The Company recognized (\$1) in interest related to income taxes for the year ended December 31, 2015. Interest expense relating to income taxes increased by \$20 for the tax year ended December 31, 2015 when compared to the prior year.

#### (12) Capital Contributions

Capital contributions from ISE Holdings to the Company during the year ended December 31, 2015 were as follows:

Return of funding provided to parent for its dividend payment to shareholders	\$	<u>17,680</u>
Total capital contributions	\$	<u>17,680</u>

#### (13) Commitments and Contingencies

##### (a) *Litigation*

From time to time, the Company is involved in various routine reviews, regulatory audits, and inspections by the SEC as well as legal proceedings arising in the ordinary course of business. While any litigation contains an element of uncertainty, it is the opinion of management, after consultation with counsel, that the outcome of any such proceedings or claims is unlikely to have a material adverse effect on the business, financial condition, or operating results of the Company.

The Company had a long standing patent infringement case against CBOE Holdings, Inc. (CBOE), which ended unsuccessfully in 2013. Following the conclusion of the case, CBOE sought to recover from the Company its legal fees incurred in defending against the case. In December 2014, the judge presiding over the matter granted CBOE's petition for attorneys' fees. The amount of the attorneys' fees has not yet been finalized, but is expected to be approximately \$6.1 million. The Company is evaluating its options, including whether to appeal the award and the amount of attorneys' fees to the Federal Circuit Court of Appeals.

**INTERNATIONAL SECURITIES EXCHANGE, LLC**

Notes to Financial Statements

December 31, 2015

(In thousands)

**(b) Contractual Obligations**

The Company has entered into obligations under operating leases with initial noncancelable terms in excess of one year for data center space, office space and computer equipment. Expenses recorded under these agreements for the year ended December 31, 2015 were \$6,021.

Commitments for operating leases are recognized as expense on a straight-line basis over the lease term. At December 31, 2015, future minimum payments for commitments are as follows:

	<u>Total</u>
Year ending December 31:	
2016	\$ 6,334
2017	4,918
2018	4,227
2019	3,879
2020	2,447
Thereafter	1,717

**(c) Letter of Credit**

The Company has collateralized office space leases through a standby letter of credit. As of December 31, 2015, the Company provided a letter of credit totaling \$1,045 collateralized by a cash hold collateral agreement on a money market deposit account at a financial institution which is included in other assets.

**(d) Guarantees**

The Company applies the provisions of ASC 460, *Guarantees*, which provides accounting and disclosure requirements for certain guarantees. The Company's trading rules, which its exchange members are bound by, limit the Company's liability for losses suffered while conducting business on the Company's exchange. The Company's exchange trading rules do not extend to the customers of its exchange members. However, the Company may, at its sole discretion, indemnify its exchange members for losses they suffer in very limited circumstances.

On January 11, 2013, the Company entered into a guarantee with an affiliated entity, with respect to the completion of a project undertaken by the affiliated company for a third party. If the affiliated entity fails to meet certain software delivery dates or commits a breach of the agreement with the third party for which there is an associated financial penalty and the affiliated entity fails to itself pay such penalty, the Company is liable under the guarantee to reimburse the third party, on behalf of the affiliated entity, up to a maximum amount of \$11,000 as of December 31, 2015. The guarantee is subject to increase based on additional projects undertaken by the affiliated entity. There has been no indication to date that the guarantee will become payable.

**INTERNATIONAL SECURITIES EXCHANGE, LLC**

Notes to Financial Statements

December 31, 2015

(In thousands)

On March 6, 2015, the Company made an additional investment of \$30,000 in The Options Clearing Corporation (OCC) as part of their plan to fund increased regulatory capital requirements. The Company has also committed to a capital replenishment plan in which it is committed to provide up to an additional \$40,000 in funding in the event that OCC regulatory capital is depleted due to losses other than from the clearing fund.

**(14) Related Party Transactions**

The Company provides technology and administrative services to affiliates of ISE and Deutsche Börse. The Company also licenses its trading system software from Finnovation S. A., an affiliate entity. In February 2015, the Company withdrew a \$30,000 credit facility with Deutsche Börse to fund an additional investment in the OCC as part of their plan to fund increased regulatory capital requirements. During the year ended December 31, 2015, \$10,000 of this loan was paid back to Deutsche Börse. The loan term is one year with an interest rate of 1.58%. Listed below are transactions with related parties for the year ended December 31, 2015, as well as payable and receivable balances as of December 31, 2015:

