



## MarketAxess Europe Limited - MIFIDPRU Disclosures

### Introduction

MarketAxess Europe Limited (“MAE” or the “Firm”) is a private limited company incorporated in England and Wales. The Firm is authorised and regulated as an operator of a Multilateral Trading Facility ('MTF') pursuant to the UK onshore version of the Markets in Financial Instruments Directive ('MiFID') by the FCA in the United Kingdom ('UK'). The MTF operated by the Firm enables institutional fixed-income market participants to efficiently trade corporate bonds and other types of fixed-income instruments using patented trading technology.

MAE is part of an investment firm group, with the UK parent MarketAxess Limited.

MAE is authorised and regulated by the FCA, and this document sets out the Investment Firm Prudential Regime public disclosures as required in respect of MIFIDPRU 8 of the FCA’s handbook.

### Scope of Application

Disclosures are made in respect of MAE on an individual basis, as at 31 December 2024, the firm’s accounting reference date.

### Frequency

The Firm will publish the disclosures annually in conjunction with the annual financial statements, or more frequently if there is a major change to the business.

### Means of Disclosure

The disclosure will be published on our website:

<https://www.marketaxess.com/legal/europe>

### Verification

The information contained in this document has not been audited by the Firm’s external auditors and does not constitute any form of financial statement and must not be relied upon in making any judgement on the Firm.

### Risk management and objectives

#### Governance Arrangements

The MAE Board plays a crucial role in risk and resilience oversight and has a responsibility to understand thoroughly the Firm’s risk and resilience profile and the nature of the risks and operational resilience events it faces.

The MAE Board oversees and is accountable for the implementation of governance arrangements that ensure effective and prudent management of the firm, including the three lines of defence in



the organisation and the prevention of conflicts of interest in order to promote the integrity of the market and the interests of clients.

### Summary of Diversity Policy

The Firm's ongoing commitment to diversity and inclusion continues. The Firm identifies members for the Board of Directors by evaluating the balance of knowledge, skills, diversity and experience as a whole to ensure that it is sufficient and allows for succession planning.

### MAE Board Composition

Under MIFIDPRU 8.3.1R(2) MAE is required to disclose the number of directorships (executive and non-executive) held by each member of the Board.

Director	Role	Number of directorships
Mr Richard M McVey	MarketAxess Executive Chairman	1
Mr Christophe P D Roupie	Head of EMEA & APAC	2
Mr Rajeev Paranandi	Chief Operating Officer – EMEA & APAC	1
Mr Christopher R Concannon	Chief Executive Officer – Administration	1
Mr James N B Rucker	Non-executive director	1
Mr William F Cruger	Non-executive director	1

1. As per SYSC 4.3A.7R (2) executive or non-executive directorships held within the same group count as a single directorship.

### Risk Committee

MAE is not subject to MIFIDPRU 7.3.1R which requires a non-SNI investment firm to establish a risk committee.

### Enterprise Risk and Resilience Framework

The Firm operates a comprehensive Enterprise Risk and Resilience Framework ("ERRF") through which its risks and business services are identified, assessed, monitored and controlled.

Risk and Resilience management plays a crucial role in support of our financial performance and operational stability. The Firm has structured its Risk and Resilience activities across the Three Lines of Defence model. Under this model responsibilities and accountabilities for risk management and compliance reside with the appropriate departments that undertake the day-to-day activities, with appropriate policies, limits, checks and controls implemented by independent functions.

The ERRF is designed to meet the Firm's risk and resilience management obligations. It includes:

1. The Governance processes and mechanisms, by which decisions are made, actions are delegated, and accountability is enforced.
2. The Risk and Resilience Practices that identify, measure, manage, monitor and report risk and resilience effectively.
3. The Risk Language that the Firm uses consistently to identify and assess risks, to develop risk policies and facilitate risk aggregation and reporting.



