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Intercontinental Exchange, Inc. (ICE)

Q2 2026 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good morning. Thank you for attending today's ICE Second Quarter 2026 Earnings Conference Call and Webcast. My name is Micaia, and I will be the moderator for today's call. All lines will be muted in the presentation portion of the call with an opportunity for your questions-and-answers at the end.

At this time, I would like to pass the call over to our host, Steve Eagerton. Steve, you may begin today's call.

Steve Eagerton

Vice President, Investor Relations & Revenue Operations, Intercontinental Exchange, Inc.

Good morning. ICE's second quarter 2026 earnings release and presentation can be found in the Investors section of ice.com. These items will be archived and our call will be available for replay.

Today's call may contain forward-looking statements. These statements, which we undertake no obligation to update, represent our current judgment and are subject to risks, assumptions, and uncertainties. For a description of the risks that could cause our results to differ materially from those described in forward-looking statements, please refer to our 2025 Form 10-K, 2026 second quarter 10-Q, and other filings with the SEC.

In our Earnings Supplement, we refer to certain non-GAAP measures. We believe our non-GAAP measures are more reflective of our cash operations and core business performance. You will find a reconciliation to the equivalent GAAP term in the earnings materials. When used on this call, net revenue refers to revenue net of transaction-based expenses and adjusted earnings refers to adjusted diluted earnings per share. Throughout this presentation, unless otherwise indicated, references to revenue growth are on a constant currency basis. Please see the Explanatory Notes on the second page of the Earnings Supplement for additional details regarding the definition of certain items.

Also, we will be discussing our recently announced acquisition of MarketAxess. ICE, MarketAxess, and their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from MarketAxess stockholders. These statements today do not – do not constitute an offer to sell or buy or the solicitation of an offer to sell or buy any securities or solicitation of any vote or approval. Investors and stockholders should review the proxy statement and any other documents MarketAxess may file with the SEC in connection with the acquisition.

With us on the call today are Jeff Sprecher, Chair and CEO; Warren Gardiner, Chief Financial Officer; Ben Jackson, President; Lynn Martin, President of the NYSE; and Chris Edmonds, President of Fixed Income & Data Services.

I will now turn the call over to Jeff.

Jeffrey Craig Sprecher

Founder, Chairman & Chief Executive Officer, Intercontinental Exchange, Inc.

Thank you, Steve. Good morning, everyone, and thank you for joining us today. This morning, we reported the best second quarter in our company's history. Warren and Ben will take you through those results shortly.

I want to begin on slide 5 with the announcement of our agreement to acquire MarketAxess, a step that will extend our track record of growth into one of the largest addressable markets in the world, the global fixed income market.

ICE was built on the conviction that opacity and inefficiency in markets are not permanent conditions. They are challenges that technology can solve. Since our inception, we followed a consistent strategy to bring transparency, efficiency, and standardization to markets and to digitize the analog.

Each market that we've taken on has grown more open and more electronic as a result. Our acquisition of MarketAxess will continue this strategy within one of the largest markets in the world.

We've been assembling and building a fixed income franchise. We've become one of the largest and most trusted providers of fixed income pricing, reference data, and indices in the world, providing daily evaluated pricing on over 3 million securities.

Our ICE indices serve as a benchmark for the global fixed income market with nearly $1 trillion in ETF assets benchmarked to them. In clearing, we operate ICE Clear Credit, the industry's leading CDS clearing house, and we run the ICE Global Network connecting the financial community through our data, analytics, and execution.

On the execution side, ICE Bonds was built through our combination of BondPoint and TMC, and it serves the trading desks of the largest wealth management firms in the country. Names like Charles Schwab, Fidelity, Merrill Lynch, and Edward Jones with deep liquidity and price discovery across municipal bonds, corporates, treasuries, and agencies.

Having built strong distribution in the retail and wealth channel, we now see a clear opportunity to extend our reach into the institutional investor segment where MarketAxess has a leading presence. By bringing these liquidity pools together, the logic is simple: we are building a global fixed income network.

First, we connect the full spectrum of liquidity from retail to institution. Second, we make our clients more efficient, improving their experience with a goal of reducing operating costs over time. And third, we turn the combined network into a compounding data and distribution engine.

Please turn now to slide 6. More than 2,100 institutional firms participate on the MarketAxess network using protocols that are recognized industry standards for institutional credit liquidity. Large asset managers, pension funds, and insurance companies transact at a different scale and through different protocols than the retail and wealth clients that we serve today.

MarketAxess is a leader in the institutional market with investment grade and high yield corporate bonds. In emerging markets across approximately 30 local currency markets and in Eurobonds with a growing portfolio. ICE Bonds is a leader in the retail and wealth channel, a complementary liquidity pool with a unique client base, trade sizes, and protocols.

Putting these two together creates a fully integrated front-to-back ecosystem spanning the fixed income market. Retail and wealth flow long separated from institutional flow will be able to connect into a deep institutional pool, and institutional participants will gain access to the diversified order flow that retail and wealth channels bring.

You've seen this broadening market trend in the US equity securities markets, which we believe we can now further extend into the fixed income securities markets, and our offering of one of the most robust datasets in the world supports efficient price discovery across this broader channel.

With fixed income markets, this matters more than most other asset classes. There are millions of instruments, most of which trade infrequently, and the single greatest challenge to any investor is finding the other side for a true representation of fair value.

Connecting these two pools should dramatically increase the probability that a buyer finds a seller. And this price discovery will benefit every market participant. We want to offer our clients a common set of rails. Whether a client moves upstream to institutional or downstream to retail, they will operate on the same connected infrastructure, creating real economies of scale.

And MarketAxess will bring us a growing treasury rates trading platform, which we plan to connect directly into our newly approved Treasury Clearing System, extending our credit and fixed income network into the interest rate markets. Our cleared treasury futures franchise was our fastest growing product set in the last quarter as Ben will discuss shortly. So, we look forward to extending these capabilities.

Please turn to Slide 7. A single connected network does more than deepen liquidity. It will simplify how our clients operate, reduce what costs it takes them to do so over time. We plan to collapse a fragmented stack of execution venues, data vendors, and analytics providers into a single integrated workflow.

Fewer connections, fewer reconciliations, fewer points of failure. The same should be true for our customers' technology spend. Clients will have access to pricing, liquidity, execution, and analytics through one platform and one connection.