<b>Related Party</b>	<b>Management and service fees</b>	<b>Expense</b>	<b>Accounts payable</b>	<b>Loan payable</b>	<b>Accounts receivable</b>	<b>Income tax receivable, net</b>
ISE Holdings, Inc.	\$ -	-	1,095	-	-	25,297
Longitude LLC	2,465	-	-	-	320	-
Longitude S.A.	67	-	-	-	20	-
ETC Acquisition Corp	-	-	4,089	-	4	-
ISE Gemini LLC	5,881	-	2	-	502	-
Deutsche Borse AG	149	202	257	20,000	15	-
Eurex Frankfurt AG	-	-	14	-	-	-
Finnovation S.A.	-	9,403	1,020	-	-	-
Clearstream Banking S.A.	175	-	-	-	1	-
US Exchange Holdings, Inc.	-	-	1	-	-	-
Market News International	-	-	-	-	2	-
Stoxx Limited	8	-	-	-	-	-
<b>Total</b>	<b>\$ 8,745</b>	<b>9,605</b>	<b>6,478</b>	<b>20,000</b>	<b>864</b>	<b>25,297</b>

**(15) Business Concentrations**

Other than related party transactions, all revenues are derived in the United States and all of the Company's assets are located in the United States. The Company considers significant customers to be those who account for more than 10% of the Company's gross revenues. For the year ended December 31, 2015, one institutional client accounted for 21% of the Company's gross revenue.

**INTERNATIONAL SECURITIES EXCHANGE, LLC**

Notes to Financial Statements

December 31, 2015

(In thousands)

**(16) Subsequent Events**

The Company has performed an evaluation of subsequent events through May 6, 2016.

On March 9, 2016, Deutsche Börse entered into an agreement with Nasdaq, Inc. to divest ISE Holdings including the Company. The transaction is subject to customary closing conditions, including receipt of required regulatory approvals. The deal is currently expected to close in the second half of 2016.

On March 31, 2016, the judge in the ongoing litigation case with CBOE awarded full recovery of legal fees to CBOE. The Company adjusted the legal provision from \$3,000 to \$6,132 to reflect this ruling. The Company is evaluating its options, including whether to appeal the award and the amount of attorneys' fees to the Federal Circuit Court of Appeals.



**ISE GEMINI, LLC**

Financial Statements

December 31, 2015

(With Independent Auditors' Report Thereon)



KPMG LLP  
345 Park Avenue  
New York, NY 10154-0102

## Independent Auditors' Report

The Member  
ISE Gemini, LLC:

### Report on the Financial Statements

We have audited the accompanying financial statements of ISE Gemini, LLC (the Company), which comprise the statement of financial condition as of December 31, 2015, and the related statements of income, changes in member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ISE Gemini, LLC as of December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

**KPMG LLP**

May 6, 2016

KPMG LLP is a Delaware limited liability partnership,  
the U.S. member firm of KPMG International Cooperative  
("KPMG International"), a Swiss entity

**ISE GEMINI, LLC**  
Statement of Financial Condition  
December 31, 2015  
(In thousands)

<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 14,448
Accounts receivable, net	2,673
Related party receivable	<u>2</u>
Total current assets	17,123
Intangible assets, net	1,014
Deferred tax asset, net	30
Other assets	<u>1,000</u>
Total assets	<u>\$ 19,167</u>
<b>Liabilities and Member's Equity</b>	
Liabilities:	
Current liabilities:	
Accounts payable and accrued expenses	\$ 871
Income taxes payable	10,289
Related party payable	<u>610</u>
Total current liabilities	11,770
Other liabilities	<u>92</u>
Total liabilities	11,862
Member's equity:	
Total member's equity	<u>7,305</u>
Total liabilities and member's equity	<u>\$ 19,167</u>

See accompanying notes to financial statements.

**ISE GEMINI, LLC**  
**Statement of Income**  
Year ended December 31, 2015  
(In thousands)

Revenues:	
Transaction fees	\$ 67,672
Member fees and other	4,610
Market data	<u>2,194</u>
Total revenues	<u>74,476</u>
Transaction based expenses:	
Transaction rebates	53,766
Activity remittance fees	1,658
License fees	<u>46</u>
Total transaction based expenses	<u>55,470</u>
Net revenues	<u>19,006</u>
Expenses:	
Management fees	5,881
Technology and communications	1,251
Professional fees	827
Depreciation and amortization	58
Other	<u>1</u>
Total expenses	<u>8,018</u>
Operating income	10,988
Interest and investment income, net	<u>4</u>
Income before provision for income taxes	10,992
Provision for income taxes	<u>4,214</u>
Net income	<u>\$ 6,778</u>

See accompanying notes to financial statements.

