

# TRADEWEB'S UK AND EU CONFLICTS OF INTEREST DISCLOSURE

## INTRODUCTION

Tradeweb has a duty to act in the best interests of clients and to treat them fairly when providing investment services to them.

Tradeweb takes all appropriate steps to identify and to prevent or manage conflicts of interest between Tradeweb - including its managers, employees or any person directly or indirectly linked to them by control - and a client; or between clients that arise or may arise in the course of Tradeweb providing any investment service - including those caused by the receipt of inducements from third parties, or by Tradeweb's own remuneration and other incentive structures.

Tradeweb maintains and operates organisational and administrative arrangements with a view to taking all reasonable steps to prevent conflicts of interest from adversely affecting the interests of its clients.

## PURPOSE

This disclosure document is a summary description of the systems and controls which Tradeweb has in place and which are designed to ensure that persons engaged in business activities which may involve a conflict of interest carry on those activities appropriately.

This document describes:

- the circumstances which constitute or may give rise to a conflict of interest; and
- the controls and measures adopted in order to manage such conflicts.

## SCOPE

Tradeweb has a European conflicts of interest policy (the "**Policy**") which covers all UK and EU legal entities (and branches). A list of UK and EU legal entities is available on Tradeweb's website.

The Policy applies to all UK and EU services provided to clients in the course of carrying on regulated activities or ancillary activities.

An "ancillary activity" is an activity which is not a regulated activity but which is carried on in connection with a regulated activity or held out as being for the purposes of a regulated activity.

The Policy applies to all individuals (whether directly employed or contracted for services) at all levels and grades.

## WHAT IS A CONFLICT OF INTEREST?

For the purposes of the policy, a conflict of interest is a situation where competing obligations or motivations result in, or are likely to result in, one of the following outcomes:

- a participant or other client is disadvantaged or makes a loss when Tradeweb or a Related Person is at an advantage or makes a gain; or
- a participant or other client makes a gain or avoids a loss when another client makes a loss or is disadvantaged.

"**Related Persons**" include Tradeweb's employees, appointed representatives, tied agents, contractors or any person directly or indirectly linked to them by control.

## IDENTIFYING CONFLICTS OF INTEREST

Tradeweb maintains a register which identified conflicts and potential conflicts of interest that exist, and takes all reasonable steps to identify in it conflicts of interest between:

- Tradeweb or a Related Person and a client of Tradeweb; or
- one participant or client of Tradeweb, and another participant or client

## TRADEWEB'S UK AND EU CONFLICTS OF INTEREST DISCLOSURE

that arise in the course of Tradeweb providing any service referred to above, and may damage the interests of a client.

In identifying conflicts of interest, it should be taken into account whether Tradeweb or a related party:

- is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;
- has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client;
- carries on the same business as the client; or
- receives or will receive from a person other than the client an inducement in relation to a service provided to the client, in the form of monetary benefits or services.

For the purpose of the Policy, information about conflicts with the broader Group or its clients must be taken into account. Tradeweb discharges its obligation to take into account such conflicts by participation of executives at group-level boards and / or committees.

There is common management of legal entities throughout Tradeweb in Europe and other Tradeweb group entities. Accordingly, the Policy covers all conflicts between: (i) Tradeweb European legal entities and its participants or clients; and (ii) other Tradeweb entities and their respective participants or clients. Individuals are required to take into account such scenarios when identifying conflicts of interest.

### MANAGING CONFLICTS OF INTEREST

Conflicts of interest, once identified, are required to be managed in a way which

ensures that relevant persons engaged in activities carry on those activities at a level of independence appropriate to the size and activities of Tradeweb, and to the risk of damage to the interests of participants or clients. This means that the conflict should be managed in such a way that all participants or clients are treated fairly and Tradeweb conducts its business with integrity and according to proper standards of business.

The following types of control are examples of those suitable for managing conflicts of interest:

- **Control of information:** preventing or controlling the exchange of information between opposing sides of a conflict of interest e.g. by establishing a Chinese wall.
- **Separate supervision:** subjecting individuals on opposite sides of a conflict of interest to separate supervision.
- **Removal of remuneration links:** removing direct links between the remuneration of individuals on opposite sides of a conflict of interest.
- **Control over inappropriate influence:** preventing the inappropriate influence of one individual over another (e.g. where the person who decides or influences an individual's bonus may exert undue influence over that individual's integrity of judgement).
- **Segregation of duties:** preventing or controlling the involvement of individuals in simultaneous/sequential tasks.

If the adoption or the practice of one or more of those measures and procedures does not ensure the requisite level of independence, Tradeweb will adopt such alternative or additional measures and procedures as are necessary and appropriate for those purposes.

Special attention is required to be paid to activities where Tradeweb or a person directly or indirectly linked by control to Tradeweb performs a combination of two or more

# TRADEWEB'S UK AND EU CONFLICTS OF INTEREST DISCLOSURE

activities where a conflict of interest could arise.

Where the arrangements made to manage conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a participant or client will be prevented, Tradeweb should clearly disclose this fact to the client accompanied by a specific description of the conflicts of interest that arise, taking into account the nature of the client to whom the disclosure is being made.

The description must explain the general nature and sources of conflicts of interest, as well as the risks to the client that arise as a result of the conflicts of interest and the steps undertaken to mitigate these risks, in sufficient detail to enable that client to take an informed decision with respect to the investment or ancillary service in the context of which the conflicts of interest arise. The disclosure must also be made in a durable medium.

While disclosure of specific conflicts of interest is required, an over-reliance on disclosure without adequate consideration as to how conflicts may appropriately be managed is undesirable. Disclosure to a participant or client is a measure of last resort. The purpose of such disclosure is to give the client an opportunity to decide whether to continue the commercial relationship with Tradeweb, in respect of the relevant services or wholly.

## SUMMARY OF CONFLICTS OF INTEREST PROCEDURES

Individuals are required to read, understand and comply with the Policy, and to notify the compliance team as soon as possible if they believe or suspect that a conflict with the Policy has occurred, or may occur in the future.

Tradeweb identifies and manages conflicts of interest by means of generic and *ad hoc* procedures

Individuals dealing with participants or clients should therefore be familiar with the types of

conflicts covered by the Policy, and identify such conflicts as and when they arise.

In light of the nature of Tradeweb's business, it is not expected that *ad hoc* conflicts will arise with frequency.

Once identified, individuals are required to report and escalate conflicts to assess the correct means of conflict management as follows:

- Conflicts arising within a business line should be referred to the head of that business line.
- Conflicts arising between business lines (i.e. between a business line and the participant or client of another business line, or between participants or clients of different business lines) should be referred to the compliance department who will in turn refer the conflict to the Head of Europe and Asia.

Once the appropriate method of managing the conflict is determined, each business line head is responsible for ensuring that the conflict is managed in accordance with that method.

Any conflict identified must be documented, together with the steps undertaken to manage the conflict and the person responsible for deciding on the means by which it is to be managed. That person will also be responsible for on-going monitoring to ensure that the steps agreed to manage the conflict are put and remain in place, and that the steps are effective in preventing clients' interests from being adversely affected.

Prior to launch, any new product type or business line is required to undergo conflicts analysis to ascertain and manage any conflicts associated with it as part of the new product approval. This is facilitated via the compliance department.

## RESPONSIBILITIES

Each UK and EU legal entity board defines, oversees and is accountable for the

## TRADEWEB'S UK AND EU CONFLICTS OF INTEREST DISCLOSURE

implementation of governance arrangements that ensure effective and prudent management of Tradeweb in Europe, including the segregation of duties in the organisation and the prevention of conflicts of interest, in a manner that promotes the integrity of the market and the interest of participants and other clients; the relevant legal entity board is responsible for the Policy and its implementation.

The day-to-day running of Tradeweb in Europe is the responsibility of the Head of Europe and Asia, who undertakes a periodic review of conflicts management procedures, as well as makes *ad hoc* decisions on specific conflicts.

The identification, escalation (where appropriate), management and resolution of conflicts and potential conflicts is the responsibility at all times of the persons who are acting or seeking to act for clients as soon as a conflict or potential conflict is identified and at each stage of the conflict management process.

The compliance department is responsible for on-going monitoring of compliance with this policy.

### REPORTING

Individuals may be involved in transactions within Tradeweb and may have duties and interests which conflict with those of other participants or clients serviced by Tradeweb and/or with the interests of affiliates of Tradeweb and their clients.

If they have reason to believe that a conflict may exist either within Tradeweb or any group company, they are required to inform the compliance department immediately. The compliance department will escalate conflicts to senior management as appropriate for a decision as to whether the conflict can be adequately mitigated (e.g. where such a conflict falls outside the guidance established in the Policy).

Potential conflicts involving either outside business activities or persons within the same

household who work for a firm that is a client, participant, dealer, vendor or supplier must be logged and approved by the compliance department.

### RECORD KEEPING

Tradeweb keeps and regularly update a record of the kinds of service or activity carried out in which a conflict of interest entailing a material risk of damage to the interests of one or more clients has arisen or, in the case of an on-going service or activity, may arise.

The compliance department is responsible for record-keeping in relation to conflicts. *Ad hoc* conflicts which are identified must therefore be recorded and a copy of the record sent to the compliance department.

### SPECIFIC CONFLICTS MANAGEMENT PROVISIONS

Specific conflicts management controls are in place in relation to the following:

#### **Ownership interests of shareholder dealers**

Tradeweb is a publically traded Nasdaq company with a majority ownership by Refinitiv. As such, Refinitiv has the right to appoint several members of the Tradeweb Board. One of these is an employee of JP Morgan, which is a Dealer on Tradeweb. This could lead to potential conflicts.

#### **Involvement of participants in market governance fora**

Participants participate in a variety of markets fora (the markets fora) which are product-specific dealer working groups (these discuss and approve various items such as changes to trading protocols).

The participation by a class of participants in the markets fora (in particular, of one or other of the Dealer or client community) gives rise to the risk that Tradeweb may, in considering matters discussed or determined in such fora, prioritise the interests of one class over the interests of another.