For generating alpha, a deeper, broader pool that means superior fills, tighter spreads, and lower market impact. Layering ICE's real-time evaluated pricing and analytics into the workflow should lead to improved decisions. The results for our clients is simple: better liquidity plus better data equals better transparency and better returns achieved at a total lower cost.

Moving to Slide 8. The most powerful effect we are building is the classic ICE flywheel. More liquidity generates more transaction data, which, combined with our evaluated pricing, this makes ICE analytics more powerful. More powerful analytics attracts more users. More users deepen the pool, and a deeper pool generates yet more data. Each turn of that wheel should compound the value for our clients and ICE. This is what produces the compounding cash flows that create value for our shareholders.

An expanded fixed income network is a direct channel to cross-sell ICE's evaluated pricing, reference data, and index data, including liquidity scoring, transaction cost analysis, and predictive pricing into the workflow of more than 2,100 institutional clients who need exactly these tools to better inform their execution.

Today, many of these MarketAxess customers consume ICE data indirectly through third parties or not even at all. And the way our clients consume data is changing. Increasingly, they want data to inform their own models at the point of decision. Reaching them there is what our ICE Model Context Protocol, or ICE MCP server, was built to do. Our first MCP release opened a new channel for expanding distribution of our non-proprietary data. Our newly expanded ICE MCP offering now offers ICE's proprietary data into our clients' AI workflows. And we didn't simply build an open data pipe. We built a client engagement channel that runs both ways.

The MCP server connection is the easy part. What matters is what sits behind it: organized data that arrives with its own meanings attached and which represents and respects our proprietary rights so that each client model are not left to guess what permissions govern who can see what. We now offer a complete audit trail so that every output can be traced and trusted. In regulated markets, it is this governance and contextual foundation that turns a simple data connection into a resource that institutions can rely upon.

The fixed income network that we are designing will not stop at public credit. We have a plan to use the same rails to connect private credit clients who we are going to bring in via our initiative with Apollo. So, public and private credit will increasingly be accessible on one platform.

ICE has spent its history turning fragmented analog markets into connected electronic networks, then growing and compounding these networks. This is how ICE has grown. It is not by chasing one market or one cycle, but by building infrastructure that compounds through every market environment.

MarketAxess will make our network broader and deeper and will advance a strategy that we have followed from the start. This deal does not begin a new chapter for ICE; it deepens the story that we have been writing since our inception.

I would like to now hand the call over to Warren.

Warren Gardiner

Chief Financial Officer, Intercontinental Exchange, Inc.

Thanks, Jeff. Good morning, everyone, and thank you for joining us today. Please turn to slide 9. As Jeff described, this transaction is a product of a deliberate long-term view about where fixed income markets are going and the role ICE is uniquely positioned to play in that evolution. Let me walk you through the financial terms and our path to value creation.

Today, we announced we have entered into a definitive agreement to acquire MarketAxess for $167 per share, representing an enterprise value of $5.7 billion. The offer price represents a 33% premium to MarketAxess's closing price as of July 29. And on a fully synergized basis, the transaction represents an EV to adjusted EBITDA multiple of approximately 10.6 times. We anticipate the transaction will be immediately accretive to ICE's adjusted earnings per share in the first year post-close with accretion improving as synergies are realized and the combined platform scales.

The transaction value we have announced and intend to underwrite is supported by MarketAxess's recent mid-single-digit growth trajectory. However, we believe that ICE's platform, our data, our network, our client relationships, and our track record of deepening engagement over time, when combined with MarketAxess, can accelerate that growth trajectory. Improving growth will take time and investment, but expanding the revenue potential of acquired franchises is a core competency at ICE, and the opportunity here is compelling.

We expect to achieve approximately $100 million of annualized expense synergies with one-third realized in year one, two-thirds by year two, and the full run rate achieved by year three. These savings will be driven by the consolidation of corporate functions, real estate rationalization, vendor and technology overlap, and more efficient use of shared infrastructure across the combined platform.

The transaction will be financed entirely in cash through a combination of newly issued bonds, a term loan, and commercial paper. We expect the transaction to close in the first half of 2027 subject to regulatory approvals and customary closing conditions.

Gross leverage is expected to peak temporarily around 3.4 times pro forma EBITDA, and we are targeting a return to 3 times or below within 18 to 24 months, fully consistent with the pace of deleveraging we have demonstrated following prior debt-financed transactions. Our commitment to maintaining a strong investment grade credit rating is unchanged.

On capital return, alongside our deleveraging program, we expect to increase baseline share repurchases from $350 million to $400 million per quarter. Our board has recently authorized up to $4 billion of share repurchases, and we intend to deploy that capital in a manner that is disciplined, opportunistic, and consistent with our obligations to creditors and our investment grade rating.

We also expect to continue to invest in the organic growth of our business and grow our dividend. The combination of strong free cash flow and a clear capital allocation framework means, we do not have to choose between investing in growth and returning capital to shareholders.

In closing, this transaction represents the next logical extension of ICE's fixed income strategy. We have spent years building the data, the network, and the infrastructure that makes fixed income markets function more efficiently and transparently.

MarketAxess will bring the execution layer to that foundation. The result is a platform that serves the full workflow of global fixed income from evaluated pricing and reference data through indices and analytics to electronic execution and post-trade processing. We are building the fixed income market of the future and we are doing it from a position of financial strength, operational discipline, and a proven playbook for integration and value creation.

Now to the quarter. Please turn to slide 10. Our first quarter was exceptional because all three segments fired simultaneously in a high volatility environment. Our second quarter was also exceptional for a different but equally important reason: the platform continued to produce record recurring revenue and strong earnings despite a moderation in episodic volatility. That durability, compounding growth on top of growth in any environment, is precisely the model we have built.

Second quarter adjusted earnings per share were $1.90, a second quarter record and the second best quarter in our history. Net revenues were $2.7 billion, up 5%, and adjusted operating income was $1.6 billion. Recurring revenues were a record $1.4 billion, up 8%, underscoring the visibility and resilience of the ICE platform. These results also compound on top of 10% revenue growth in the second quarter of 2025, itself a record at the time.

On expenses, adjusted operating expenses were $1.038 billion, in line with our guidance range. Year-over-year growth was driven by performance-related compensation tied directly to the strength of our results, which is more than offset by revenues, accelerated technology investment in our data center footprint, and incremental D&A from product development work across FIDS and mortgage technology. These are capacity-building costs funded by the revenues they are generating.

