Financial & Risk Transaction Services Ireland Limited

PILLAR 3 DISCLOSURES 2024

1. OVERVIEW

BACKGROUND

On 26 June 2021, the Investment Firms Regulation ("IFR")/Investment Firm Directive ("IFD") was transposed into law for investment firms authorised in the EU. The regulations impose requirements relating to Capital and Own Funds, Liquidity, Internal Governance, Remuneration, and Disclosure and reporting on in-scope investment firms.

The implementation of the IFR/IFD required regulated firms to make changes to the way they calculate their capital requirements including the application of the existing concepts of minimum capital requirements (Pillar 1) and the internal capital adequacy assessment process (Pillar 2) in the determination of those requirements. This process is known as the Internal Capital Adequacy Assessment Process (ICAAP) and provides a link between the risk profile of a firm and the capital it holds against these risks.

Pillar 3 complements the capital requirements described in Pillar 1 and Pillar 2 and seeks to promote greater market discipline and transparency through the disclosure of key information about risk exposures and risk management processes.

Financial & Risk Transaction Services Ireland Limited ("FRTSIL" or the "Company") is authorised and regulated in the Republic of Ireland ("Ireland") by the Central Bank of Ireland ("CBI"); and is categorised as a Class 2 firm under IFR/IFD. FRTSIL is a wholly owned subsidiary of Refinitiv Limited (RL), itself, with effect from 29 January 2021, a wholly owned indirect subsidiary of London Stock Exchange Group plc, the parent entity of the London Stock Exchange Group (LSEG) of companies.

This document is designed to meet FRTSIL's Pillar 3 disclosure obligations (the Pillar 3 disclosures).

FREQUENCY, LOCATION, & VERIFICATION OF DISCLOSURES

Pillar 3 disclosures are made at least annually. However, it will be published more frequently in the event of a material change to the business (for example, in respect of the scale of its operations or the range of its activities) or if failure to disclose on a more frequent basis would result in a misrepresentation of the risk profile of FRTSIL.

The Board of Directors believes that the publication of these disclosures on the LSEG external website is the most appropriate medium. These disclosures have been reviewed and approved by the FRTSIL Board of Directors.

2. GOVERNANCE

RISK AND COMPLIANCE GOVERNANCE

The Board of Directors is ultimately responsible for the management of FRTSIL including the setting of appropriate local considerations to the risk management policies within the LSEG Enterprise Risk Management Framework ("ERMF") which has been adopted by the Board.

The Directors are appointed based on their skills, qualifications and experience whilst ensuring that they have appropriate time to devote to their responsibilities as a Board member in consideration of the commitments of other professional roles they may have.

FRTSIL has a number of governance arrangements in place, ensuring that appropriate information is provided to the Board in respect of risk from both the Risk Committee and from the business, as required.

All members of the Board and other CBI approved persons are required to attest to their ongoing compliance with the fitness and probity obligations that apply to CBI approved persons. On an ongoing basis, all staff including the Board under-go training on a variety of regulatory topics.

DIRECTORSHIPS

As of 31 December 2024, the number of Directorship held by Financial & Risk Transaction Services Ireland Limited Board members are set out below:

Directorships held by Management body (Board of Directors):

Internal Directorships	7
External Directorships	9

The Board meets, at least, on a quarterly basis and more frequently should the need arise.

MANAGEMENT BODY DIVERSITY

FRTSIL is an Equal Employment Opportunity / Affirmative Action Employer. This principle applies to directors as well as employees of FRTSIL.

FRTSIL recognises that diversity is vital and embraces it benefits among its own members, including diversity of skills, experience, background, and gender. The Board is committed to achieving an appropriate balance of diversity over time.

BOARD AND MANAGEMENT COMMITTEES

RISK COMMITTEE

FRTSIL has established a Risk Committee (‘Risk Committee’) that has the delegated responsibility of risk management for FRTSIL as a Committee of the Board. The Risk Committee has adequate access to information on the risk profile of the Company as it is expected to identify potential risks and assess the impact and likelihood of crystallisation and decide the actions required to mitigate the risks identified.

Membership is structured to ensure that there is sufficient expertise that covers key areas of the business, as defined by the Board. The Committee is Chaired by an Independent Non-Executive Director, and the majority of its membership are Non-Executive Directors. The Risk Committee meets as frequently as it determines necessary, but not less than four times per year and reports to the Board at quarterly Board meetings via a standing agenda item.

The Risk Committee has a documented Terms of Reference which details its roles and responsibilities as delegated to it by the Board.

The primary purpose of the Risk Committee is to ensure that there are effective policies and procedures for risk assessment which identify the risks relating to its activities, processes and systems.

AUDIT COMMITTEE

The Board is ultimately responsible for all matters relating to the presentation of Financial Accounts and Statutory Returns and the audit thereof.

FRTSIL does not have its own Audit committee and places reliance on the LSEG Audit Committee in fulfilling its mandate. The primary responsibility of the Audit Committee is to assist the Board in fulfilling its responsibilities for ensuring independent oversight of the quality and integrity of the FRTSIL's accounting policies, financial reports and disclosure practices.

REMUNERATION COMMITTEE

In light of the size, internal organisation and the nature, scope and profile of FRTSIL's activities, FRTSIL does not have its own Remuneration Committee and places reliance on the LSEG Remuneration Committee and associated processes and controls.

3. CONTROL FUNCTIONS

RISK

The Risk Team is responsible for risk management and oversight at FRTSIL and, in particular, is responsible for, inter alia, the establishment, maintenance, and implementation of the FRTSIL Risk Appetite Statement and the review and update of such documents.

The Risk Team is responsible for the generation of information for the Risk Committee and such other documentation as may be required for the Risk Committee. The Risk Team is also responsible for production of risk reports to the FRTSIL Board.

The Risk team works closely with risk and control resources in the Business Units to ensure the ERMF is adequately embedded in FRTSIL.

COMPLIANCE

The Compliance team is responsible for securing FRTSIL's compliance with its relevant obligations.

The Team is responsible for ensuring that an adequate structure is in place and is designed to secure material compliance with these obligations and that an annual review procedure has been put in place to review the same.

The Chief Compliance Officer provides interested parties with insights and practical solutions to compliance issues thus creating a compliance culture that provides appropriate challenge and support to the business. The Chief Compliance Officer informs senior management of matters requiring attention, builds and maintains strong relationship with relevant regulators and ensures sufficient subject matter expertise within the function.

LEGAL

FRTSIL does not have its own Legal function and places reliance on Group Legal. The Legal team is responsible for providing direction on legal matters and the procurement of legal advice. Legal is also responsible for managing client complaints and the management of litigation issued against the Company.

INTERNAL AUDIT

FRTSIL does not have its own Internal Audit function and outsources to Group Internal Audit. Risk Assurance is conducted by the Group Internal Audit function, whose role includes undertaking thematic audits for FRTSIL where key risks are identified and on occasions where the Board highlights that an audit is required.

BOARD REPORTING
The Risk Committee, through its Chairperson, reports to the Board of Directors. Reports will cover any matters that in the opinion of the Committee should be brought to the attention of the Board and any recommendations requiring Board approval and/or action. Minutes are kept of all Risk Committee meetings and are available to the Board on request.

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

COMPANY OVERVIEW
FRTSIL's activities in 2024 were the provision of a multilateral trading facility ("MTF" or "Platform") for Foreign Exchange ("FX") Financial Instruments and the permission for Receiving and Transmitting Orders ("RTO") that has been granted by the CBI.

FRTSIL does not trade on a proprietary basis and does not participate in any of the trades which are conducted on both MTF and RTO. Therefore, the market risk and credit risk profile of FRTSIL is more limited than other Class 2 firms who are dealing on their own account or dealing as agent. The material risks identified by FRTSIL are set out below.

FRTSIL seeks to optimise its performance subject to remaining within Risk Appetite and meeting the expectations of stakeholders.

RISK APPETITE

Risk Appetite is a key instrument in overall (risk) management of FRTSIL. The Risk Appetite sets the "tone from the top" reflecting the view of the Board of Directors and FRTSIL Senior Management.

Risk appetite is a central pillar of the ERMF and is used as a benchmark for both risk assessment and monitoring, with regular reporting of aggregated risks to both the Board and Risk Committee. On an annual basis, the Board approves FRTSIL's risk appetite.

The risk appetite statements are developed with consideration to:

- The business strategy and supporting assumptions.
- Minimum legal and regulatory requirements.
- Acceptable levels of risk exposure.
- Acceptable costs of risk mitigation.

Risk Appetite is considered one of the five key principles of the ERMF. Risk appetite is defined at four levels - Very Low, Low, Medium, High and risk exposure is measured relative to these levels. Exposure levels are calculated using an assessment of likelihood and impact based on the Group's Risk Severity Matrix.

MATERIAL RISKS (Pillar 2)

Material risks are those risks that the FRTSIL Risk Committee considers to be material in the context of the nature, scale, and complexity of the Company's business model. FRTSIL assesses the relevance of all the risk types included in the Risk Taxonomy to the Company's business plan and strategy, based on inputs from risk owners and Senior Management review and challenge.

The material risk assessment process is performed on an annual basis.

Strategic Risk
The risk of impact to current and prospective business strategy, in particular earnings or capital, arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to

industry and external/regulatory changes. This risk is a function of the compatibility of the strategic goals, the business strategies developed to achieve these goals, the resources deployed against these goals, and the quality of implementation. FRTSIL captures this on its Pillar 2 charge and is based on specifically designed stress scenario that captures the effect of a decline in revenues on FRTSIL's net profit. This methodology is forward-looking in nature and captures any change in the external environment that could affect FRTSIL ability to execute its business and financial plan.

Operational Resilience

The risks associated with the ability to prevent, adapt, respond to, recover and learn from operational disruptions. This includes risks associated maintaining the security from a cyber and a physical perspective, Data Management and Third Party Risks as well as resilient Operational Processes. The Pillar 2 capital charge for operational risk is informed by a scenario assessing the financial impacts of a potential significant prolonged outage of the MTF materialising for FRTSIL.

Regulatory Compliance, Legal, Corporate Disclosure

The risk of breaching legal or regulatory requirements and obligations, and the inappropriate recording, reporting and disclosure of financial, taxation and regulatory information; includes loss or reputational damage related to the inadequate or unethical governance of the organisation..

The Pillar 2 capital charge for compliance risk is based on the estimate of:

- A potential regulatory fine; and
- Estimation of a potential legal costs for FRTSIL. This methodology captures the financial impact of such elements for FRTSIL.

CONCENTRATION RISKS

Concentration risk is not a material risk for FRTSIL, however, Article 47 of the IFR requires for disclosure on such risk.

As FRTSIL does not have a trading book, it is not calculating a K-CON. FRTSIL considers that its cash deposit exposures to credit institutions currently represents its concentration risk, although the likelihood is low. The capital requirement with respect to these balances has been considered by FRTSIL as sufficiently captured by the credit risk capital assessment.

K-FACTOR REQUIREMENT

The IFR uses quantitative indicators (K-factors) that reflect the risk that the regime intends to address. K-factors are divided in the IFR into three groups, and they aim to capture the risk the investment firm can pose to customers, to market access or the firm itself. The Company has assessed the applicability of the K-factors prescribed under Article 15(1) of the IFR and it is deemed that only K-COH (client orders handled – with respect to the Dealing product) is applicable to FRTSIL.

RISK MANAGEMENT

The ERMF, which has been adopted by FRTSIL, with local considerations applied where appropriate, is used to identify, assess, monitor and manage risks in an appropriate manner, in line with FRTSIL's risk appetite. It describes the principles that apply to the identification and management of risks, arising from decisions taken and activities conducted to achieve business objectives whilst also being exposed to markets, counterparties, and the regulatory landscape. The primary objective of the ERMF is to outline the specific requirements associated with Risk Management to ensure a consistent approach across LSEG, including:

- Risk identification.

- Risk assessment.
- Risk Monitoring.
- Risk Mitigation; and
- Portfolio Management.

The principles underlying the ERMF enable the business to achieve their objectives and operate in a safe manner:

- Risk taking – risk processes facilitate efficient risk taking that supports growth.
- Risk transparency – business understand the material risks and the effectiveness of the key controls.
- to make sure remediation activities are specific.
- Decision making – risks are considered upfront in a manner that informs effective decision making.
- Risk appetite – is clear and linked to meaningful indicators at business level.
- Resilience – important business services are resilient and are recoverable within the defined impact tolerances to minimise the impact of any disruption.

5. REGULATORY CAPITAL RESOURCES

As at 31 December 2024 and at all times throughout the period, FRTSIL complied with the regulatory capital requirements of the Central Bank of Ireland.

