TRADEWEB EXECUTION SERVICES B.V.
PILLAR 3 DISCLOSURE
For Year Ended 31 DECEMBER 2023

Introduction

Tradeweb Execution Services B.V. (‘the **Company**’) is regulated by the Dutch Authority for the Financial Markets (**‘AFM’**) and the De Nederlandsche Bank (**‘DNB’**). The Company is authorised to operate as a counterparty for intermediated transactions, gradually replacing Tradeweb EU B.V. in 2024.

The Company is required to comply with the applicable disclosure requirements set out in Part Six of the Capital Requirements Regulation (EU) No 2019/2033 (‘**IFR**’), commonly referred to as the ‘Pillar 3 disclosure obligations’.

The Investment Firms Directive of the European Union establishes a regulatory capital framework across Europe governing the amount and nature of capital that must be maintained by credit institutions and investment companies. The framework consists of three “Pillars”:

- Pillar 1 sets out the minimum own funds requirements;
- Pillar 2 requires the Company to assess whether its Pillar 1 capital is adequate to meet its risks; and
- Pillar 3 requires disclosure of specific information about the Company’s risk exposure, capital, risk assessment and management procedures.

To encourage market discipline, the Company is required to disclose information about its capital position and material risks.

This Pillar 3 disclosure has been prepared based on the Company’s audited accounts for 2023 and has been verified by the Company directors.

The Company does not meet the conditions from qualifying as a small and non-interconnected investment firm as set out in Articles 12 of the IFR. The Company is also not an institution of global systemic importance. The Company’s immediate parent company is TWEL Holding LLC, which is a limited liability company in the United States.

Internal Capital Adequacy Assessment Process (‘ICAAP’)

The Internal Capital Adequacy Assessment Process (‘**ICAAP**’) forms a key part of the formal risk assessment and monitoring process and the firm’s risk management processes are considered to be adequate given the nature and complexity of the business. The established framework and process help ensure consistent application of the risk assessment methodology and produce a common view of risk exposure for the firm.

Senior management takes risk management seriously and considers risks in its material business decisions. The head of each material business unit is responsible for identifying risks within their respective area(s) and escalating these where appropriate to the relevant business-level risk committee.

Governance arrangements

The principal role of the Board is to provide leadership of the Company within a framework of prudent and effective controls, and is responsible for overseeing the Company’s business and for promoting the long term success of the Company as a whole. Matters reserved for the Board include: (1) strategy; (2) directing the business; (3) financial reporting, controls and capital management; and (4) internal controls. The Board meets as and when required to discharge its functions.

The Board comprises executive directors. Directors are appointed from within the Company, having regard to their individual and combined knowledge, skills and experience to effectively direct and oversee the Company. The Company's policy on diversity takes into consideration differences in sex, race, age, nationality, social origins, religious beliefs, or membership of associations. Diversity is an element of the Company's selection process in determining the composition of the Board of Directors.

The Board consisted of the following members at 31 December 2023

		Number of directorships held
Stanislas Beckmann	Director	1
Alessandra Stagliano	Director	1
William Brayshaw	Director	1

The directors review risks, controls and other risk mitigation arrangements and consider the financial impact of the risks as part of business planning and capital management. The Company conducts stress tests to assess the impact of stress scenarios on its financial position / capital and the Company is confident that it holds sufficient capital levels and has appropriate risk management procedures in place. Management will continue to update and reassess the scenarios as market, business and product landscapes continue to change and evolve. Updates are reported to the Board.

Risk Management Framework

The Company has implemented a 'three lines of defence' model for the risk management:

1. The first line of defence comprises the risk managers and business leaders, including product management and technology management. Each of these individuals is responsible for proactively identifying risks related to their business lines and implementing procedures to mitigate them.
2. The second line of defence includes the Company's functional teams such as enterprise risk management team, regulatory compliance and information security teams, as well as the governance committees described above. The second line of defence ensures the efficiency of the Company's risk management, works to keep the Company within the Board risk appetite, and monitors compliance with applicable regulatory requirements.
3. The third line of defence is the internal audit function. A third-party firm provides the Company's Internal Audit services, including reviews of the business operations and systems of internal control.