**ISE GEMINI, LLC**  
Statement of Changes in Member's Equity  
Year ended December 31, 2015  
(In thousands)

Member's equity as of December 31, 2014	\$ 5,527
Capital distributions	(5,000)
Net income	<u>6,778</u>
Member's equity as of December 31, 2015	<u>\$ 7,305</u>

See accompanying notes to financial statements.

**ISE GEMINI, LLC**  
Statement of Cash Flows  
Year Ended December 31, 2015  
(In thousands)

Cash flows from operating activities:	
Net income	\$ 6,778
Adjustments to reconcile net income to cash provided by operating activities:	
Depreciation and amortization	58
Deferred taxes	10
(Increase) decrease in operating assets:	
Accounts receivable, net	781
Related party receivable	28
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	(576)
Related party payable	(375)
Income taxes payable	4,112
Other liabilities	92
Net cash provided by operating activities	<u>10,908</u>
Cash flows from financing activities:	
Capital distributions	<u>(5,000)</u>
Net cash used in financing activities	<u>(5,000)</u>
Increase in cash and cash equivalents	5,908
Cash and cash equivalents, beginning of year	<u>8,540</u>
Cash and cash equivalents, end of year	<u>\$ 14,448</u>
Supplemental disclosure of cash flow information:	
Cash paid for interest	\$ —
Cash paid for income taxes	\$ —

See accompanying notes to financial statements.

## ISE GEMINI, LLC

Notes to Financial Statements  
Year Ended December 31, 2015  
(In thousands)

### (1) Organization and Description of Business

ISE Gemini, LLC (ISE Gemini or the Company), is a wholly owned subsidiary of International Securities Exchange Holdings, Inc. (ISE Holdings or the Parent). ISE Holdings is the sole member of the Company and its liability is limited to the balance of its capital account. ISE Holdings is a subsidiary of Eurex Frankfurt AG (Eurex), which is wholly owned by Deutsche Börse AG (Deutsche Börse). Deutsche Börse has entered into an agreement whereby it commits to provide adequate funding to the Company for its responsibilities as a regulated securities exchange.

The Company is a fully electronic exchange for equity and index options and related services utilizing a market structure which combines the efficiencies of electronic trading with auction market principles. ISE Gemini received regulatory approval to become a national securities exchange on July 31, 2013 and, on August 5, 2013, formally commenced trading.

### (2) Basis of Presentation and Significant Accounting Policies

#### (a) Basis of Presentation

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and in the opinion of management reflect all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement of financial condition, income, and cash flows for the period presented.

#### (b) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### (c) Revenue Recognition and Cost of Revenue

Transaction fees are earned based on contracts executed on the Company's exchange and are recorded as transactions occur on a trade-date basis. Revenues from transactions are recorded on a gross basis in transaction revenues with related rebates recorded as transaction based expenses.

Member fees are comprised of revenues earned for connectivity and access to the Company's exchange; and regulatory and administrative fees. Connectivity and access are charged and recognized on a monthly basis based upon a specific fixed fee for each service. Administrative fees are charged and recognized as earned. Regulatory fees are predominately charged on a trade date basis.

Market data revenues are earned from the sale of the Company's trade and quote information through the Options Price Reporting Authority, LLC (OPRA). The Company earns a portion of OPRA's net income based on its pro rata share of industry trade volume. OPRA revenue is recorded as transactions occur on a trade-date basis.

**ISE GEMINI, LLC**

Notes to Financial Statements

Year Ended December 31, 2015

(In thousands)

Transaction rebates are paid on certain option trades to incentivize market participants to send options order flow to the exchange. These transaction rebates are recorded on a trade-date basis.

Activity remittance fees of \$1,658 were paid to the SEC pursuant to Section 31 of the Exchange Act. These fees are designed to recover costs to the government for the supervision and regulation of securities markets and securities professionals. This expense is wholly offset by activity assessment fees charged by the Company to exchange members which is included in transaction fees. These fees are recorded on a settlement-date basis.

License fees are paid to providers of index options products based upon the number of contracts executed on our exchange. This expense is offset by surcharges charged by the Company to exchange members for trading these products, which is included in transaction fees. These fees are recorded on a trade-date basis.

**(d) Accounts Receivable, Net**

Accounts receivable are stated at face value, net of allowance for any doubtful account. An estimate for doubtful accounts, based on the Company's bad debt experience and specific circumstances of the debtor, is made when collection of the full amount is no longer probable.

**(e) Income Taxes**

The Company is a single-member limited liability company. It has not elected to be treated as a corporation for tax purposes. Its tax status is therefore considered to be that of a disregarded entity, and as such, the results of the Company's operations are included in ISE Holdings' U.S. federal, state, and local income tax returns.