Looking forward to the third quarter, we expect adjusted operating expenses in the range of $1.063 billion to $1.073 billion, and our full-year adjusted operating expenses are now expected to be between $4.190 billion and $4.230 billion, with the increase driven by further crystallization of performance-related compensation, our accelerated data center program, and product development investment, all of which I would characterize as investment in future growth.

CapEx totaled $262 million in the second quarter, as we accelerated investments in hardware and our real estate footprint. Given our strong free cash flow generation, we have elected to pull forward some of our originally planned 2027 CapEx into 2026, and we now anticipate full-year CapEx of approximately $850 million. This acceleration reflects conviction in the growth trajectory ahead and our desire to be ready to serve incremental demand as it arrives.

On capital return, in the second quarter we repurchased $651 million of stock, including an incremental $300 million executed when our shares again further disconnected from the fundamentals. Including dividends, we returned $945 million to shareholders in this quarter and $1.8 billion in the first half, another record. While leverage ended the quarter at 2.8 times, within our target range.

Turning to the segments, starting on slide 11. In Exchanges, net revenue was $1.5 billion, compounding on top of double-digit growth in both 2025 and 2024. Our rates business once again delivered exceptional performance, growing 24% versus the year-ago period as investors and institutions continued to expand and actively manage their duration exposure. Total futures and options open interest was up 20% year-over-year, signaling the structural engagement we saw in the first quarter is carrying forward.

And at the NYSE, transaction revenue was a record, up 15% year-over-year. Record recurring revenue of $416 million grew 10% with Exchange Data and Connectivity Services growing 12% as customers continue to embed our data into their workflows.

Within Listings, the NYSE has led the industry in transfers year-to-date with nearly $400 billion in market cap having switched to the Exchange, including the largest transfer in NYSE history, AstraZeneca, and the largest bank transfer in exchange history, Fifth Third Bank. As a result of this broad-based strength, we now expect Exchange recurring revenues to grow in the high-single-digit range for the full-year 2026.

Moving now to slide 12. Fixed Income & Data Services net revenue was $645 million, up 8%, with record recurring revenue of $531 million, up 10%. Our CDS clearing business delivered the best non-roll quarter in the franchise's history, growing despite difficult year-over-year comparisons.

Within Fixed Income & Data Services, record revenues were aided by strong net new business and pricing and reference data, deepening consumption of our fixed income datasets, including early signs of engagement by clients building AI-driven workflows, and continued momentum in our index business, which ended the quarter with a record $922 billion in ETF assets under management, up 29% year-over-year.

Results also included approximately $8 million of one-time items. Data and network technology revenues grew 11%, reflecting strong demand for our global network from both traditional and AI-driven workflows. As a result, we are raising our full-year FIDS recurring revenue growth guidance to 7% to 8%, up from our prior mid-single-digit guidance.

As a reminder, second-half growth will likely trend towards the lower end of that 7% to 8% range, driven largely by timing and, specifically, the comparison period in the third quarter and fourth quarter 2025, which benefited from the sell-through of Hall 5 within our Mahwah data center. It is worth noting that we have already begun selling Hall 6 and anticipate that revenue will begin to be recognized in early 2027 with several additional halls providing further capacity behind it.

Shifting now to slide 13. In Mortgage Technology, net revenue was $557 million, up 5%. And on a pro forma basis inclusive of Black Knight, it represented the strongest quarterly performance since the first half of 2022.

Transaction revenue grew 11%, driven by Encompass closed loan revenues that continue to outpace industry volumes and growth in Closing Solutions.

Recurring revenues totaled $406 million, reflecting continued product adoption, the normalization of Encompass contract renewals, and the early benefits of new clients going live across both our origination and servicing platforms. Recurring revenues also benefited from approximately $3 million of one-time items. Accordingly, we anticipate third quarter recurring revenues will remain around current levels as core growth and the new client ramp continues to build.

The first half of 2026 has been the strongest in ICE's history. We are returning record capital, accelerating investment, and making an exciting strategic acquisition of MarketAxess to broaden our network. The structural forces driving our business are not fading; they are broadening. We are confident in our trajectory for the balance of 2026 and well beyond.

With that, I'll hand it over to Ben.

Benjamin R. Jackson

President, Intercontinental Exchange, Inc.

Thank you, Warren, and thank you all for joining us this morning. Markets are always evolving, and the breadth and depth of ours positions us to thrive in any economic or geopolitical environment. Our role does not change: we bring transparency and electronic liquidity to markets. And as those rise, participation grows, customers gain precise new data to hedge and trade with, and the market deepens.

You can see it in this quarter's results. Total open interest across our futures and options business was up 20% year-over-year. Participation continued to broaden, and our market data user base grew 10% year-over-year. Customers are relying on our markets more, not less.

Financials had an exceptional quarter driven by European and UK rates. The defining event was the reversal of the global easing cycle. In June, the ECB raised rates for the first time since 2023, and the expectations for rates across major economies repriced sharply higher.

When rates move like that, our customers come to us to manage the risk. In this quarter, you could see how much they leaned on us. In June, open interest in our rates franchise reached a record of 53 million contracts, up over 50% year-over-year. And Euribor options OI set a new all-time high, passing a record that had stood since 2010.

To put the scale in perspective, the total value of the positions that customers hold across our three main European and UK rates contracts, Euribor, SONIA, and Ester reached [ph] €62.3 trillion (00:24:12) in mid-June. That is roughly triple where it stood three years ago, and it now exceeds the comparable market tied to US dollar rates for the first time.

Simply put, more and more of the world's short-term interest rate risk is being managed in the markets we operate. What makes that durable is that some of the major central banks, the ECB, the Swiss National Bank, and the Bank of England are increasingly moving in different directions. And our customers need to manage that risk across all of those currencies in one place.

Our multicurrency franchise lets them do exactly that in a single liquid market with capital efficient clearing. And no one else can match that breadth. That strength runs across the portfolio. In Q2, SONIA average daily volume was up 39% year-over-year, and Euribor was up 12%, and the momentum has carried into the third quarter with Financials open interest up 40%.

Please turn to slide 14. Energy volumes were softer this quarter, but the more important story underneath is structural. Even against a very volatile second quarter last year, total OI across our energy markets was up 8% year-to-date because customers keep their risk on our books through the cycle rather than stepping away. We are in the middle of another reconfiguration of global supply chains, this time centered on the Middle East, and it coincides with the rewiring of European energy that followed the Russia and Ukraine conflict.

Over the prior decade, the liberalization of global LNG trade had already turned our TTF contract into the global benchmark for natural gas, following the same path Brent set in crude. Years later, that franchise is still compounding, with TTF participation growing double-digits on average over the last five years and the number of customers subscribing to our TTF market data up more than 17% year-over-year in the second quarter.

That strength runs beyond TTF. Across our energy markets, OI has grown 9% on average over the last five years. And the energy behind that is options, where OI has grown 18% on average, more than four times the pace of futures. Options now make up 40% of our energy OI, up from roughly a quarter in 2021. This options growth matters because it is another sign of how deeply customers rely on us. Options are how they manage complex longer-dated risk, and once that positioning is on our books, it tends to stay.

We have studied the durability of options positions versus futures, and the result was clear: options positions tend to be held for a longer term, often are held to expiry, and many clients hedge their delta risk with futures, providing a net benefit to the underlying futures market. At the same time, participation has broadened alongside it with options participation growing 8% on average, double the pace of futures. That is customers building deeper and more sophisticated hedges representing structural demand.

Reconfiguration means more complexity, not less. Trade routes redraw, new regional benchmarks emerge, and basis risk multiplies across the system. More complexity means more risk to manage. And that is exactly what a global all-weather benchmark platform is built for.

From Brent and seaborne crude to TTF and global gas flows to JKM as demand shifts east, the shape of the curve makes the point. Trading is naturally busiest in the prompt months, but OI, which is where our customers carry risk, sits much further out. Across the energy complex, about 12% of OI sits in the front months, and more than half sits beyond six months. That is the signature of a structural long-dated risk transfer, not front-of-the-curve trading.

The same forces are reshaping how the world prices oil, and it plays to our greatest strength. As trade routes redraw, global participants move to manage their risks in the deepest, most trusted benchmarks.

With the backdrop of the Iran war and continued tensions in the Middle East, we have seen a combination of more risks to be managed, but concerns around doing so with a physically settled contract as a result of uncertainties with the closure of the Strait of Hormuz. So, we have seen a shift to our more liquid Dubai contract from our Murban contract to manage these risks.

Brent anchors the global crude market, and Dubai, which prices a basket of Middle East grades, is growing into the key cash-settled benchmark for the region, trading alongside Brent with the Brent-to-Dubai spread pricing the flows of barrels between east and west. We believe that this consolidation of liquidity in one regional Middle East marker may be the result of a permanent shift, providing ICE yet another growing energy benchmark. Those sit within a broader network we own that prices oil across the globe from Brent to Houston to Western Canadian Crude. Then connected to roughly 800 regional oil, freight, and NGL markers where we hold about 90% share. So, very little of the world's oil trades without touching our markets. Demand for crude options, in particular, set new highs with our share of that market above 68% and Brent options volume up 46% year-to-date.

And as the energy mix evolves, we do what we have always done: work with our customers to understand what they need and build the market for it. That is why the new fuels are landing here too, with our RINs futures and options and low-carbon fuel standard contracts among our fastest growing. As the world develops alternative fuels, we keep proving we are best positioned to own those markets. The same playbook keeps extending into entirely new kinds of risk. This quarter, we announced economic indicator futures on central bank rate decisions and U.S. natural gas storage launching later this quarter, and GPU Compute Futures developed with Ornn and NATIVX that bring price discovery and hedging to the fast-growing AI-driven compute market.

Please turn to Slide 15. The data our markets generate is the foundation of our Fixed Income & Data Services segment, and its value is only increasing. Its strength is its depth, breadth, and quality. And in an era when models are only as good as the data they are trained and run on, data that cannot be scraped or synthesized and only grows in value. We are deliberate about how we license, permission, and deliver it so that clients access it through controlled channels and the value of the asset is protected. That combination drove another record quarter for recurring revenue with our Fixed Income Data & Analytics business growing 9% year-over-year.

We are also turning that data into new products. This quarter we launched ICE Compass, and it solves a real problem for the buy-side. In fixed income, investors have always traded at an informational disadvantage because every time they show interest in a bond, that signal is picked up by potential counterparties and used to shape the price quoted back to them. Compass is an AI-powered pre-trade analytics platform that helps level that field. Before a trade it gives an asset manager an estimate of the bid or ask they can expect from each potential counterparty and ranks those counterparties on how competitive they are likely to be, customized to that specific client. It runs on pricing and transaction data that only we have, and T. Rowe Price has signed on as our anchor client.

Underpinning all of it is the infrastructure we own and control. We are trusted with some of the most sensitive data in the financial system. And we hold and deliver it in our own secure governed environment rather than someone else's, which is a large part of why clients are willing to put that data in our hands in the first place. Demand for the ICE Global Network continues to grow on both long-standing secular trends and the new capacity that AI requires, resulting in our Data and Network Technology revenue up 11% year-over-year. Across this segment, the message is the same: AI is making our data more valuable, not less.

Please turn to slide 16. Our mortgage business is where we run the data and AI playbook at full scale. ICE Mortgage Technology is the network of record for U.S. housing finance. Roughly 9 in 10 mortgages touch our network at some point, and a loan rarely stays in one place. It is packaged into securities, its servicing rights are sold, and it passes to the agencies. So, the same loan crosses our network many times over its life. What makes this network unique is that at every step, we know who should hold which permission and perform which task because access to data is deliberately segregated by role to protect the consumer. Access to the intelligence layer, or agents in our network, is governed and controlled with the same security that we have today for data protection to protect the consumer.

We have built a semantic or ontology layer on the data assets that we have assembled that maps the interconnected relationships and workflows across the entire industry, including lenders, servicers, investors, and partners in our network. This provides unique insights for our agents to harvest and thus train and grow the intelligence layer to handle complex tasks and help avoid hallucinations. This intelligence layer has been built on decades of hard-worn expertise in one of the most regulated markets in the world and reinforced by the agencies' insistence on a trusted auditable data layer beneath any use of AI. We are building that layer based on experience with thousands of lenders already on our network as well as expertise helping clients' workflows and processes comply with federal, state, and agency guidelines. A foundation a competitor cannot simply vibe-code. That foundation is already at work in our products.