# TRADEWEB'S UK AND EU CONFLICTS OF INTEREST DISCLOSURE

## Separation of Tradeweb's MTF and OTF offerings

Individuals involved in the aggregation of orders and execution of transactions under the OTF offering(s) shall be separated from, and shall be supervised separately from, employees operating the MTF offering(s). Individuals involved in the OTF offering(s) shall not have access to the MTF offering(s) or any information that becomes available to individuals operating the MTF offering(s). Information held by individuals operating the MTF(s) is required to be withheld from individuals operating the OTF(s) and *vice-versa*.

## Separation of Tradeweb's MTF and OTF offerings, and the Tradeweb Execution Service Limited brokerage activity

Tradeweb has in place an Order Execution Policy and appropriate logical access rights controls.

## Exercise of discretion in dealing on the OTF

Individuals involved in the operation of the OTF who exercise discretion (including without limitation when determining whether to accept an order or expression of interest, when and with whom to communicate in relation to an order or expression of interest, the negotiation of terms (including pricing) and the timing of execution) face potential conflicts as between the interests of clients or potential clients.

As all OTF clients are eligible counterparties, Tradeweb assumes no conduct of business obligations relating to order handling or best execution. However, in order fairly to manage the interests of clients, individuals are required to treat clients fairly when exercising discretion, and to uphold proper standards of market conduct.

Fair treatment is to be ensured by the following steps:

### *Integrity and conduct*

- individuals must conduct themselves with integrity in their actions at all times;
- individuals must observe the FCA Principles for Businesses (PRIN) and Code of Conduct (COCON), and other conduct requirements as relevant throughout the International region.

### *Customer orders*

In exercising discretion with respect to dealing or arranging deals, individuals are required:

- to seek to achieve the best overall trading result for clients;
- not give undue preference to the interest of any particular client or client segment;
- to uphold the rules of the OTF; and
- to uphold the fair and orderly trading of the OTF.

### **Interests in competitors, participants or suppliers**

Except with the approval of the compliance department, no person is permitted to serve as an employee, officer, director or trustee of, or have a substantial interest in or business relationship with, a competitor, client or supplier of Tradeweb (other than any affiliate or parent) that could create a divided loyalty or the appearance of one. Such interests are therefore required to be disclosed to the Compliance department.

### **Inducements**

Individuals are not permitted to offer to give, or solicit, or accept any inducements in the course of carrying on regulated business which is likely to conflict with any duties owed to participants or clients. The offering of gifts (including hospitality) or benefits to third parties or accepting gifts (including hospitality) or benefits from third parties as an incentive to doing business must comply with related Tradeweb policies.

### **Interest in transactions and personal account dealing**

## TRADEWEB'S UK AND EU CONFLICTS OF INTEREST DISCLOSURE

Individuals are not permitted to engage in any transaction involving Tradeweb if s/he or a member of her or his immediate family, including spouse and children (or any other compromising relationship), has an interest in the transaction or can benefit directly or indirectly from the transaction (other than through the employee's normal compensation), except as specifically authorised in writing by the compliance department.

All individuals are required to comply with the Insider Dealing and Personal Account Dealing Policy at all times.

### **Diversion of firm business opportunity**

Individuals may not acquire, or derive personal gain or profit from, any business opportunity or investment that comes to his attention as a result of his association with Tradeweb, and in which s/he knows Tradeweb might reasonably be expected to participate or have an interest, without first disclosing in writing all relevant facts to Tradeweb, offering the opportunity to Tradeweb, and receiving specific written authorisation from senior management.

### **Outside Employment and Business Interests**

Outside employment and business interests outside the scope of the contract of employment or contract for services with Tradeweb are not permitted unless specifically approved in writing in advance by the compliance department (through consultation with senior management where appropriate) by providing full and accurate particulars. It is not permitted to participate in outside employment or business interests outside the scope of employment / services, including personal investments, which interfere with work or which may put individuals in a position of conflict with the interests of clients or Tradeweb.

### **Remuneration**

Conflicts may arise where there is a direct link between the remuneration of persons principally engaged in one activity and the remuneration of, or revenues generated by, different persons principally engaged in

another activity. Tradeweb has adopted policies where there is no such direct link within HR remuneration policies.

### **Intra-group outsourced services**

Conflicts may arise where staff based in one location with obligations to multiple legal entities and between whom service level agreements exists designed to satisfy local regulatory obligations. Work for a legal entity may be de-prioritised to the detriment of the other, due to a conflicting interest to serve the other entity. Resources are allocated, defined and measureable, and appropriate corporate governance arrangements are in place to ensure this is appropriately managed.

### **Working from a remote environment**

Conflicts may arise where staff work remotely - as has increasingly been the case in the context of Tradeweb's response to the COVID-19 pandemic - and where they share a remote working environment with another person that works for another financial services or technology firm and which might be a competitor, participant or client.

All individuals are required to disclose such conflicts of interest to the compliance department. This is to protect against for example unfair prioritisation or treatment of client concerns, information leakage, or misuse of information.

**THIS DISCLOSURE WAS PREPARED  
FOLLOWING APPROVAL OF THE POLICY BY  
THE BOARDS OF DIRECTORS ON  
30 NOVEMBER 2020**

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