DRW EUROPE B.V.

Pillar 3 Disclosures

as at 31 December 2025



Disclosure Overview

This document sets out the Disclosures required of DRW Europe Derivatives B.V. ("DRWED" or "the Firm") under Regulation (EU) 2019/2033 (the EU Investment Firm Regulations ("IFR") in respect of the Financial Year ending 31st December 2025. These are the prudential regulations which govern the Firm's obligations to maintain adequate Own Funds and liquid assets. The IFR's disclosure requirements allow market participants to assess the Firm's information on capital resources, risk exposures and risk assessment process. **DRWED is authorised as an investment firm by the Autoriteit Financiële Markten ("AFM") and is regulated by both the AFM and De Nederlandsche Bank ("DNB").**

Risk Management Objectives & Policies

The following Disclosure is made in accordance with Article 47 IFR.
The Firm operates a three lines of defense model:

1. The first line of defence constitutes trading desks, operations, technology and all trade execution personnel, who manage risk on an everyday basis by maintaining appropriate systems and controls, management of risk limits, policies and procedures, and escalation of issues as they emerge to senior management.
2. The second line of defence comprises the risk management department, and other support functions such as Treasury and Operations, Finance and Compliance, which provide governance and oversight across all significant risk categories, such as, operational risk, market and liquidity, credit and compliance risk.
3. The third line of defence is Internal Assurance, which are the internal reviews and assessments over the firm's processes and controls which are reported to the Board of Directors.

Credit Risk

Credit Risk is the risk of a counterparty failing to meet its obligations as they fall due. To manage this the Firm uses highly rated banks and clearing providers whose credit ratings are monitored by the Firm's Risk Department.

Counterparty credit risk is the risk of a loss resulting from a counterparty defaulting before the final settlement of a transaction. The Firm manages this risk by clearing its transactions using highly rated clearing providers and prime brokers, whose credit ratings are monitored by the Risk Department.

Market Risk

Market Risk is the risk presented by potential changes in the value of investment positions, which for DRWED may include equity position risk (cash equities, equity like instruments and equity derivatives), Fixed Income and FX risk. Risk is managed by the setting of risk limits that are monitored intraday by the independent risk control function.

Operational Risk

Operational Risk is the risk of a loss resulting from inadequate internal processes and systems or from external events. This is managed via the Operational Risk Capital Committee which meets regularly to identify and review potential risks and mitigation.

Liquidity Risk

Liquidity risk arises both from liquidity funding risk under stressed conditions, and, as a Firm which deals on own account, from intraday liquidity risk and market activities that may involve trading in instruments with different P&L realization schedules. The Firm performs stress testing proportionate to the scale and scope of the business, and assesses the adequacy, diversity and sufficiency of its liquidity over a variety of time horizons, including on an intraday basis.

ESG Risks

Environmental risks arise from the negative financial impacts caused by or connected to the impacts of environmental factors on counterparties or assets. These include Physical Risks (arising from the impact of natural hazards on physical assets) and Transition Risks (which stem from a disorderly transition to a low-carbon economy). Social risks arise from the impacts of social factors on counterparties or the value of assets. Governance risks are the risks of any negative financial impact on the institution stemming from the current or prospective impacts of governance factors on its counterparties or assets. The Firm assesses non-financial risks through the Firm's Risk Register and its ICARAP. These are assessed for their materiality and impact to the Firm, with particular emphasis on their effect on the Firm's Own Funds, primarily through internal consultation, but including external sources where pertinent. In the Firm's Risk Taxonomy, ESG risks will be considered in the context of Strategic Risks. The incorporates ESG into its ICARAP methodologies, and in respect of which notes the DNBs guidance on management of climate risk (DNB Gids voor beheersing van klimaat- en milieurisico's).

Governance

The following Disclosures are made in accordance with Article 48 IFR:

Number of Directorships held by members of the Management Body

Title	Name	Number of Directorships
Director	Zach Malsom	3
Director	Merel van Dijk	3

Risk Committee

The Firm has a local Risk Committee with responsibility for advising the management body on the investment firm's overall current and future risk appetite, risk strategy, and oversight of the implementation of that strategy, as well as other areas relating to the operation of the local Risk Function.

Remuneration Committee

The Firm has established a Remuneration Committee with responsibility for, amongst other things, the Firm's Remuneration Policy as detailed further below.

