Refinitiv Transaction Services Limited (RTSL)

MIFIDPRU DISCLOSURES 2024

1. OVERVIEW

BACKGROUND

Refinitiv Transaction Services Limited ("RTSL" or "the company") is authorised and regulated by the Financial Conduct Authority (FCA). As RTSL holds the FCA permissions to operate a multilateral trading facility as well as to arrange (bring about) deals in investments and making arrangements with a view to transaction in investments, its permanent minimum capital requirement as per the Prudential Sourcebook for MiFID Investment Firms ("MIFIDPRU") 4.4.3 requirement is £150,000.

As at 31 December 2024, RTSL is a wholly owned subsidiary of Refinitiv Limited (RL) and is 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 contains RTSL's MIFIDPRU Disclosures as of 31 December 2024 in respect of capital and liquidity requirements. This document provides details on RTSL's Pillar 1 and Pillar 2 methodologies for their material risks.

BASIS AND FREQUENCY OF DISCLOSURES

The information contained in the MIFIDPRU Disclosures:

- Is not subject to audit verification;
- Is produced at least annually or 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);
- Produced using information from the company's audited financial accounts for the year end 2024; and
- Reviewed and approved by the RTSL Board of Directors ("the Board").

RTSL has prepared the MIFIDPRU Disclosures on a standalone basis as it does not form a part of a Regulatory Consolidation Group.

There are no current or foreseen material practical or legal impediments to the prompt transfer of own funds or repayment of liabilities among the parent undertaking and its subsidiaries.

PROPRIETARY & CONFIDENTIAL INFORMATION

Not Applicable

FREQUENCY, LOCATION, & VERIFICATION OF DISCLOSURES

The MIFIDPRU Disclosures are published on the LSEG external website.

RTSL is permitted to omit required disclosures if it is believed that the information is immaterial such that the omission would not change or influence the decision of a reader relying on that information to make economic decisions. In addition, RTSL is permitted to omit required disclosures where it is believed that the information is regarded as proprietary or confidential. In the view of the company, proprietary information is that which, if it were shared, would undermine its competitive position.

Information is considered to be confidential where there are obligations binding it to confidentiality with its customers, suppliers, or counterparties.

The MIFIDPRU Disclosures are reviewed and published on an annual basis. However, can 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 RTSL.

GOVERNANCE

The Board holds the ultimate accountability for the successful operation of the company; the directors are subject to a collective and individual duty to exercise due skill and care in conducting and controlling` the business of the company as per requirements set in the FCA Handbook under the Senior Managers and Certification Regime (SMCR). Whilst it is generally accepted that the Board may delegate its responsibility for risk management to others, delegation does not absolve directors of their duty to supervise or account for the discharge of the delegated function.

RTSL has sufficient governance arrangements in place, ensuring that appropriate information is provided to the Board in respect of risk from the business, as required. Specifically, RTSL is compliant with the requirements set out within SYSC 4.3A and SYSC 7.

LSEG is an Equal Employment Opportunity / Affirmative Action Employer. This principle applies to directors as well as employees of LSEG. All members of the Board and other FCA approved persons are required to attest to their ongoing compliance with the fitness and proprietary obligations that apply to FCA approved persons. On an ongoing basis all staff including the Board under-go training on a variety of regulatory topics.

Further details regarding governance arrangements in relation to RTSL directors such as, number of directorships, recruitment and diversity procedures and information flow on risk monitoring to the management body can be requested to the Company Secretary, as set out in the contacts section below.

RISK MANAGEMENT OBJECTIVES AND POLICIES

COMPANY OVERVIEW

RTSL is an LSEG company responsible for the sales, installation and maintenance of regulated electronic trading services which provide, amongst other things, electronic broker services and transaction products to clients globally.

RISK PROFILE

RTSL's main activity is the provision of automated electronic services that connect customers in order to communicate and trade a number of FX instruments. In respect of these services, RTSL is never an intermediary or a party to a transaction, nor does it deal on its own account or maintain any trading accounts with respect to transactions that are concluded or agreed via its trading platforms. Payment and settlement instructions for trades are the sole responsibility of the two counterparties to the trade concerned. Therefore, the market risk and credit risk profile of RTSL is more limited than other MIFIDPRU firms who are dealing on own account or dealing as agent.

RISK MANAGEMENT FRAMEWORK

The LSEG Enterprise Risk Management Framework (ERMF), which has been adopted by RTSL is used to identify, assess, monitor and manage risks in an appropriate manner, in line with RTSL's risk appetite

This enables risk management to be uniformly implemented across the whole of the Group. The ERMF ensures that risks are adequately understood and managed consistently across all levels of the Group. It also supports Boards and Executive Management to discharge their corporate governance responsibilities for an overall approach to risk management and internal control. The ERMF is reviewed on at least an annual basis. The framework document sets out the components of the ERMF and is the point of reference for the key aspects of Group-wide risk management arrangements. It explains the Group's approach to risk management and, through the risk policies, sets out the principles and standards to be adhered to across the Group.

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.
- 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.

The scope of the ERMF includes the following risks deemed relevant to the firm:

- Strategic Risk
- Operational Resilience
- People & Culture
- Regulatory, Compliance, Legal, Corporate Disclosure
- Financial & Model Risk

CAPITAL RESOURCES AND ADEQUACY PROFILE

CAPITAL RESOURCES (CR)

As a matter of policy, RTSL maintains capital resources in excess of the capital resources requirement.

RTSL's capital resources consist of Common Equity Tier 1 capital and represent the sum of share capital, share premium and retained earnings, reduced by intangible assets which are deducted from the Common Equity Tier 1 capital.