ICE Aurora embeds this agentic AI directly in Encompass and MSP with governance, audit logs, and human approvals built in. AI assists the human in high-risk decisions such as underwriting, pricing, and cash movement, escrow, and remittance, and doesn't autonomously make a call. We have continued to evolve ICE Aurora powered servicing agents and intelligence layer to add more workflows and exception handling agents that are being actively exercised by customers in production.

In Encompass, we have added workflow agents to further automate service ordering, fee calculations, generate disclosures, engage with settlement service providers, as well as manage change in circumstances as part of the loan manufacturing lifecycle. In servicing, we have AI agents live with clients handling the highest volume borrower work. One example is an agent that answers borrower questions on loans and payments on its own. And a second is a voice assistant resolving common inbound calls before they reach a person, taking cost out of the call center.

The results bear this out. We continue to win new logos and take share in a below-normal origination environment. Another clear signal is how deeply clients are building on our core platforms within the network. For example, our servicing business processed 10.7 billion API and web services calls in the second quarter, up 39% year-over-year. That is also the answer to the view that a frontier model will commoditize software like ours. It has the direction backwards.

The model is the commodity. The key is the governed network of record, its role-based permission map, and the behavioral data that only it holds, none of which a model owns and all of which it needs to be useful. AI does not shrink that advantage; it widens the surface area where our network creates value. The technology will keep evolving, but the network it runs on and the trust and governance embedded in it is ours, and it compounds with every cycle. With that, I'll hand this back over to Jeff.

Jeffrey Craig Sprecher

Founder, Chairman & Chief Executive Officer, Intercontinental Exchange, Inc.

Thank you, Ben. Please turn to slide 17. The through line here, MarketAxess included, is the one that we have followed from the start. We find markets held back by friction and opacity. We bring our networks, our data, and our clearing to bear. And we earn trust to operate at the center of them. That discipline is what lets us act on an opportunity like MarketAxess without ever reaching for growth that we have not earned. It is also why forces are reshaping our industry from AI and automation to the changing needs of our customers, and those work in our favor rather than against us. We do not build for a moment in time; we build where our customers are next going. Growth on top of growth compounding through all conditions. That is what we have built this company to do and how we plan to create lasting value for our shareholders.

I will now turn the call back to our moderator, and we will conduct a question-and-answer session until 09:30 Eastern Time.

QUESTION AND ANSWER SECTION

Operator: Thank you. At this time, we will now begin today's Q&A session. [Operator Instructions] The first question comes from the line of Dan Fannon with Jefferies. You may begin.

Daniel T. Fannon
Analyst, Jefferies LLC

Q

Thanks. Good morning. So, wanted to start with the acquisition. I'm curious why you are the best owner of this business and what gives you confidence that you can improve what has been a declining market share and fee-per-million trends for MarketAxess the last several years.

Jeffrey Craig Sprecher
Founder, Chairman & Chief Executive Officer, Intercontinental Exchange, Inc.

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Thanks, Dan. This is Jeff. We were late to getting into the execution of fixed income securities. We saw MarketAxess and others that were in that space, and we decided to build around what those players were doing. It is why we built this big fixed income data business. It is why we have recently been expanding into private credit. It is why we built a treasury clearing house. In other words, we looked for daylight where others weren't moving. But at the core is the actual transaction. And there just was this moment in time when we think the two companies are right to come together to get together on one common network. And we think now with the product suite that they have built and the product suite that we have built and two different pools of liquidity that we both have been targeting, the combination will provide something that will really be unique in the industry. Let me ask Chris, who is going to run the business, to answer the question.

Christopher S. Edmonds
President-Fixed Income & Data Services, Intercontinental Exchange, Inc.

A

Yeah, Dan, thanks Jeff. What I would say is, if you look at what is causing the pressure in the market across the entire segment, there is an increasing number of friction points along the way. And as we said in the prepared remarks, this gives us an opportunity to consolidate some of those friction points and create greater economies of scale, which we believe will generate more opportunities to capture greater share over time as those economies of scale are realized and the operational cost and efficiency at the client side become a better [ph] story (00:40:57) for them to take advantage of.

Operator: Thank you. The next question comes from the line of Ken Worthington with JPMorgan. You may begin.

Kenneth B. Worthington
Analyst, JPMorgan Securities LLC

Q

Hi, good morning. Jeff, you have been particularly enthusiastic about the private credit opportunity and the recent announcement with Apollo and private credit. And I believe the focus has really been on data. To what extent and how does the MarketAxess announcement further your aspirations and opportunities for ICE in private credit, and does the MarketAxess transaction extend what you have talked about as a private credit data opportunity into private credit trading as well?

Jeffrey Craig Sprecher
Founder, Chairman & Chief Executive Officer, Intercontinental Exchange, Inc.

A

That's a good question. So, first of all, when we first sat down with Apollo, Marc Rowan and I discussed MarketAxess. We discussed how – if we were to build something together to better serve the private credit markets, how would we over time distribute the work product that we were working on. And we felt, boy, if we could involve MarketAxess in these conversations, it would really accelerate where Apollo and Marc Rowan want to take their business. And so it was definitely part of our thinking. Let me again ask Chris to give you a little more detail since he's been working with both parties on the transaction.

Christopher S. Edmonds
President-Fixed Income & Data Services, Intercontinental Exchange, Inc.

A

Again, I think this is a content story at the end of the day. If you look at the opportunities that exist within private credit, not everyone is on the same page as Apollo of where they see that market developing. They are all at different moments in time along the way. And for us, it doesn't really matter. We have the ability with this distribution channel to serve each of those interested in that greater transparency opportunity within private credit to bring that to market at their timing and not ours. And so that's, when we said in the prepared remarks, and Jeff talked about it in the first answer to Dan's question, what we are talking about is a common set of rails. We are putting that in place as the standard both on the data side as well as the distribution side in order for everyone to have an opportunity to participate in the market as it continues to grow itself.

Kenneth B. Worthington
Analyst, JPMorgan Securities LLC

Q

Great, thank you.

Operator: Thank you. The next question comes from the line of Craig Siegenthaler with Bank of America. You may begin.

Craig Siegenthaler
Analyst, BofA Securities, Inc.

Q

Good morning, Jeff, Warren. I hope everyone is doing well. We wanted to see if you could go a little deeper into how ICE Aurora is embedding agentic AI in both Encompass with originations and MSP with servicing. So, how does agentic AI improve your ability to grow revenues and take share longer term? And is there a benefit on the cost side, too, as ICE Mortgage Tech can potentially run more efficiently with less people?

Benjamin R. Jackson
President, Intercontinental Exchange, Inc.

A

Thanks, Craig. It's Ben. I'll take this one. So, I alluded to this in the back half of the comments I made in the prepared remarks. But to us, we have embedded directly into the systems of record, the systems of intelligence that we have, we've embedded in a safe way a number of different AI models. And it's become apparent to us that the AI models are really a commodity at the end of the day. And what they need to be successful is the role-based permission map that I outlined in my prepared comments, the governed network of record to do this in a safe, auditable, and governed way, and then all the behavioral data that is in and around and flows through our systems in order to have context and then also to meet the evolving guidelines that are coming out.

The GSEs that I alluded to in last quarter's call, have come out with pretty strict guidance on how AI should or should not be used, and we have gone through and audited our processes internally, and have also hired an external auditor to go through and look at how we use AI. And we're confident that the way that we're doing it is directly in line with that and, again, providing it in a full auditable governed way. And that's why at the end of the day we say that AI widens the surface area where we can create value for our clients at the end of the day.

And to your revenue question, as we look to drive more and more efficiencies for our clients and how they use our platforms, we will look for areas where we can monetize that. We have started to – as clients have started to engage with some of the AI tools that we have embedded into both Encompass as well as MSP, we are starting to monetize those. And as clients are engaging with them, onboarding them, we're going to crystallize more and more just what is the actual value that's being driven for the end client. And that will inform going forward how much we can charge for them.

But throughout Encompass, we're automating things like fee, our automated service ordering, fee calculations, generating disclosures, engagement with the settlement providers, but the magic is knowing when does a human need to be in the loop and when is there a potential for errors or a hallucination in the model where a human needs to be in the loop. And then on MSP, I talked about customer service things that we're automating in a number of different calls, but we've also been automating back-office workflows such as escrow, investor reconciliation, HELOC processes, et cetera. So, we're very confident going forward on our position here being able to drive efficiency for our clients.

Jeffrey Craig Sprecher
Founder, Chairman & Chief Executive Officer, Intercontinental Exchange, Inc.

A

This is Jeff. One other thing I'd mention is Warren mentioned that on CapEx, we've been buying additional GPUs, NVIDIA GPUs, and building them into our data center. So, what Ben and his team have been building with AI, we're able to run open source or open weight models against the client's data in our own data center and make sure that there's no data leakage, which we're finding increasingly is becoming important to the financial services industry.

Operator: The next question comes from the line of Alex Blostein with Goldman Sachs. You may begin.

Alexander Blostein
Analyst, Goldman Sachs & Co. LLC

Q

Hey, good morning everybody. Thank you for taking the question. I was hoping to follow up on MarketAxess, and this is more of a longer-term question for you guys, but ICE historically has had a preference to more of subscription type of businesses, and whenever you would acquire kind of an execution-only model, there was an opportunity to pivot away towards more recurring business model. So as you think about MarketAxess's data, which is quite valuable, and I don't think they monetize it as much today, how are you thinking about the mix and the revenue model evolving over time as you guys integrate this business?

Christopher S. Edmonds
President-Fixed Income & Data Services, Intercontinental Exchange, Inc.

A

Alex, it's Chris. I don't believe this will be any different than the other playbooks that we've run in the past. Certainly, there is an opportunity within the data that we will be able to not only bring into our models, but also the opportunity for us and, as I said earlier, in the distribution channels. We think about things like private credit – certainly lots of opportunity – we think about their treasury franchise and what we're doing on the clearing side of bringing those two together. Those are examples of where we're collapsing those points of friction in order to create a better user experience on a go-forward basis, all of which will be [ph] in a competitive side (00:49:18), all of which will give us different opportunities on both types of revenue structures as we go forward.

Warren Gardiner
Chief Financial Officer, Intercontinental Exchange, Inc.
A

And hey, Alex, it's Warren. I would just add to that, from our perspective, in terms of the data that we have today, we're a little bit undersized in EMEA and in Asia Pacific. And as Jeff mentioned, they bring 2,100 customers, a good portion of those are international, and so there is an opportunity for us with the data we sell today to obviously sell a little bit more into those regions. So that's another component of this that we're excited about.

Alexander Blostein
Analyst, Goldman Sachs & Co. LLC
Q

Yes, all righty, thank you.

Operator: The next question comes from the line of Patrick Moley with Piper Sandler. You may begin.

Patrick Moley
Analyst, Piper Sandler & Co.
Q

Yeah, good morning. Thanks for taking the question. A lot of good ones on the deal so far, so maybe I'll pivot. Jeff, there's been a lot of attention on perpetual futures recently. You've seemingly been much more open to the idea of perps relative to your largest competitor in the US. You licensed Brent and WTI to OKX during the quarter. So, I'd love to get your high-level view on perps as an asset class, the CFTC's push to bring them onshore, and how meaningful of a growth opportunity you think they could be for ICE on both the retail and institutional side going forward? Thanks.

Jeffrey Craig Sprecher
Founder, Chairman & Chief Executive Officer, Intercontinental Exchange, Inc.
A

Sure. It's a good question. So first of all, it's a bit of a misnomer in my mind that they're called perpetual futures. The reality is we're looking at these as if they're really a competitor to leveraged ETFs. And as we've mentioned in the prepared remarks and as Warren talked about, we continue to license our data to those ETFs, and we see an opportunity with perpetual futures to continue that because we honestly think there are very similar products with a different distribution vehicle.

In other words, at least in the US, ETFs are distributed through FINRA broker dealers and perps tend to be distributed through crypto block-chain oriented companies and particularly, widely distributed outside the US.

The reason we don't – we think it's kind of a misnomer that they're called futures is because they don't produce a forward pricing curve. And so there are very little use for hedgers. So they tend to be a match of a speculator to a speculator, which tends to mean somebody wins and somebody loses.

So the long-term success of a speculator to speculator market has to be that people are either enjoying it for entertainment purposes or something else other than our traditional markets where we really lean into commercial hedging.

I do think that the CFTC was right to assert jurisdiction. It does appear that the CFTC is very open to perpetual futures for foreign exchange for FX type contracts. In other words, crypto tokens, Bitcoin and Eth and what have you, potentially gold and silver, but you've now seen a real market pushback for perps moving into real-world assets.

Yesterday a meeting with the Ag industry at the CFTC suggested that they're very uncomfortable. You've seen – and if you look at the public disclosures of meetings that have been happening at the CFTC, you see a lot of energy companies that have been in, visiting, and the CFTC suggesting that 24/7 particularly weekend trading on small size is something that they want to spend more time thinking about, and particularly whether or not these assets bleed into the price discovery of traditional futures.

And then similarly, I would expect we're highly regulated by the SEC. I'm sitting here next to Lynn Martin, who's smiling at me. We know them very, very well. We have an opinion that the SEC will assert jurisdiction over securities that are traded as perps. Because those are very likely security swaps under US regulation and so yet to be seen on how that will evolve.

It's hard to imagine pre-IPO perps continuing to trade to US clients unless they follow the same kind of pre-IPO disclosures and policies that exist in the equities markets. Post-IPO, look-alikes, like I say, I think they have an allure similar to how leveraged ETFs have been – being organized. So we would expect that potential to grow, particularly with economies that don't have good access to US broker dealers.

Patrick Moley
Analyst, Piper Sandler & Co.

Q

Very helpful. Thanks Jeff.

Operator: The next question comes from the line of Brian Bedell with Deutsche Bank. You may begin.

Brian Bedell
Analyst, Deutsche Bank Securities, Inc.

Q

Great. Thanks. Good morning, folks. Thanks for taking my question. Want to come back to MarketAxess. Just more on the deal accretion assumptions in the first year and then the plan over time. I think you said, Warren, you're assuming mid-single-digit growth. Just wanted to confirm, are you looking at consensus expectations for revenue and expenses in your deal accretion analysis or do you guys have your own model?

And then over the longer term, in terms of accelerating that, is that more on just the expense synergy side or are you contemplating material revenue synergies to do that? And as you integrate the firms, as you plan to integrate the firms, is it or is the plan to mostly retain what MarketAxess has built and some of the senior management team, or do you plan on thinking about rearchitecting some of what they've built to try to tackle the market share issue a little bit more aggressively?

Warren Gardiner
Chief Financial Officer, Intercontinental Exchange, Inc.

A

Hey, Brian. All right. So thanks for the question. So to answer the first one, I think you were asking about the deal accretion on that. So we use consensus EPS as the base for that calculation. So you can think about it that way.

We – for the synergy side, in terms of accelerating them – or sort of the accelerated growth that I spoke to, that was in reference really to the top line. I think right now, what I was trying to say there was that in terms of what we paid for MarketAxess, the value that we underwrote, we assumed mid-single-digit growth, which is where they've kind of been a little bit recently. But the target here will be to accelerate that revenue. It may take a little bit of time on that front, but the target here will be to accelerate that revenue, and we outlined many of the reasons why we think we can do that. But that's the way to think about that.

So those will be sort of the revenue synergy, if you want to call it that. They're tough to quantify, obviously, given a transaction business, but that's the opportunity I think for us to come in and really reinforce the plan that MarketAxess has laid out to you guys. I think that they do have a solid plan in terms of guiding to what they've talked to in terms of the high-single digits. But I think a lot of the assets we bring to them will just really help reinforce that and help that growth profile. So hopefully that helps.

Brian Bedell
Analyst, Deutsche Bank Securities, Inc.

Q

Thank you.

Operator: Thank you. The next question comes from the line of Ben Budish from Barclays. You may begin.

Benjamin Budish
Analyst, Barclays Capital, Inc.

Q

Hey, good morning, and thanks for taking my question. Wanted to ask another one on MarketAxess, thinking maybe about some of the revenue synergies you talked about. I think earlier in the comments you said something to the effect of reducing frictions, talking about operational scale and efficiencies. Having covered MarketAxess as most of us have for some time, the challenges have been things like new competition, mix shift, challenges in getting into things like portfolio trading.

So curious if you could talk about where is the current overlap between ICE Bonds and MarketAxess? You've had a joint venture with them, I think, since last year. Are there any kind of early learnings from that that you could point to that would sort of indicate where things may be going? If you could unpack a little bit of that, it would be helpful. Thank you.

Christopher S. Edmonds
President-Fixed Income & Data Services, Intercontinental Exchange, Inc.

A

And Ben, it's Chris. I do believe that the relationship we had on the muni side, and we were expanding the corporate side gives us a confidence in that roadmap going forward of how we can work together and expand for – expand the opportunity ultimately for the client. And that is a reduction in the friction points that I made a little bit earlier.

You also have to add on the other things that we bring to the table, both on the data side that I spoke about a little bit earlier but on clearing and things of that nature that provide a much more holistic user experience that we believe can put us in an accelerated form as we make the investments that Warren just spoke to in the last question, and to get that right, and be at the right place at the right time, which has been our forte for the history of ICE and what we'll continue to drive forward as we integrate the MarketAxess team and expertise here.

And I would also concentrate on the idea of – having institutional and the retail and wealth and available in a common set of rails opens up a lot of doors that historically in this space haven't been catered to, because that's where you see the proliferation of all the different protocols in order to satisfy a specific niche of execution within the marketplace as a whole. So we want to put that together in a common unified user experience and use that as a way to create more value and by creating that value, earn more of that business.

Benjamin Budish
Analyst, Barclays Capital, Inc.

Q

All right, thank you Chris.

Operator: The next question comes from the line of Alex Kramm with UBS. You may begin.

Alex Kramm
Analyst, UBS Investment Bank

Q

Yes. Hey, hello. Probably a follow-up to some of the questions here on MarketAxess, but Jeff, you've been asked about MarketAxess and execution and fixed income – cash fixed income for a long time, and I think your answer has consistently been that you thought transaction pricing is heading lower and maybe some of the prior questions were kind of getting at that, but maybe I'll ask it more directly. So just wondering if you think times have changed, and obviously, given all the opportunities you have with this asset now, do you think there's actually some room for stabilization or do you think, in order to win given all you bring to the table, you're really going to be a price leader from here in credit?

Jeffrey Craig Sprecher
Founder, Chairman & Chief Executive Officer, Intercontinental Exchange, Inc.

A

It's a good question and I think in fairness, it's been you who's asked me over the last decade this question. So you're true to form. Yeah, it just feels like the right moment in time. We obviously admire the company and when Rick McVey started the firm, sat down and tried to figure out how we could work together. And we've had that dialogue going for more than a decade, including with Chris Concannon and it just feels like the right time.