The Company records income taxes in accordance with ASC 740, *Income Taxes*, on a modified separate-company basis, pursuant to which it is required to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement carrying amounts and tax bases of its assets and liabilities. The separate-company basis is modified for state and local tax apportionment and special tax credits and deductions to appropriately reflect the current and deferred taxes on the Company's financial statements. The Company recognized all deferred tax assets and deferred tax liabilities as non-current in the statement of financial position in accordance with FASB's Accounting Standards Update 2015-17. Prior period statements of financial position were not retrospectively adjusted. A valuation allowance is established for any portion of its deferred tax asset for which a tax benefit is not expected to be realized. The income tax receivable balance represents amounts due from ISE Holdings.

The Company applies the provisions of ASC 740 which requires management to determine whether a tax position is more likely than not to be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Once it is determined that a position meets this recognition threshold, the position is measured to determine the amount of benefit to be recognized in the financial statements. The Company recognizes interest and penalties, if applicable, related to uncertain tax positions as a component of provision for income taxes in the accompanying statement of income.



**ISE GEMINI, LLC**

Notes to Financial Statements  
Year Ended December 31, 2015  
(In thousands)

**(f) Intangible Assets**

Intangible assets consist of membership in the OPRA. The exchanges in the United States on which securities options are traded have been authorized under the Securities Exchange Act of 1934 to agree to a "Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information". This membership asset is amortized using the straight-line method over twenty years based on expected useful economic life as determined by management.

**(g) Impairment of Intangible Assets**

On a periodic basis, the Company performs a review for the impairment of intangible assets when events or changes in circumstances indicate that the estimated undiscounted future cash flows expected to be generated by the assets are less than their carrying amounts or when other events occur which may indicate that the carrying amount of an asset may not be recoverable.

**(h) Other Assets**

Other assets represents a membership promissory note in the Options Clearing Corporation (OCC) for the admission of the Company as a participant Non-Equity Exchange in the OCC. This interest bearing promissory note is accounted for at cost.

**(i) Credit Risk**

Pursuant to agreements with its members, the Company has the authority to deduct outstanding noncontested receivables from members clearing deposit accounts at the Options Clearing Corporation. Based upon these facts, the Company believes its credit risk is not material to its financial condition.

**(3) Management Agreement**

On July 31, 2013, the Company entered into an agreement effective August 5, 2013 with International Securities Exchange LLC (ISE), a subsidiary of ISE Holdings, whereby ISE performs management and oversight of the Company's operations including day-to-day operations, technology and facilities services, regulatory compliance, risk management, and accounting and legal support services. This agreement is in effect for five years with automatic successive one year renewal periods. In return, the Company pays ISE a fee for each contract traded on its exchange based on a pre-determined fair market price.

**(4) Cash and Cash Equivalents**

Cash and cash equivalents is comprised of the following:

Cash at banks	\$	<u>14,448</u>
Total	\$	<u>14,448</u>

**ISE GEMINI, LLC**

Notes to Financial Statements  
Year Ended December 31, 2015

(In thousands)

**(5) Accounts Receivable**

Accounts receivable consists of the following:

Trading related fees	\$	2,674
Allowance for doubtful accounts		<u>(1)</u>
	\$	<u>2,673</u>

For the year ended December 31, 2015, the write-off for doubtful accounts was \$0. The recorded investment in trade receivables past due 90 days or more is \$9 as of December 31, 2015.

**(6) Intangible Assets**

Intangible assets consist of the following:

OPRA membership	\$	<u>1,014</u>
Total	\$	<u>1,014</u>

The Company recorded amortization expense of \$58 for the year ended December 31, 2015.

**(7) Other Assets**

Other assets consist of the following:

OCC promissory note	\$	<u>1,000</u>
	\$	<u>1,000</u>

**(8) Member Fees and Other**

Member fees and other are comprised of the following:

Connectivity and access fees	\$	1,369
Regulatory and administrative fees		3,226
Other		<u>15</u>
Total	\$	<u>4,610</u>

**(9) Income Taxes**

In accordance with an informal tax arrangement, the Company receives an allocation of ISE Holdings current and deferred income tax. The Company's share is calculated as if it were required to file federal, state, and local tax returns. This allocation from ISE Holdings is presented as provision for income taxes in the statement of income and deferred tax in the statement of financial condition.

**ISE GEMINI, LLC**  
Notes to Financial Statements  
Year Ended December 31, 2015  
(In thousands)

The provision for income taxes consists of the following:

Current:			
Federal	\$	3,295	
State		909	
Total current		<u>4,204</u>	
Deferred:			
Federal		6	
State		4	
Total deferred		<u>10</u>	
Total provision for income taxes	\$	<u><u>4,214</u></u>	

The temporary differences which have created deferred tax assets and liabilities are detailed below. Management believes that it is more likely than not the tax assets will be realized and therefore has not recognized any valuation allowance.