4. The Culture, Behaviours and Values that the Firm promotes to encourage transparency, honesty and integrity.

#### **Risk Policies**

The ERRF is structured around a set of defined risk categories which serves as a reference point for the Firm-wide application of the risk management cycle. Risk policies set out specific requirements to be applied in the management of each risk category/type. Risk and compliance policies are in place for all material risk categories, including own funds requirements, concentration risk and liquidity.

The policy framework is a core component of the Firm's governance and supports the overall system of risk management and internal control. A key element of the policy framework is the suite of Risk policies that covers the key risk areas faced by the organisation and supports the ERRF to facilitate effective risk management. These cover the level 1 risks and other key and material risks faced by the Firm, and relevant regulatory and legislative requirements.

#### **Risk Appetite**

The Risk Appetite sets out where the Firm will take risk and where it will not take risk, to support MarketAxess Holdings' Purpose.

Risk Appetite is used to:

- Support risk-based decision making at all levels of the organisation.
- Set Tolerances, Limits, Thresholds, and other risk metrics throughout the organisation.
- Evaluate our risk management performance.

The Firm's risk appetite is monitored through a range of processes set out in the ERRF (e.g. KRIs and RCSA). The collection, review and challenge of the Firm's risks vs. appetite is supported by the Risk Department who also provide independent review and challenge the metrics on an annual basis. This risk management dashboard is provided to the Firm's Board periodically and a key element of this program. Where the risk is approaching a threshold management action is taken to bring the risk back within threshold boundaries or to accept the risk.

#### **Three lines of Defence**

MAE's governance and risk management structure is designed such that there are three lines of defence. The three lines of defence model distinguishes between functions that own and manage risk, functions that oversee risk and functions providing independent assurance as described below:

1. First Line of Defence; the business areas are responsible for identifying, assessing, managing, monitoring and reporting their own risks.
2. Second Line of Defence; the Risk Management and Compliance department ensure that well designed risk and compliance frameworks are in place for the first line to adhere to. They also provide independent oversight and challenge of the execution of the frameworks.
3. Third Line of Defence; Internal Audit provides independent testing and verification of the business lines compliance with the frameworks, including the assurance that risk and compliance processes are embedded and functioning as designed.

#### **Risk Department**

As part of the second line of defence, the Risk department is an integral part of the entire management and control governance system. The system incorporates the identification, assessment, management, monitoring and reporting of risks. The ability to effectively manage risk



is important for ensuring that the organisation is operating in a manner consistent with the expectations of the Firm's Board.

The Risk function provides support by:

- Exerting independent oversight of the Firm's adherence with risk management policies and procedures,
- Providing the Firm with risk management advice and expertise,
- Monitoring a number of qualitative and quantitative measures to ensure that the businesses risks remain within acceptable levels. Using these measures, the Firm produces a number of risk intelligence reports which are disseminated through the governance structures at all levels as appropriate to provide an independent view of risk exposures.

#### **Risk Identification and Assessment**

Risks are identified through continual assessment and monitoring. Identified risks are recorded in the firm's risk register and forms the basis of determining the adequate own funds and liquid assets requirements through the ICARA process.

#### **Risk Monitoring and Reporting**

MAE ensures that its risk management includes effective risk monitoring and reporting. Clear escalation lines exist ensuring that senior management is provided with the necessary information regarding the firm's material risks.

Through its risk management and governance structure, and as part of its Internal Capital Adequacy and Risk Assessment ("ICARA") process, MAE has in place appropriate arrangements to manage the risks and harms that it faces.

