PILLAR 3 DISCLOSURES - TRADEWEB EUROPE LIMITED (the Firm)

The Capital Requirements Directive ('the 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. In the United Kingdom, the Directive has been implemented and the Financial Conduct Authority (FCA) provides for the rules relating to capital adequacy in its regulations through the General Prudential Sourcebook (GENPRU) and the Prudential Sourcebook for banks, building societies and investment companies (BIPRU).

The Firm has been authorised and regulated since 2000 by the FCA and became authorised to operate an MTF with the introduction of MiFID in the UK on 1 November 2007. As at 31 December 2013 the Firm is a BIPRU limited license firm and complies with BIPRU 11 requirements for Pillar 3 disclosure. The Firm does not adopt IRB approach and therefore BIPRU 4 and 11.6 requirements are not applicable.

From 1 January 2014 the Firm is an IFPRU limited license firm.

FCA requires disclosures of information about the capital the Firm holds and material risks it faces in order to encourage market discipline.

The FCA framework consists of three pillars:

- Pillar 1 sets out the minimum capital requirements to cover the Firms' credit and market
- Pillar 2 requires the Firm to assess whether its Pillar 1 capital is adequate to meet its risks;
- Pillar 3 requires disclosure of specified information about the Firm's risk exposure, capital, risk assessment and management procedures.

Pillar 3 disclosures are made under the rules in BIPRU 11. The Pillar 3 disclosures are published annually on our website. The information is verified by directors of the Firm but it has not been audited by the Firm's external auditors. The Firm is permitted to omit required disclosures if the information is regarded as immaterial such that omission would be unlikely to change or influence the decision of a reader relying on that information. In addition, the Firm is allowed to omit required disclosures if the information is regarded as proprietary or confidential. Proprietary information is that which, if it were shared, would undermine the Firm's competitive position. Information is considered to be confidential where there are obligations binding the Firm to confidentiality with its customers, suppliers and counterparties.

The Firm builds and operates electronic over-the-counter financial marketplaces. The Firm operates two distinct business streams:

- A dealer-to-client electronic trading platform for the trading of fixed income securities and derivatives in Europe, the Middle East and Asia referred to as the "Tradeweb system"; and
- An inter-dealer primarily electronic trading and broking system referred to as the "Dealerweb system".

The Firm is not part of a consolidation group for prudential purposes. The Firm's immediate parent company is TWEL Holdings LLC, incorporated in the USA. Within the meaning of the Companies Act 2006 Thomson Reuters Corporation (TRC) is regarded as being the Firm's ultimate parent company and controlling party as well as the largest group to consolidate the financial statements of the Firm. TRC is incorporated under the laws of the Province of Ontario, Canada.

BIPRU 11.5.1 Risk management objectives and policies

Risk Management objective

The Firm does not take positions or trading risk. The Firm's risk is general business risk associated with operating electronic trading systems. As such, the Firm has associated operational risk with maintaining and monitoring those systems. Over the course of 15 years, the Firm has continually updated and monitored that system to mitigate those associated risks. The management team of each functional area is responsible for identifying risks in the respective department's operations and implementing procedures to mitigate risks. The foundation of these risk assessment processes is management's knowledge of its operations, technology, and market products.

The Firm is willing to take reasonable commercial risks when operating its business; it invests in new product opportunities and will tolerate short term losses at a product level to gain entry to a market. Overall, the Firm is risk averse when considering issues which might affect its ability to maintain its regulatory capital adequacy.

Risk Management framework

Senior management takes risk management seriously and considers risks in all decisions. The ICAAP forms a key part of the formal risk assessment and monitoring process.

The Firm's risk management processes are adequate given the nature and complexity of the business. The Firm is governed by its board of directors who determine its business strategy and risk appetite. The board delegates the responsibility for identifying new business initiatives to the Strategic Management Team who report to the board. Strategy is reviewed and approved at several levels depending on the subject matter:

- at the monthly TWE Board meeting;
- as part of the Strategic Management Team meeting;
- at the OPCOM meetings where the decision to proceed will be discussed and validated; and
- By the Tradeweb Group Board when required.

The Firm's management meets on a regular basis to monitor key controls and performance measurements. The Firm's management and supervisory personnel monitor the quality of internal control performance as a routine part of their activities. The directors are responsible for deciding on risk tolerance levels and ensure the Firm has effective controls and procedures in place to maintain the levels and actively manage the risks. The ICAAP forms a key part of the formal risk assessment and monitoring process. The Firm conducts stress tests to assess impact of stress scenarios on its financial position and capital requirements.