Deferred tax assets:			
Organizational costs	\$	15	
Start-up costs		14	
Bad debt expense		1	
Total deferred tax assets, net	\$	<u><u>30</u></u>	

The following is a reconciliation of the provision for income taxes and the amount computed by applying the U.S. federal statutory rate to income before income taxes.

U.S. federal income tax rate	35.0%
State and local income tax, net of federal income tax benefit	5.9%
Tax credits and benefits	-2.5%
Other	<u>-0.1%</u>
Effective tax rate	<u><u>38.3%</u></u>

The Company's financial data is combined with its parent's, ISE Holdings, on its parent's federal tax return and the following state and local tax returns: Connecticut, Illinois, New Jersey, New York State, New York City and Washington DC. As a result of the Company commencing operations in 2013, all income tax filings are open to examination by taxing authorities.

For those tax positions where it is more likely than not that a tax benefit will not be sustained, no tax benefit is recognized in the financial statements. The amount of unrecognized tax benefits, if recognized, that would impact the effective tax rate is \$101. At this time, the Company does not expect any material change in the unrecognized tax positions over the next twelve months.

**ISE GEMINI, LLC**

Notes to Financial Statements  
Year Ended December 31, 2015

(In thousands)

A reconciliation of the beginning and ending balance of the unrecognized tax benefit is as follows:

Balance as of December 31, 2014	\$	0	
Prior period tax positions - increases		101	
Balance as of December 31, 2015	\$	101	

As of December 31, 2015, no expense for interest and penalties related to tax uncertainties was recognized in the statement of income.

**(10) Capital Distributions**

Capital distributions from the Company to ISE Holdings during the year ended December 31, 2015 was as follows:

Funding provided to parent for its dividend payment to shareholders	\$	(5,000)	
Total capital distributions	\$	(5,000)	

**(11) Related Party Transactions**

The Company receives technology and administrative services from ISE as detailed in note 3, and licenses software from Finnovation S.A, an affiliate of Deutsche Börse. Listed below are transactions with related parties for the year ended December 31, 2015, as well as payable and receivable balances as of December 31, 2015:

Related Party	Expense	Accounts payable	Accounts receivable	Income tax receivable, net
ISE Holdings, Inc.	\$ -	-	-	10,381
ISE, LLC	5,881	502	2	-
Finnovation S.A.	1,251	108	-	-
Total	\$ 7,132	610	2	10,381

**(12) Business Concentrations**

Revenues are derived in the United States and all of the Company's assets are located in the United States. The Company considers significant customers to be those who account for more than 10% of the Company's gross revenues. For the year ended December 31, 2015, two institutional clients accounted for 35% of the Company's gross revenues.

**ISE GEMINI, LLC**  
Notes to Financial Statements  
Year Ended December 31, 2015  
(In thousands)

**(13) Subsequent Events**

The Company has performed an evaluation of subsequent events through May 6, 2016.

On March 9, 2016, Deutsche Börse entered into an agreement with Nasdaq, Inc. to divest ISE Holdings including the Company. The transaction is subject to customary closing conditions, including receipt of required regulatory approvals. The deal is currently expected to close in the second half of 2016.

# ISE ETF Ventures

	<u>Year Ended December 31,</u>
	<u>2015</u>
<b>Revenues:</b>	
Revenue	\$0
<b>Expenses:</b>	
Administrative costs	-
Total expenses	-
<b>Income</b>	<b>\$0</b>

	<u>December 31,</u>
	<u>2015</u>
<b>ASSETS</b>	
Current assets	\$0
Total assets	-
<b>LIABILITIES, AND MEMBER'S EQUITY</b>	
<b>LIABILITIES</b>	
Total liabilities	-
<b>MEMBER'S EQUITY</b>	
Total member's equity	-
Total liabilities and member's equity	<b>\$0</b>

# Longitude LLC

Year Ended December 31,

2015

## Revenues:

Intercompany Revenue \$3,780,326

## Expenses:

Legal fees 101,456

Consulting fees 383,601

Intercompany expenses 2,464,871

Other 539,840

Total expenses 3,489,768

Earnings before interest and taxes 290,558

Interest income 181

Income/(Loss) \$290,739

December 31,

2015

## ASSETS

Cash and cash equivalents \$1,903,626

Receivable from affiliates 905,951

Other current assets 23,576

Current assets 2,833,153

Non-current assets 66,645

Total assets 2,899,798

## LIABILITIES, AND MEMBER'S EQUITY

### LIABILITIES

Accounts payable 90,000

Payable to affiliates 319,484

Total liabilities 409,484

### MEMBER'S EQUITY

Total member's equity 2,490,314

Total liabilities and member's equity \$2,899,798

RCSL Nr.: B170031

Matricule: 2012 2211 593

eCDF entry date: 06/06/2016

**PROFIT AND LOSS ACCOUNT**Financial year from <sup>01</sup> 01/01/2015 to <sup>02</sup> 31/12/2015 (in <sup>03</sup> EUR )