#### **Own Funds**

As a MIFIDPRU investment firm MAE is required to disclose the composition of its own funds, and how these reconcile with the capital in the balance sheet in the audited financial statements. A reconciliation of the Firm's financial statements for the year ended 31 December 2024 to regulatory own funds is shown below:



Composition of regulatory own funds		
Item	Amount (GBP thousands)	Source based on reference numbers / letters of the balance sheet in the audited financial statements
<b>Own Funds</b>	<b>45,492</b>	
<b>Tier 1 Capital</b>	<b>45,492</b>	
<b>Common Equity Tier 1 Capital</b>	<b>45,492</b>	
Fully paid up capital instruments	6,468	Note 14
Share premium		
Retained earnings	39,024	
Accumulated other comprehensive instruments		
Other reserves		
Adjustments to CET1 due to prudential filters		
Other funds		
(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1		
CET1: Other capita elements, deductions and adjustments		
<b>ADDITIONAL TIER 1 CAPITAL</b>	<b>-</b>	
Fully paid up, directly issued capital instruments		
Share premium		
(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1		
Additional Tier 1: Other capital elements, deductions and adjustments		
<b>TIER 2 Capital</b>	<b>-</b>	
Fully paid up, directly issues capital instruments		
Share premium		
(-) TOTAL DEDUCTIONS FROM TIER 2		
Tier 2: Other capital elements, deductions and adjustment.		

The table below provides details of MAE's balance sheet along with cross references to the composition of MAE's regulatory own funds detailed above.

Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements		
	Balance Sheet	Cross reference OF1
	As at December 31, 2024	As at December 31, 2024
	Amount (GBP thousands)	
<b>Assets – Breakdown by asset classes according to the balance sheet in the audited financial statements</b>		
Trade and other receivables	17,330	
Cash and cash equivalents	36,175	
Fixed Assets & Intangibles	9,529	
<b>Total Assets</b>	<b>63,034</b>	
<b>Liabilities – Breakdown by liability classes according to the balance sheet in the audited financial statements</b>		
Trade and other payables	(13,431)	
Non Current Liabilities	(4,111)	
<b>Total Liabilities</b>	<b>(17,542)</b>	
<b>Shareholder's Equity</b>		
Share capital	6,468	
Retained earnings	39,024	
<b>Total Shareholder's equity</b>	<b>45,492</b>	<b>1 (Own Funds above)</b>

#### Own funds: main features of own instruments issued by the Firm.

MAE's own funds consists of retained earnings and issued and fully paid-up share capital.

#### Own Funds Requirements



MAE's own funds requirements are determined with reference to the rules under MIFIDPRU 4.3. This is the minimum capital required to be held by the Company. The own funds requirements are calculated as the greater of:

- Permanent Minimum Requirement
- The K-Factor Requirement; or
- Fixed overheads requirement.

A summary of these requirements as at 31 December 2024 is shown below:

<b>Permanent Minimum Requirement</b>		<b>£'000s</b>
Per MIFIDPRU 4.4		
<b>Total Permanent Minimum Requirement</b>		<b>150</b>

<b>K Factor</b>		<b>£'000s</b>
Sum of K-NPR, K-CMG, K-TCD, and K-CON		184
<b>Total K-Factor</b>		<b>184</b>

<b>Fixed Overhead Requirement</b>		<b>£'000s</b>
Based on audited accounts as at 31 Dec 2023		
<b>Total Fixed Overhead Requirement</b>		<b>7,791</b>

#### **Assessing the adequacy of own funds**

The adequacy of the own funds of MAE is assessed as part of the Internal Capital Adequacy and Risk Assessment ("ICARA"). Under the ICARA process MAE ensures that it meets the Own Funds Adequacy Rule ("OFAR") at all times. The OFAR requires a firm to hold adequate own funds and liquid assets to ensure that:

- a) The firm is able to remain financially viable throughout the economic cycle, with the ability to address any material potential harm that may result from its ongoing activities; and
- b) The firm's business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

The ICARA process is subject to the ongoing scrutiny and challenge by the MAE Board who are ultimately responsible for the ICARA. The results of the most recent ICARA have determined that MAE holds sufficient own funds and liquid assets to comply with and meet the OFAR.

#### **Remuneration**



MAE is subject to the FCA's MIFIDPRU Remuneration code. Relevant remuneration disclosures are published on our website:

<https://www.marketaxess.com/pdf/uk-remuneration-disclosure.pdf>