Regulatory Own Funds

The Firm's Disclosures regarding its Regulatory Own Funds are made in accordance with Article 49 IFR. The Templates EU CCF 1-3 are included below at Annex A.

Own Funds Requirements

DRWED's Own Funds and Liquidity requirements are determined by the Investment Firms' Directive ("IFD") and Regulations ("IFR")In line with Article 11 of IFR, a firm that is not categorized as "Small and Non-interconnected" such as DRWED must at all times have Own Funds which amount to at least "D", where D is defined as the highest of;

a. Their fixed overheads requirement calculated in accordance with Article 1.
b. Their permanent minimum capital requirement in accordance with Article 14; or
c. Their K-factor requirement calculated in accordance with Article 15.

The own funds requirement of a non-SNI IFD/IFR investment firm is the highest of:

1. Its fixed overheads requirement (Article 13 IFR and Article 9 IFD);
2. Its permanent minimum capital requirement (Article 14 IFR); or
3. Its K-factor requirement under (Article 15 IFR)

As a firm with permission to deal on its own account (the permission in point (3) of Section A of Annex I to Directive 2014/65/EU), as per Art 9 IFD DRWED's Permanent Minimum Capital requirement is €750,000 (though this is subject to the transitional provisions in IFR Art 57(6)). The Firm's Fixed Overhead Requirement as at 31 December 2025 was €4.26m. DRWED's primary capital driver is therefore its its K-Factor Requirement.

The K-Factors are a set of nine quantitative indicators each comprising a standardized computation relating to a risk that the Investment Firms Prudential Regime intends to capture. The sum of each of the relevant computations is a firm's K-Factor requirement. DRWEDs K-factor requirements are set out below;

Own Funds Requirement (Pillar 1)	Methodology	€'000
K-DTF	**Article 33 and Table 1 of Article 15 IFR**	**83**
K-DTF (Cash Trades)	Sum of absolute value (using price paid/received) of buys and sells x 0.1%	11
K-DTF (Derivatives)	Sum of absolute value (using notional value) of buys and sells x 0.01%	72
K-NPR	**Article 22 IFR and Title IV of Part Three of CRR**	**7,169**
Of which;		
Fixed Income	Specific risk of net trading book positions multiplied by weighting in CRR Art 336 Table 1	5,407
FX	Sum of net open position in spot currency or gold and the net forward position including currency and gold futures as per Art 352 CRR	1,762
K-CON	**Own Funds Requirement for Excess as per Article 39 IFR**	**NIL**
Total		**7,252**

The Firm assesses its capital adequacy under Pillar 2 through its Internal Capital and Risk Assessment Process ("ICLAAP"). The ICARAP is an ongoing and dynamic assessment process, the purpose of which is to observe and determine where additional capital or liquid assets should be held by the Firm to mitigate risks not fully represented by the K-Factor computations.

Remuneration policy & practices

As of June 2021 the Firm is subject to the Remuneration Requirements and Disclosure Requirements in the IFR. The Firm's Remuneration Committee has oversight of DRWEDs Remuneration Policy, which sets out the Firm's remuneration framework for all staff, including staff whose professional activities have a material impact on the Firm's risk profile. Key elements of the IFR Remuneration Rules are set out below.

The Remuneration Policy is designed to:

1. Promote sound and effective risk management.
2. Encourage alignment of the risks taken by the employees and the Firm.
3. Promote sound and effective, risk management in line with the business strategy, objectives and long-term interests of the Firm.
4. Avoid conflicts of interest, encourage responsible business conduct; and promote risk awareness and prudent risk taking by employees.
5. Appropriately motivate and reward employees to ensure a high retention rate and hence business continuity.
6. Provide equal pay for male and female workers for equal work or work of equal value.

Criteria for Variable Remuneration and Performance Measurement

The Firm assesses Variable Remuneration under a multi-year framework and discretionary awards are subject to an assessment which takes into account the performance of the employee, their business unit and the overall results of the Firm as part of a multi-year framework. The performance goals on which variable compensation is determined include non-financial criteria for all employees and encompass both non-financial and financial criteria for employees in Front Office roles.