Longitude S.A.  
42, avenue J. F. Kennedy  
L-1855 Luxembourg

**A. CHARGES**

	Reference(s)	Current year	Previous year
<b>1. Use of merchandise, raw materials and consumable materials</b>	1001 _____	901 _____	602 _____
<b>2. Other external charges</b>	1003 _____ <b>6</b>	003 _____ <b>4.163.047,67</b>	604 _____ <b>1.414.144,00</b>
<b>3. Staff costs</b>	1605 _____	605 _____ <b>109.837,83</b>	606 _____ <b>108.094,00</b>
a) Salaries and wages	1607 _____	607 _____ <b>96.835,24</b>	608 _____ <b>95.375,00</b>
b) Social security on salaries and wages	1609 _____	609 _____ <b>4.040,66</b>	610 _____ <b>3.853,00</b>
c) Supplementary pension costs	1611 _____	611 _____ <b>8.147,90</b>	612 _____ <b>7.795,00</b>
d) Other social costs	1613 _____	613 _____ <b>814,03</b>	614 _____ <b>1.071,00</b>
<b>4. Value adjustments</b>	1615 _____	615 _____	616 _____
a) on formation expenses and on tangible and intangible fixed assets	1617 _____	617 _____	618 _____
b) on current assets	1619 _____	619 _____	620 _____
<b>5. Other operating charges</b>	1621 _____	621 _____	622 _____
<b>6. Value adjustments and fair value adjustments on financial fixed assets</b>	1623 _____	623 _____	624 _____
<b>7. Value adjustments and fair value adjustments on financial current assets. Loss on disposal of transferable securities</b>	1625 _____	625 _____	626 _____
<b>8. Interest and other financial charges</b>	1627 _____	627 _____	628 _____ <b>17,00</b>
a) concerning affiliated undertakings	1629 _____	629 _____	630 _____ <b>17,00</b>
b) other interest and similar financial charges	1631 _____	631 _____	632 _____

The notes in the annex form an integral part of the annual accounts



RCSL Nr. : B170031

Matricule : 2012 2211 593

	Reference(s)	Current year	Previous year
<b>9. Share of losses of undertakings accounted for under the equity method</b>	1414 _____	649 _____	650 _____
<b>10. Extraordinary charges</b>	1631 _____	633 _____	614 _____
<b>11. Income tax</b>	1635 _____	635 <u>86.373,60</u>	636 <u>11.350,00</u>
<b>12. Other taxes not included in the previous caption</b>	1637 _____	637 _____	638 _____
<b>13. Profit for the financial year</b>	1639 _____	639 <u>459.854,05</u>	640 <u>0,00</u>
<b>TOTAL CHARGES</b>		641 <u>4.819.113,15</u>	642 <u>1.533.605,00</u>

The notes in the annex form an integral part of the annual accounts

RCSL Nr. : B170031

Matricule : 2012 2211 593

**B. INCOME**

	Reference(s)	Current year	Previous year
<b>1. Net turnover</b>	1201 <u>7</u>	201 <u>4.544.944,60</u>	201 <u>936.808,00</u>
<b>2. Change in inventories of finished goods and of work and contracts in progress</b>	1203 _____	203 _____	203 _____
<b>3. Fixed assets under development</b>	1205 _____	205 _____	205 _____
<b>4. Reversal of value adjustments</b>	1207 _____	207 _____	207 _____
a) on formation expenses and on tangible and intangible fixed assets	1209 _____	209 _____	210 _____
b) on current assets	1211 _____	211 _____	212 _____
<b>5. Other operating income</b>	1213 <u>8</u>	213 <u>94.624,54</u>	213 <u>91.668,00</u>
<b>6. Income from financial fixed assets</b>	1215 _____	215 _____	215 _____
a) derived from affiliated undertakings	1217 _____	217 _____	218 _____
b) other income from participating interests	1219 _____	219 _____	220 _____
<b>7. Income from financial current assets</b>	1221 _____	221 _____	222 _____
a) derived from affiliated undertakings	1223 _____	223 _____	224 _____
b) other income from financial current assets	1225 _____	225 _____	226 _____
<b>8. Other interest and other financial income</b>	1227 _____	227 <u>179.544,01</u>	228 _____
a) derived from affiliated undertakings	1229 _____	229 <u>7,82</u>	230 _____
b) other interest and similar financial income	1231 _____	231 <u>179.536,19</u>	232 _____
<b>9. Share of profits of undertakings accounted for under the equity method</b>	1245 _____	245 _____	246 _____
<b>10. Extraordinary income</b>	1233 _____	233 _____	234 _____
<b>13. Loss for the financial year</b>	1235 _____	235 <u>0,00</u>	236 <u>505.129,00</u>
<b>TOTAL INCOME</b>		237 <u>4.819.113,15</u>	238 <u>1.533.605,00</u>

The notes in the annex form an integral part of the annual accounts

RCSL Nr. : B170031

Matricule : 2012 2211 593

eCDF entry date : 06/06/2016

**BALANCE SHEET**Financial year from <sup>01</sup> 01/01/2015 to <sup>32</sup> 31/12/2015 (in <sup>03</sup> EUR )

Longitude S.A.  
 42, avenue J. F. Kennedy  
 L-1855 Luxembourg

**ASSETS**

	Reference(s)	Current year	Previous year
<b>A. Subscribed capital unpaid</b>	1101	101	102
I. Subscribed capital not called	1103	103	04
II. Subscribed capital called but unpaid	1105	105	106
<b>B. Formation expenses</b>	1107	107	108
<b>C. Fixed assets</b>	1109	109	110
I. Intangible fixed assets	1111	111	112
1. Research and development costs	1113	113	114
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115	115	116
a) acquired for valuable consideration and need not be shown under C.I.3	1117	117	118
b) created by the undertaking itself	1119	119	120
3. Goodwill, to the extent that it was acquired for valuable consideration	1121	121	122
4. Payments on account and intangible fixed assets under development	1123	123	124
II. Tangible fixed assets	1125	125	126
1. Land and buildings	1127	127	128
2. Plant and machinery	1129	129	130

The notes in the annex form an integral part of the annual accounts

RCSL Nr.: B170031

Matricule: 2012 2211 593

	Reference(s)	Current year	Previous year
3. Other fixtures and fittings, tools and equipment	1131	131	132
4. Payments on account and tangible fixed assets under development	1133	133	134
<b>III. Financial fixed assets</b>	1135	135	135
1. Shares in affiliated undertakings	1137	137	138
2. Amounts owed by affiliated undertakings	1139	139	140
3. Shares in undertakings with which the undertaking is linked by virtue of participating interests	1141	141	142
4. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1143	143	144
5. Securities and other financial instruments held as fixed assets	1145	145	146
6. Loans and claims held as fixed assets	1147	147	148
7. Own shares or own corporate units	1149	149	150
<b>D. Current assets</b>	1151	<b>4.323.695,97</b>	<b>1.786.863,00</b>
<b>I. Inventories</b>	1153	153	154
1. Raw materials and consumables	1155	155	156
2. Work and contracts in progress	1157	157	158
3. Finished goods and merchandise	1159	159	160
4. Payments on account	1161	161	162
<b>II. Debtors</b>	1163	<b>3.719.282,95</b>	<b>1.280.835,00</b>
1. Trade receivables	1165	165	166
a) becoming due and payable within one year	1167	167	168
b) becoming due and payable after more than one year	1169	169	170
2. Amounts owed by affiliated undertakings	1171	<b>3.034.369,02</b>	<b>33.524,00</b>
a) becoming due and payable within one year	1173	<b>3.1</b>	<b>33.524,00</b>
b) becoming due and payable after more than one year	1175		
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177		178
a) becoming due and payable within one year	1179		180
b) becoming due and payable after more than one year	1181		182

The notes in the annex form an integral part of the annual accounts

RCSL Nr.: B170031

Matricule : 2012 2211 593

	Reference(s)		Current year		Previous year
4. Other receivables	1183	83	<u>684.913,93</u>	84	<u>1.247.311,00</u>
a) becoming due and payable within one year	1185	3.2 105	<u>684.913,93</u>	106	<u>1.247.311,00</u>
b) becoming due and payable after more than one year	1187	107		108	
III. Transferable securities and other financial instruments	1189	109		100	
1. Shares in affiliated undertakings and in undertakings with which the undertaking is linked by virtue of participating interests	1191	101		102	
2. Own shares or own corporate units	1193	103		104	
3. Other transferable securities and other financial instruments	1195	105		106	
IV. Cash at bank, cash in postal cheque accounts, cheques and cash in hand	1197	107	<u>604.413,02</u>	108	<u>506.028,00</u>
<b>E. Prepayments</b>	1199	109		200	
<b>TOTAL (ASSETS)</b>		201	<u>4.323.695,97</u>	202	<u>1.786.863,00</u>

The notes in the annex form an integral part of the annual accounts

RCSL Nr.: B170031

Matricule : 2012 2211 593

**LIABILITIES**

	Reference(s)	Current year	Previous year
<b>A. Capital and reserves</b>		<u>1.426.568,37</u>	<u>966.714,00</u>
I. Subscribed capital	1303 4.1	1.500.000,00	1.500.000,00
II. Share premium and similar premiums	1305		
III. Revaluation reserves	1307		
IV. Reserves	1309		
1. Legal reserve	1311		
2. Reserve for own shares or own corporate units	1313		
3. Reserves provided for by the articles of association	1315		
4. Other reserves	1317		
V. Profit or loss brought forward	1319	-533.285,68	-28.157,00
VI. Profit or loss for the financial year	1321	459.854,05	-505.129,00
VII. Interim dividends	1323		
VIII. Capital investment subsidies	1325		
IX. Temporarily not taxable capital gains	1327		
<b>B. Subordinated debts</b>			
1. Convertible loans	1411		
a) becoming due and payable within one year	1415		
b) becoming due and payable after more than one year	1417		
2. Non convertible loans	1419		
a) becoming due and payable within one year	1421		
b) becoming due and payable after more than one year	1423		
<b>C. Provisions</b>		<u>43.608,00</u>	<u>74.243,00</u>
1. Provisions for pensions and similar obligations	1333		
2. Provisions for taxation	1335	43.608,00	74.243,00
3. Other provisions	1337		
<b>D. Non subordinated debts</b>		<u>2.853.519,60</u>	<u>745.906,00</u>
1. Debenture loans	1341		
a) Convertible loans	1343		
i) becoming due and payable within one year	1345		
ii) becoming due and payable after more than one year	1347		

The notes in the annex form an integral part of the annual accounts

RCSL Nr. : B170031

Matricule : 2012 2211 593

	Reference(s)	Current year	Previous year
b) Non convertible loans	1349	349	350
i) becoming due and payable within one year	1351	351	352
ii) becoming due and payable after more than one year	1353	353	354
2. Amounts owed to credit institutions	1355	355	356
a) becoming due and payable within one year	1357	357	358
b) becoming due and payable after more than one year	1359	359	360
3. Payments received on account of orders as far as they are not deducted distinctly from inventories	1361	361	362
a) becoming due and payable within one year	1363	363	364
b) becoming due and payable after more than one year	1365	365	366
4. Trade creditors	1367	367	368
a) becoming due and payable within one year	1369	369	370
b) becoming due and payable after more than one year	1371	371	372
5. Bills of exchange payable	1373	373	374
a) becoming due and payable within one year	1375	375	376
b) becoming due and payable after more than one year	1377	377	378
6. Amounts owed to affiliated undertakings	1379	379	380
a) becoming due and payable within one year	1381	381	382
b) becoming due and payable after more than one year	1383	383	384
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385	385	386
a) becoming due and payable within one year	1387	387	388
b) becoming due and payable after more than one year	1389	389	390
8. Tax and social security debts	1391	391	392
a) Tax debts	1393	393	394
b) Social security debts	1395	395	396

The notes in the annex form an integral part of the annual accounts

RCSL Nr.: B170031

Matricule: 2012 2211 593

	Reference(s)	Current year	Previous year
9. Other creditors	1392	27.823,55	68.682,00
a) becoming due and payable within one year	1400	27.823,55	68.682,00
b) becoming due and payable after more than one year	1401		
<b>E. Deferred income</b>	1403		
<b>TOTAL (LIABILITIES)</b>	405	<b>4.323.695,97</b>	<b>1.786.863,00</b>

The notes in the annex form an integral part of the annual accounts



# ETC Acquisition Corp.

Year Ended December 31,  
2015

<b>Revenues:</b>	
Revenue	\$150,000
<b>Expenses:</b>	
Administrative costs	-
Total expenses	-
<b>Income</b>	<b>\$150,000</b>

December 31,  
2015

<b>ASSETS</b>	
Accounts receivable	\$0
Receivable from affiliates	\$4,084,963
Current assets	4,084,963
Total assets	4,084,963
<b>LIABILITIES, AND MEMBER'S EQUITY</b>	
<b>LIABILITIES</b>	
Total liabilities	-
<b>MEMBER'S EQUITY</b>	
Total member's equity	4,084,963
Total liabilities and member's equity	\$4,084,963