As per Internal Capital and Risk Assessment (ICARA) RTSL's capital resources are **$148.7m.**

The table below is based on Q4 2024 regulatory reporting:

Table 1: Own Funds Disclosure

$000s	2024
OWN FUNDS DISCLOSURE	
Capital instruments eligible as CET1 Capital	**112,600**
Paid up capital instruments	96,600
Share premium	16,000
Retained earnings	**37,531**
Accumulated other comprehensive income	**-21**
Other reserves	**1,267**
Common Equity Tier 1 (CET1) capital before regulatory adjustments	**151,377**
Common Equity Tier (CET1) Capital: regulatory adjustments	
Accumulated other comprehensive income	**0**
Deferred tax	**-982**
(-) Other intangible assets	**-2,070**
Common Equity Tier 1(CET1) Capital	**148,324**
Additional Tier 1 (AT1) Capital	0
Tier 1 capital (T1 = CET1 + AT1)	**148,324**
Tier 2 Capital	0

RTSL's capital is mostly held in the form of debtors and deposits with LSEG Treasury, which are repayable on demand. This gives the Board assurance that RTSL has a strong liquidity position and will have sufficient cash available when/if necessary. RTSL does not hold any AT1 Capital or Tier 2 capital.

FEATURES OF THE INSTRUMENTS

The main features of the CET1 instruments which have been issued have been disclosed below:

RTSL has issued permanent ordinary share capital. The shares shall rank pari passu in respect of dividend rights and rights upon a distribution of assets by the Company upon its liquidation and winding up (or of any other return of capital).

OVERALL FINANCIAL ADEQUACY RULE (OFAR)

MIFIDPRU 4.3 Own funds requirement

A MIFIDPRU investment firm must at all times maintain own funds that are at least equal to its own funds requirement.

The OFAR of a non-SNI MIFIDPRU investment firm is the higher of:

1) its permanent minimum capital requirement under MIFIDPRU 4.4.3 i.e. £150,000;
2) its fixed overheads requirement under MIFIDPRU 4.5; or
3) K-factor requirement under IFIDPRU 4.6 (not applicable)

The fixed overheads requirement of a MIFIDPRU investment firm is an amount equal to one quarter of the firm's relevant expenditure during the preceding year RTSL incurs fixed costs, which include audit, regulatory, advisers' and service fees.

MIFIDPRU 7.6.4 – ICARA process: assessing and monitoring the adequacy of own funds

(1) The overall financial adequacy rule requires a firm to hold adequate own funds to ensure that:

(a) the firm is able to remain financially viable throughout the economic cycle, with the ability to address any potential material harms that may result from its ongoing activities; and

(b) the firm's business can be wound down in an orderly manner.

(2) To comply with the overall financial adequacy rule, a firm must therefore hold the higher of:

(a) the amount of own funds that the firm requires at any given point in time to fund its ongoing business operations, taking into account potential periods of financial stress during the economic cycle; and

(b) the amount of own funds that a firm would need to hold to ensure that the firm can be wound down in an orderly manner

RTSL's capital requirement is the internal risk capital assessment prepared by the company based on its business operations, risk profile and risk management systems and controls and through the ICARA process. The Board estimates RTSL's **capital requirement in this regard at $27.2m**

The Board has agreed that the company must hold at any time capital necessary to smoothly wind the company down in case of necessity without creating disruption and without causing structural damage to the market.

Based on the RTSL's structure and operations, as well as per the assumptions made by the RTSL Directors in respect of any winding down scenario, the costs associated with the closing down of the company are estimated as **$8.2m**.

RTSL's Overall Financial adequacy Rule (OFAR) / Capital Requirement:

Own Funds Requirement (Pillar 1) - $27.2m

Additional Own Funds (Pillar 2) - $14.7m

Orderly Winding Down Requirement - $8.2m

RTSL takes a prudent approach to its prudential risk management and therefore chooses the highest of the above as OFAR to ensure that it has sufficient capital to meet Pillar 1 and Pillar 2 capital requirements in the normal course of business but also has adequate capital to close the company down in an orderly manner, without impacting and disturbing the market.

Consequently, **RTSL's OFAR is $27.2m**.

Capital Adequacy Analysis

Own funds requirement - $ 27.2m

Capital resources- $148.7m

Surplus - $121.5m

RTSL assessed the capital adequacy for the three years from 2024 to 2026, based on the latest available forecasts and concluded that will have adequate capital to cover its risks and support business as usual operations:

$m	2024	2025	2026
Capital Resources	**148.7**	**152.9**	**157.5**
Capital requirement	**27.2**	**28.4**	**30.3**
- Pillar 1	27.2	28.4	30.3
- Pillar 2	14.7	14.7	14.7
- Winding Down	8.2	8.4	8.5
Capital ratio	**5.5**	**5.4**	**5.2**

Based on the above capital estimates, the Board believes that the company has sufficient and adequate capital to support the business under normal conditions.

NOTE
All documentation prepared by RTSL as part of the capital planning (ICARA, stress and scenario testing, recovery plan, and wind-down plan) is updated accordingly, or more often in line with the review of business developments and risk profile, as set out above.

Capital resources, capital ratio and liquidity position are monitored monthly to ensure the timely identification of any deviations from the recovery plan and indicators of financial stress.

Regulatory reports covering the capital adequacy position are submitted to the FCA on a quarterly basis.

ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)

As outlined in the first section of this document, RTSL 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.

REMUNERATION

RTSL also publishes its latest FCA Remuneration Code Disclosure on the LSEG website.

CONTACTS

The MIFIDPRU Disclosures are approved by the Board. Any queries can be addressed to the Company Secretary at the following address:

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Canary Wharf

London

E14 5AQ

United Kingdom