The Firm works towards a 'three lines of defence' model for the risk management;

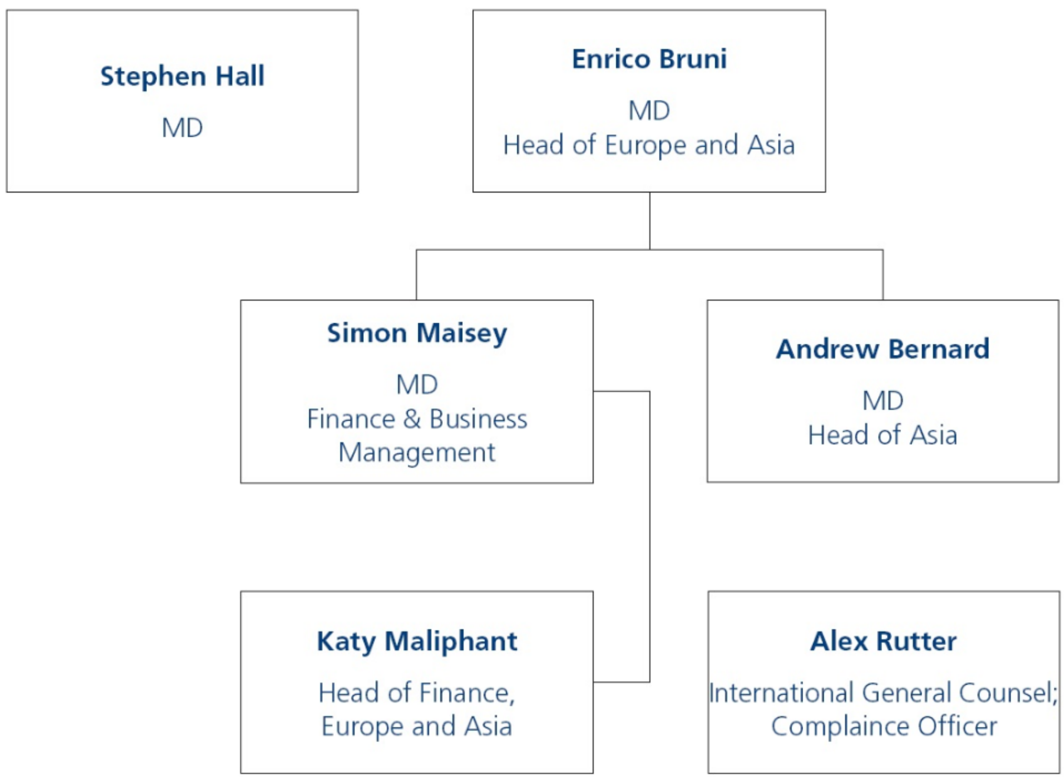
- The first line of defence comprises managing directors and support functions including Finance, IT, HR and Legal. The management team of each functional area is responsible for identifying risks and implementing procedures to mitigate them.

- The second line of defence is the senior management team and compliance functions. They ensure the efficiency of the Firm's risk management and that the Firm maintains its level of risk appetite and complies with applicable regulatory requirements.
- The third line of defence is internal audit function which evaluates the Firm's risk management procedures and governance framework.

Tradeweb Europe Ltd

Board of Directors

August 2014



The Firm identified its main risks as follows:

- **Business and operational risk**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk.

The main business and operational risks to which the Firm is exposed and risk mitigation techniques:

- Market downturn: The Firm monitors revenues and market volumes and has a variety of asset classes and charging structures.
- Business interruption e.g. terrorism, system failure: The Firm has business continuity facility, disaster recovery plan (including backup connectivity, duplicate systems and real-time data replication to alternate facilities), business interruption insurance in place.

- Trade errors: The Firm has highly trained support staff, who are in constant liaison with dealers and customers, and procedures in place to mitigate errors.
- Loss of major customers: The Firm continues to work on strengthening customer base and product lines.
- System issues: Policies and procedures in place, i.e. ongoing operational and related compliance monitoring, monitoring of large and unusual trades, and check price information.
- Regulatory risk: The Firm has robust compliance controls in place and ensures up-to-date knowledge and training for key staff.
- Reputation risk: The Firm limits staff access to client data and staff are obliged to maintain confidentiality.

- **Currency risk**

The Firm receives income in a number of currencies, the main currency being Euros. The Firm hedges its exposure to foreign exchange risks.

- **Credit risk**

Credit risk is the risk that a party will default on a financial obligation. The Firm manages the risk as follows:

- Default of banks in relation to the Firms' cash deposits held with them. Periodic monitoring of the financial strength of the credit institution with which the firm deposits cash.
- Failure to collect payments due from customers and group companies. In this regards, the Firm operates tight credit control, i.e. performing credit checks, checking credit worthiness of the clients and monitoring payments against agreed arrangements.

BIPRU 11.5.3 Capital resources

The Firm's capital position and Capital Ratios as at 31 December 2013 are summarized below.

At 31 December 2013 the Firm had capital resources of £24.4m and subsequently made a dividend payment on 14 May which has been included in the Tier 1 capital below.

As a limited license company the capital requirement is higher of:

	£'000
the sum of credit risk and market risk	2,849
Fixed overhead requirement for 2013	4,641

Therefore, fixed overhead requirement which is calculated as 25% of relevant annual expenditure sets the level of capital requirement.

CAPITAL RESOURCES	£'000
Share Capital	6,000
Profit and Loss account and other Reserves (net of dividend)	6,446
Tier 1 capital	12,446
Deductions from tier 1	-
Tier 2 capital	-
Deductions from tier 2	-
Tier 3 capital	-
Deductions from tier 3	-
Total Capital Resources, net of deductions	**12,446**
Capital Requirement for 2013	**4,641**
Capital Resources as % of Capital Requirement	**268%**

BIPRU 11.5.4 - Compliance with BIPRU 3; BIPRU 7and Pillar 2 rule

BIPRU 3 – Credit Risk

As mentioned previously credit risk is the risk that a party will default on a financial obligation.

The total exposure at 31 December 2013 was £42.3m. The Firm's exposures relate mainly to bank deposits and trade debtors within institutions, other exposures include fixed assets and prepayments.

Breakdown of all exposures by classes and geographical area at 31 December 2013 (in £'000)

Exposure class	EMEA	Asia & Australia	USA	Total
Government & central bank	523	-	-	523
Corporates	172	411	343	927
Institution	34,078	3,076	30	37,184
Other	3,639	-	-	3,639
Grand total	**38,412**	**3,487**	**373**	**42,272**

The Firm has adopted the simplified method in calculating risk weights as per BIPRU 3.5 Risk weighting was assigned based on the exposure class and time to maturity. Past due exposures are trade debtors over 90 days and they were assigned 150% risk weighting. The Firm had no impaired exposures as at 31 December 2013 and no provision was made.

The credit risk capital component was calculated as 8% of risk weighted assets.

Credit Risk Capital Requirement	**£'000**
Credit Risk Capital component	1,086
Counterparty Risk Capital Component	9
Concentration Risk capital component	-
Total	**1,095**

Credit Risk Capital Component as at 31 December 2013 (in £'000)

Exposure class	Balance	Risk weighting	Risk weighted amount	Charge	Credit risk capital component
Governments	503	0%	-	8%	-
Institutions	35,920	20%	7,184	8%	575
Corporates	1,121	100%	1,122	8%	90
Past due	1,088	150%	1,633	8%	131
Other	3,639	100%	3,638	8%	291
Total:	**42,272**		**13,576**		**1,086**

Counterparty credit risk exposure arises on currency hedging contract unsettled at 31 December 2013 with maturity of less than 1 year. It was calculated using CCR mark to market method as per BIPRU 13.4. The notional value of the contract was £2.1m. The exposure is a sum of current replacement cost (market value) and potential future credit exposure (1% of the notional value). The counterparty capital component is 8% of the total exposure.

BIPRU 7 – Market Risk

The Firm has no trading book positions and the Market risk arises only due to conducting business in foreign currency - mainly in USD and EUR.

Market Risk Capital Requirement (MRCR)

Market risk is determined by foreign currency PRR per BIPRU 7.5.3 and calculated as 8% of higher of net long or net short positions for all currencies. MRCR as at 31 December 2013 was as below (in £'000):

Currency	Net long	Net short
EUR	10,128	-
USD	10,406	-
JPY	1,210	-
SGD	121	-
HKD	63	-
Sub-total	**21,928**	-
Total (8% of largest number)		**1,754**

Overall Pillar 2 rules

The ICAAP is prepared annually or if a significant event occurs and is reviewed and approved by the board. It is considered on an on-going basis to ensure new products/risks are identified and included where necessary. The senior management team is involved in discussing the risks and agreeing on scenarios to be stress-tested. As part of the ICAAP we consider risks and uncertainties that are faced by the company and which have not been considered in Pillar 1, to ensure that the Firm is holding sufficient capital to meet its risks. The directors review the risks, controls and other risk mitigation arrangements and consider the financial impact of the risks as part of the business planning and capital management. The Firm conducts stress tests to assess the impact of stress scenarios on its financial position/capital. The Firm 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.

Remuneration disclosure - BIPRU 11.5.18

The Firm has a remuneration policy and as a BIPRU Limited License (Tier 3 firm under the FCA remuneration code) is disclosing basic qualitative and quantitative information about its policy. The Firm seeks to provide a compensation structure that rewards individual performance while taking into account the employees' 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 used which incorporates salary, cash bonus, health and welfare benefits, work/life accommodations and in some cases equity in the Firm. Compensation is designed to engage and motivate employees and drive performance, without encouraging risky behavior and short term decision making.

With these considerations in mind:

- The Firm's remuneration structure is designed to attract, motivate and retain high-calibre individuals.
- The Firm aims to ensure that a significant part of remuneration is performance-related (both with respect to individual performance and the performance of the overall Tradeweb 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 Firm's remuneration policy promotes sound and effective risk management.

Tradeweb's global executive committee is the final approvers, determine compensation levels and set 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 Firm's aggregate remuneration for 2013

Staff costs during 2013 amounted to:	Amount in £'000
Wages and salaries	16,950
Social security costs	1,916
Other pension costs	585
Share based payments	621
Total	**20,072**