We've got this brand new treasury clearing house that we've built. We've really done a good job building out our wealth management and retail channel and have pushed that very far. And now we've got this movement into private credit. Our index businesses and fixed income ecosystem is doing very, very well with like now $1 trillion – nearly $1 trillion of ETFs. And so it just felt like we've got this surrounding ecosystem that if we could put MarketAxess into it, that team could do better.

And I would say they've got tough competition, and many of their competitors have just been able to work in a larger ecosystem, a broader pool of products that appeals to many of the major institutions and dealers, and I think we can help bring that back in line. In terms of transaction pricing, yeah, as was asked earlier on the call, we tend to like compounding subscription-type models.

And again, I'm sitting next to Lynn Martin. If you look at her business, we have tried to take what comes out of the equity securities market and find as many opportunities as we can to move into recurring revenues. We can't do it with the current SEC rules on execution itself because executors have an obligation right now to find the best price and can't really consolidate their buying power into a subscription. That may change and certainly is being discussed by the SEC, and that might make its way over into fixed income securities as well over time.

Alex Kramm
Analyst, UBS Investment Bank

Q

Understood. Thank you.

Operator: The next question comes from the line of Chris Allen with KBW. You may begin.

Chris Allen
Analyst, Keefe, Bruyette & Woods, Inc.

Q

Yeah, morning everyone. I think a lot of the questions have been asked and answered already, but maybe when we think about the opportunity to expand MarketAxess's share longer term, one of the things you noted was client relationships. So maybe you can touch on the opportunity there, and then maybe give us a little bit more details on how you think about the rates franchise from a longer-term perspective in the US?

Christopher S. Edmonds
President-Fixed Income & Data Services, Intercontinental Exchange, Inc.

A

Yeah, Chris, it's Chris. Thanks for the question. So certainly, between the two of us, we own a number of client relationships at various points of connectivity, various points of opinions in there as to the strategic direction of the asset, and we think about that strategic direction going forward. So, that will be a conversation that we have in the months to come and to get there.

But if you look at things like what we've talked about with Apollo, like what we've done within the credit default swap business and all of the niches that we go through there, if you look at the connectivity even back to the listing space with Lynn's business, NYSE, there are points of connectivity or friction points around that that we should be able to appropriately use in order to create a better, more valued experience by the users, and that's going to start with those relationships that you make reference to.

If you look at the rates franchise that Ben touched on in the prepared remarks, we know what we're doing in Europe there. And certainly that no secret we have – we're starting from not a lead position here in the US but one that we have begun to assemble the right points that in order to become a competitive opportunity there. And we look forward to creating that value the right way with leveraging those relationships in order to create competition in that space, and that'll be something that we look forward to doing in the coming weeks, months, and years.

Chris Allen
Analyst, Keefe, Bruyette & Woods, Inc.

Q

Great. Thanks.

Operator: The next question comes from the line of Michael Cyprys with Morgan Stanley. You may begin.

Michael J. Cyprys
Analyst, Morgan Stanley & Co. LLC

Q

Hey, good morning. Thanks for squeezing me in here. So you've spoken about tokenization, Jeff, as an evolution of the market infrastructure rather than a replacement of today's exchange. So as more securities move on-chain, just curious over time how you see industry profit pools migrating? What's most defensible? What areas might need to be defended more? Where might there be scope for new revenue opportunities for the industry but also for ICE?

And then if collateral can just move instantly on-chain, how much incremental trading activity or capital efficiency do you think that unlocks and where might there be give-backs around that? Maybe you can remind us how much you generate today from collecting interest on collateral. Thanks.

Jeffrey Craig Sprecher
Founder, Chairman & Chief Executive Officer, Intercontinental Exchange, Inc.

A

Yeah. That's a great question. I think we're somewhat thinking about it in two buckets, which is a bit how your question was phrased, the transaction side of the business, in other words, matching a buyer and a seller. The block-chain just doesn't have the capacity or the throughput to, let's say, replace what we have at the pillar system that runs the New York Stock Exchange.

I mean, we do trillions of transactions a day and there's no chain that has that and no second level that anyone has built that can get to that. And it's also the nature of block-chain that people are writing to multiple nodes. So it has a built-in latency before title can transfer, which we don't have in conventional systems.

But in terms of settlement and the way collateral can move, we've been limited – the industry's been limited by US banking hours really where the main security markets are, and as we go follow the sun around the world we're having to figure out how we move collateral to these various banking jurisdictions. And that's what on-chain collateral movement can do.

It's a bit scary to regulators and to market participants. Retail has embraced it, obviously, as you've seen. But for our traditional infrastructure, we have to deal with what happens if there's a financial crisis? What happens if there's a bankruptcy? What happens if a Silicon Valley bank collapses?

And what is in flight and who has title to it and who – what regulator can raise the walls to keep that collateral in the ecosystem against the trades that are in the same ecosystem? And so those are yet to be worked out. But as we've been doing, we've been working very closely with the Securities and Exchange Commission in the US to try to move the New York Stock Exchange listed securities on-chain. Obviously others are doing somewhat look alike securities around the world. And we think that there's obviously a market for the true securities.

And I also think that it will open once securities can be on-chain, not only will collateral movement be easier, but I think for those that are buyers and holders of securities or on-chain assets, they'll be able to be pledged and lended in ways that the crypto community is already doing with stablecoins and other things that will give better underpinnings to people that loan money and therefore can, I think, unlock more of the economy because there'll be more certainty in the ability to provide capital. So we're working on it. We're trying to do it within the regulated businesses that we run.

We've mentioned a number of major institutions that we have existing agreements with that are all working together to try to solve some of the institutional problems that I just mentioned. But there's real work going on. And so I think, later this year, early next year, you'll start to see some significant entities moving on-chain.

Michael J. Cyprys
Analyst, Morgan Stanley & Co. LLC

Q

Great. Thank you.

Operator: Thank you. At this time, we'll now pass the call back over to Jeff for closing remarks.

Jeffrey Craig Sprecher
Founder, Chairman & Chief Executive Officer, Intercontinental Exchange, Inc.

Right. Well, thank you Micaia for moderating the call, and appreciate you all joining us this morning and staying a little long into the market open so that we could answer all your questions. And we'll look forward to talking more about the exciting transaction and business that we're building in the future.

Operator: Thank you all. At this time, this will now conclude today's conference call. We appreciate your participation. We hope you have an amazing day and you may now disconnect your line.