Material risks relating to the business

The Company's directors consider that material risks are as follows:

Cyber Risk
Unauthorized access by a malicious actor to organization's systems and information may result in a cyber security incident impacting data confidentiality, integrity and/or availability;

Technology Risk
This risk relates to the potential for technology failure to disrupt business activity;

Capital Risk
The Company's failure to meet regulatory capital requirements is a capital risk to the Company, as a regulated business;

Credit Risk
Counterparty being unable to fully meet its financial obligations when due or at any time in the future posts credit risk to the Company;

Capital Risk
Capital risk represents the Company's ability to meet regulatory capital requirements and internal investment return minimums, or to support current and future business activities, as per the approved business strategy and plans (note the risk is not assessed in detail given the ICAAP report's focus on capital adequacy);

Regulatory and Compliance Risks
Failure to comply with regulatory and compliance obligations is a risk to the Company, as a regulated business;

Oversight and Governance Obligations Risks
This risk relates to the loss or reputational damage as a result of inadequate or unethical governance of the organization and the related processes.

Risk appetite statement

The Company's board of directors has agreed that its risk appetite should align with the enterprise risk appetite of Tradeweb Markets LLC ("Tradeweb"), which is defined by Tradeweb's Senior Management through the Risk Governance Committees.

Generally, Tradeweb has an overall conservative approach to risk appetite. The Company will act in accordance with this risk appetite statement to achieve strategic objectives and remain a pre-eminent trading application provider. To do so, Tradeweb must employ sound enterprise risk management principles, transparent decision-making, and effective communication to prioritise risk. Tradeweb has considered a number of factors to determine its appetite for risk. Including but limited to client satisfaction, financial, regulatory and reputational impact.

Where the Company has discretion, it is willing, to a reasonable extent, to assume more risk to remain nimble in meeting the challenges of an evolving financial market provider landscape. The best risk management practices will not prevent challenges but will enable Tradeweb to operate proactively.

Material risks are continuously monitored using a risk-based approach along with industry best practices.

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Own funds requirements

The Company assesses whether or not it is appropriate to hold capital against risks either on the base case or stressed scenarios. The Company separately calculates the wind-down cost for the business under stressed scenarios. The minimum capital requirement is set by the higher of: (1) Base capital of €750,000; (2) the sum of its K-Factors; and (3) the fixed overhead requirement, which is calculated as 25% of relevant annual expenditure and essentially sets the Company's minimum level of capital requirement.

The disclosures that follow are based on audited financials for the year ended 31 December 2023. A reconciliation of the Company's audited financials to regulatory capital is shown below:

Own Funds Disclosure at 31 December 2023	€'000
Equity per balance sheet	
- Share capital	-
- Share premium	1,700
- Profit and loss account and other reserves	(173)
- Other reserves	-
Total equity	1,527
Additional Tier 1 and Tier 2 capital	-
Total regulatory own funds	1,527

The table below demonstrates that the Company meets the own funds requirements and held a capital surplus.

Excess capital resources at 31 December 2023	€'000
Total regulatory own funds	1,527
Own funds requirements	1,322
Capital resources as a % of Own funds requirements	116%
Excess capital resources	205

A plan to bring the capital resources up for the Company has been implemented and expected to be completed by end of 2024.

Own Funds Requirements at 31 December 2023	EUR '000
Permanent minimum capital requirement	750
Fixed overhead requirement	46
K-Factor requirement	10
Additional own funds requirements	572
Total own funds requirements	1,322

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The table below discloses the K-Factor requirements as at 31 December 2023.

K-Factor Requirement Calculations	EUR '000
K-DTF	6
K-NPR	4
Total K-Factor requirement	10

The table below discloses the fixed overhead requirement requirements as at 31 December 2023.

Expenditure	€
Total expenses as at end of Dec 23	184,102
Less:	
Discretionary bonus	-
Staff's shares in profits	-
Discretionary appropriations of profits	-
Commission and fees payable	-
Fees to tied agents	-
Non-recurring expenses from non-ordinary activiti	-
- FX	(80)
Total relevant annual expenditure	184,022
Fixed overhead requirement for 2023 (25%)	**46,005**

Remuneration Policy and Disclosure

The Company does not have any employees during the year, Remuneration Policy is not applicable.