The table below details the composition of the regulatory capital resources of FRTSIL available to meet these requirements as at 31 December 2024:

Capital resources	**As at 31 December 2024**
Tier 1 Capital	**in €'000**
Called up share capital presented as equity*	0
Share premium*	23,718
Retained earnings and other reserves*	4,829
Accumulated other comprehensive income	85
Deductions from Capital Resources**	(430)
Total Capital Resources	**28,202**

*Total capital resources comprise share capital, share premium and audited retained earnings as per the 2024 audited financial statements of FRSTIL.
**A deduction is made in respect of intangible assets, which do not qualify for regulatory capital purposes.

6. CAPITAL ADEQUACY

OWN FUNDS REQUIREMENT – Pillar 1

FRTSIL will retain own funds as required as the highest of the following:

- Fixed Overhead Requirement (FOR).
- Permanent minimum capital requirement.
- K-factors. After review of the K-Factors criteria only one K-Factor is being considered and applicable to FRTSIL, which is the Client Order Handled (K-COH). Further details in respective section below.

Given the nature of the FRTSIL business, it is probable that the Fixed Overhead Requirement will always be the highest of the Pillar 1 requirements.

Fixed Overhead Requirement

The FOR is calculated as one quarter of the fixed overheads of the preceding year. The fixed overheads for the previous year include staff costs and general expenses less staff bonuses, shared commission and fees payable, and tax expenditure in line with the applicable deductions under Article 13(4) of the IFR and Article 1(6) of the FOR RTS. Only shared commission and fees payable which are directly related to commission and fees receivable, are applicable to FRTSL and its deduction used in FOR calculation.

Permanent Minimum Capital Requirement

The Company will hold permanent minimum capital requirement in accordance with Article 9(3) of Directive 2019/2034/EU ("IFD") in the measure of €150,000 being:

- Authorised to provide only the investment activities listed in Section A excluding activities in points (3) and (6) of Annex I to MiFID II;
- The Company is not permitted to hold client money or securities belonging to its clients.

K-Factor requirement

As mentioned in Section 4 above, FRTSIL has assessed the applicability of the K-factors prescribed under Article 15(1) of the IFR and it is deemed that only K-COH is applicable to FRTSIL.

ADDITIONAL OWN FUNDS REQUIREMENT – Pillar 2

As part of the ICAAP process the Company also determines its Pillar 2 capital requirement for the material risks outlined in section 4 that are not adequately covered under the Pillar 1 capital requirements.

7. CAPITAL ADEQUACY AND ICAAP

The ICAAP is the process through which the Board is informed of the ongoing assessment of the risks to which the Company is exposed, how those risks are mitigated, and how much capital is necessary to cover for these risks. Such assessment is done to ensure that the Company can meet its business objectives in the normal course of business as well as through times of economic and financial downturns and other stresses. The ICAAP is a key component of the Company's implementation of the IFR.

FRTSIL uses the ICAAP exercise to enhance the identification, assessment, management and monitoring of risk to support the business planning process. It also uses it to help the business to establish and determine whether the amount of capital it holds is appropriate. Any substantial changes in the business model will result in an immediate review of the Company's ICAAP to ensure that the correct amount of capital is being held by the Company.

The ICAAP is integrated into FRTSIL's business strategy. The ICAAP informs the business strategy via the stress testing undertaken and allows FRTSIL (if needed) to adjust their approach to risk mitigation or change business strategy. In this way the business strategy of the Company is informed by its analysis on the risks faced by the Company and amended according to any change in risk profile.

The Board determines and approves a suitable minimum buffer to be maintained for capital adequacy purposes. This buffer is monitored by the Finance function. It is also tracked via a KRI dashboard. Should the amount-maintained fall beneath the required buffer Finance will alert immediately the Risk Committee. The Board is notified before taking the appropriate actions, and the necessary steps will be taken in accordance with the escalation procedure to readdress the same.

8. REMUNERATION

FRTSIL also publishes its latest Remuneration Disclosure on the external website.

9. LIQUIDITY RISK

Liquidity risk is the risk of the Company not being able to maintain at all times liquidity resources which are adequate, both as to amount and quality, to ensure that there is no significant risk that its liabilities cannot be met as they fall due.

As part of its capital planning, FRTSIL also assess its liquidity position in two forms:

1. Availability of liquid assets to meet its obligations when they come due. This is necessary to ensure the Company meets the overall liquidity adequacy requirement. This is an internal monitoring metric.

2. Assessment of liquidity against the IFR requirement to hold one third of the Fixed Overhead Requirement as cash or cash equivalent

FRTSIL is not reliant on borrowings to fund its operations. The business generates strong cash flows and the balance sheet is highly liquid. The liquidity position of FRTSIL is monitored monthly and management information on liquidity is provided on a regular basis to Senior Management.

10. ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)

As outlined in section 1 of this document, FRTSIL is a wholly owned indirect subsidiary of London Stock Exchange Group plc, the parent entity of the London Stock Exchange Group of companies.

As part of the wider work to address physical climate risk assessment, the Group carries out reviews of its property portfolio, including the initiation of detailed environmental assessments of property locations which feed into the mitigation response across the portfolio. This involves reviews of the entire property portfolio at a country and regional level, to identify areas of higher risk for incidents, such as floods, wildfires, wind, earthquakes, and hurricanes. This work will consider the potential severity and frequency of climate-related perils, and for regions and countries where there is a significant risk, a thorough site assessment will be undertaken to understand the specific site risk and appropriate mitigation activities.

In relation to climate-related risks, the Group routinely maps its position to evolving regulatory and market developments. With regards to pricing our carbon emissions, the Group has assessed its exposure to the financial consequences of carbon pricing under a number of scenarios and drives the rationale for continued investment into our decarbonisation initiatives via a climate transition plan.

LSEG's sustainability ambition is to be a strategic enabler of sustainable economic growth and a recognised sustainability leader in global financial markets by accelerating the just transition to net zero, enabling the growth of the green economy and creating inclusive economic opportunity.

Appendix 1 Disclosure on own funds templates

INVESTMENT FIRMS DISCLOSURE			
Template number	**Template code**	**Name**	**Legislative reference**
		OWN FUNDS	
1	IF CC1	COMPOSITION OF REGULATORY OWN FUNDS	Art 49(1)(c)
2	IF CC2	OWN FUNDS RECONCILIATION WITH AUDITED FINANCIAL STATEMENTS	Art 49(1)(a)
3	IF CCA	OWN FUNDS MAIN FEATURES	Art 49(1)(b)

Appendix 1.1 Template EU IF CC1.01 – Composition of regulatory own funds (investment firms other than small and non-interconnected)

The foregoing information is based on the data submitted to CBI dated 31 December 2024.

		Amounts (in €'000)
Common Equity Tier 1 (CET1) capital: instruments and reserves		
1	**OWN FUNDS**	**28,202**
2	**TIER 1 CAPITAL**	**28,202**
3	**COMMON EQUITY TIER 1 CAPITAL**	**28,202**
4	Fully paid-up capital instruments	
5	Share premium	23,718
6	Retained earnings	4,829
7	Accumulated other comprehensive income	85
12	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(430)
19	(-) Other intangible assets	(430)

Appendix 1.2 Template EU IFCC2: Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements

	Balance sheet as unaudited financial statements	**As at period end 2024 (in €'000)**
1	Intangible Assets	430
2	Debtors	34,982
3	Cash at bank and in hand	5,441
4	Tax Assets	135
	Total Assets	**40,988**
1	Creditors	9,915
2	Tax Liabilities	393
	Total Liabilities	**10,308**
1	Called up share capital	0
2	Share Premium Account	23,718
3	Profit and Loss account	2,048
4	Other comprehensive income	85
5	Retained Earnings	4,829
	Total Shareholders' equity	**30,681**

Appendix 1.3 Template EU IF CCA: Own funds: Main features of own Instruments issued by the Company

Main features of own Instruments issued by the Company		
1	Issuer	Financial & Risk Transaction Services Ireland Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Public or private placement	Private
4	Governing law(s) of the instrument	Ireland
5	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
6	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	0
7	Nominal amount of instrument	0
8	Issue price	€1 per share
9	Redemption price	€1 per share
10	Accounting classification	Shareholder's Equity

Appendix 2 K-Factor Requirement Calculation

		(in €'000)	(in €'000)
		Factor amount	K-factor requirement
Rows	**Item**	**0010**	**0020**
0010	Total K-Factor requirement		942
0020	Risk to client		942
0030	Assets under management		
0040	Client money held - Segregated		
0050	Client money held - non-segregated		
0060	Assets safeguarded and administered		
0070	Client orders handled - Cash trades		
0080	Client orders handled - Derivatives trades	9,420,378	942
0090	Risk to market		
0100	K-Net positions risk requirement		
0110	Clearing margin given		
0120	Risk to firm		
0130	Trading counterparty default		
0140	Daily trading flow - Cash trades		
0150	Daily trading flow - Derivative trades		
0160	K-Concentration risk requirement		