The measurement of performance used as a basis to calculate pools of variable remuneration component to be awarded to employees that qualify is Material Risk Takers shall take into account all types of current and future risks and the cost of the capital and liquidity required in accordance with the IFR. The allocation of the variable remuneration components takes into account all types of current and future risks.

The awarding of a discretionary bonus, if any, by the Remuneration Committee is conditional, discretionary and contingent upon sustainable and risk-adjusted performance of the individual employee.

Equal Employment Opportunity Policy and Pay Equity

DRW is committed to providing equal opportunities in employment and places significant value on pay equity and on ensuring all employees are treated fairly. These principles apply to recruitment, selection, training, promotion, transfer, pay and benefits and performance appraisal procedures in addition to all Terms and Conditions of employment. The Firm undertakes regular reviews of existing procedures and criteria and makes changes where necessary to ensure we maintain the highest standards of equal opportunity.

Risk Adjustment (Malus/Clawback)

In the event that an MRT is determined to have caused the Firm to have suffered loss or otherwise suffered adverse performance including for reasons relating to misconduct, or the employee has had a material negative impact on the risk profile of the Firm or the Group, or an employee has incurred a termination of service due to Cause, DRWE can apply Risk Adjustment to any discretionary bonus payable to any employee. This can be by reducing or cancelling current year variable compensation, by the application of malus to deferred incentive awards not yet vested or delivered, or via clawbacks (namely, recouping awards already paid).

Policy on Ratio of Fixed to Variable Compensation

The Firm sets an appropriate ratio to define what the maximum ratio between the variable and the fixed components of total remuneration for each category of employees each year can be. For 2025, the ratios that the Firm has set are;

Function	Variable to Fixed Comp Max
Control Functions	4x
Risk Management	10x
Material Risk Takers/Identified Staff	100x

Annex A – Disclosure Templates

EU IF CC1

Composition of regulatory own funds (investment firms other than small and non-interconnected)

		€'000	Source
1	**Own Funds**	15,153	
2	**Tier 1 Capital**	15,153	
3	**Common Equity Tier 1 Capital**	15,153	Financial Statements, Equity, section 1.1
4	Fully paid up capital instruments	1	Financial Statements, Equity, section 1.1
5	Share premium	5,906	Financial Statements, Equity, section 1.1
6	Retained earnings	9,253	Financial Statements, Equity, section 1.1
7	Accumulated other comprehensive income		
8	Other reserves		
9	Minority interest given recognition in CET1 capital		
10	Adjustments to CET1 due to prudential filters		
11	Other funds		
12	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1		
17	(-) Losses for the current financial year		
18	(-) Goodwill		
19	(-) Other intangible assets		
20	(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities		
21	(-) Qualifying holding outside the financial sector which exceeds 15% of own funds		

Annex A – Disclosure Templates

EU IF CC1

Composition of regulatory own funds (Investment firms other than small and non-interconnected)

		€'000	Source
22	(-) Total qualifying holdings in undertaking other than financial sector entities which exceeds 60% of its own funds		
23	(-) CET1 instruments of financial sector entites where the institution does not have a significant investment		
24	(-) CET1 instruments of financial sector entities where the institution has a significant investment		
25	(-)Defined benefit pension fund assets		
26	(-) Other deductions		
27	CET1: Other capital elements, deductions and adjustments		
28	**Additional Tier 1 Capital**		
29	Fully paid up, directly issued capital instruments		
30	Share premium		
31	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1		
32	(-) Own AT1 instruments		
33	(-) Direct holdings of AT1 instruments		
34	(-) Indirect holdings of AT1 instruments		
35	(-) Synthetic holdings of AT1 instruments		
36	(-) AT1 instruments of financial sector entities where the institution does not have a significant investment		
37	(-) AT1 instruments of financial sector entities where the institution has a significant investment		
38	(-) Other deductions		

Annex A – Disclosure Templates

EU IF CC1

Composition of regulatory own funds (Investment firms other than small and non-interconnected)

		€'000	Source
39	Additional Tier 1: Other capital elements, deductions and adjustments		
40	**Tier 2 Capital**		
41	Fully paid up, directly issued capital instruments		
42	Share premium		
43	(-) TOTAL DEDUCTIONS FROM TIER 2		
44	(-) Own T2 instruments		
45	(-) Direct holdings of T2 instruments		
46	(-) Indirect holdings of T2 instruments		
47	(-) