TRADEWEB EU B.V.
PILLAR 3 DISCLOSURE
For Year Ended 31 DECEMBER 2022

Introduction

Tradeweb EU B.V. (‘the **Company**’) is authorised and regulated by the Dutch Authority for the Financial Markets (**‘AFM’**) and the Dutch Central Bank (**‘DNB’**). The Company has been authorised and regulated by the AFM since 2019 to operate a Multilateral Trading Facility (‘**MTF**’) and an Organised Trading Facility (‘**OTF**’) and Approved Publication Arrangement (‘**APA**’) supervised by European Securities and Markets Authority.

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 2022, 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 formed in the USA.

Internal Capital Adequacy Assessment Process (‘ICAAP’)

The Company has assessed material risks to its business as part of its Internal Capital Adequacy Assessment Process (‘**ICAAP**’) and has set out appropriate actions to manage them. In particular, the Company has identified all material risks through scenario analysis and has assessed whether or not it would be appropriate to hold capital against those risks and / or whether or not to implement alternative risk mitigation.

The ICAAP is owned by the Company’s Board of Directors (‘**Board**’) and is updated annually or when there is a material change to the business, whichever is earlier. The Board is supported by the International Risk Committee (‘**RiskCo**’).

The heads of individual business units are responsible for identifying and analysing risks relevant to their business units, for discussing this in their respective operational committees, and for reporting to RiskCo. Risks are then escalated, as appropriate, up to the Board.

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 2022

		Number of directorships held
Stanislas Beckmann	Director	1
Alessandra Stagliano	Director	1
Carl Tamboli	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.

The Company has a separate risk committee which meets four times a year on a quarterly basis.

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. RiskCo meets regularly to support the senior management team and the Board to achieve these objectives.
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. Internal

Audit review scopes and findings are agreed and tracked by the Audit, Risk and Conduct Committee (‘**ARCC**’)

Risks relating to the business and industry

The firm’s directors consider that key business risks are as follows:

Regulatory Risk

The firm is subject to extensive EU regulations as well as local rules in the Netherlands, which may expose it to increased regulatory scrutinyp.

Economic Risk

In the event of stagnant or deteriorating economic conditions the firm could experience lower trading volumes. A general decline in trading volumes across marketplaces would decrease revenues and could adversely affect the firm’s financial position.

Cyber Risk

With the increased threat landscape throughout the industry, Cyber security risks continue to be at the forefront of the Firms focus on threat and risk identification and control strengthening exercises to protect from potential internal and external bad actors.

Market Risk

The firm operates in an industry which competes to introduce innovations in market structure and new electronic trading capabilities. In order to stay ahead of the competition and be a leader in innovation the firm invests in technology to ensure the continued growth of the network of clients and continued improvement of liquidity, electronic processing and pricing.

Technology risk

In the event of IT operations being significantly disrupted for a longer period of time due to insufficient Business Continuity Planning, this could lead to client dissatisfaction, inability to process transactions leading to client dissatisfaction, regulatory impact and negative reputational impact among others.

For the purposes of the firm’s capital and liquidity requirements, management has assessed specific risks, including:

- External market factors such as a decline in trading activity, increased competition, market participant consolidation or exits, and a pandemic outbreak;
- Trading (or reporting, in the case of the APA) is halted as a result of material technology or business interruption(s);
- An information security incident results in the disclosure of a participants’ or users’ data;

Risk appetite statement

The Board has agreed that its risk appetite should align with the Tradeweb’s enterprise risk appetite, which is defined by Tradeweb’s Senior Management through the Risk Governance committees.

Generally, Tradeweb has an overall conservative approach to risk appetite. The firm 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.

Where we have discretion, Tradeweb 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.

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 2022. A reconciliation of the Company's audited financials to regulatory capital is shown below:

Own Funds Disclosure at 31 December 2022	€'000
Equity per balance sheet	
- Share capital	-
- Share premium	6,230
- Profit and loss account and other reserves	4,563
Total equity	10,793
Regulatory adjustments	-
Tier 2 capital	-
Total regulatory own funds	10,793

The table below demonstrates that the Company meets the required capital ratio of 100% of Risk Weighted Assets, and held a capital surplus of €6.2m as at 31 December 2022.

Excess capital resources at 31 December 2022	€'000
Total regulatory own funds	10,793
Own funds requirements	4,230
Capital resources as a % of Own funds requirements	255%
Excess capital resources	6,563

The table below discloses the own funds requirements as at 31 December 2022.

Own Funds Requirements at 31 December 2022	EUR ‘000
Permanent minimum capital requirement	750
Fixed overhead requirement	1,436
K-Factor requirement	593
Additional own funds requirements	2,794
Total own funds requirements	4,230

The table below discloses the K-Factor requirements as at 31 December 2022.

K-Factor Requirement Calculations	EUR'000
K-DTF	2
K-NPR	591
Total K-Factor Requirement	**593**

The table below discloses the fixed overhead requirement requirements as at 31 December 2022.

Expenditure	€
Total expenses as at end of Dec 21	6,623,160
Less:	
Discretionary bonus	(840,916)
2021 Adjustments	
FX	(35,929)
Total relevant annual expenditure	5,746,316.00
Fixed overhead requirement for 2021 (25%)	**1,436,579**

Remuneration Policy and Disclosure

The Company has adopted a Remuneration Policy that complies with all requirements applicable to fixed and variable remuneration in financial companies. The Company does not have a Board-level Remuneration Committee and discloses basic qualitative and quantitative information about its policy.

The Company seeks to provide a compensation structure that rewards individual performance while taking into account the employee’s role and company performance. A mix of external market levels, internal pay ranges and position valuation factors are considered when determining compensation. A holistic compensation philosophy is applied, which incorporates salary, cash bonus, health and welfare benefits, work / life accommodations and in some cases equity in the Company. Compensation is designed to engage and motivate employees and drive performance, without encouraging risky behaviour and short term decision making.

With these considerations in mind:

- The Company's remuneration structure is designed to attract, motivate and retain high-caliber individuals.
- The Company aims to ensure that a significant part of remuneration is performance-related (both with respect to individual performance and the performance of the overall business globally) so that the success of individuals is tied to the success of the business; employees' performance is evaluated based on objectives and targets set at the beginning of the period.
- The Company's remuneration policy promotes sound and effective risk management.
- The Company's remuneration policy is gender neutral with senior management acutely aware of issues surrounding the gender pay gap

Tradeweb's global executive committee is the final approver, and determines compensation levels and the overall bonus pool levels. The bonus pool is determined by the performance of the overall Tradeweb business over the course of the relevant period.

The Company's aggregate remuneration as per 2022 Financial Statements

Staff costs during 2022 amounted to:	**€'000**
Wages and salaries	3,045
Social security costs	410
Other pension costs	161
Discretionary bonus payments	759
Share based payments	116
Total	4,491

Directors' aggregate remuneration as per 2022 Financial Statements

Directors' Remuneration	**€'000**
Aggregate emoluments	1,358
Pension contributions	28
Total	1,386

As of 31 December 2022, there were 4 Directors who were employees of the Company, to whom retirement benefits are accruing under defined contribution schemes.

In the financial year ended 31 December 2022 Director’s emoluments include discretionary compensation for the financial year 2022.

The Directors exercised no share options during the financial year.

In the financial year ended 31 December 2022 € 0 was paid as a result of Director's end of employment.

There were no loans made to a Director in for the 12 months ended 31 December 2022.

Approval

Approved by the Board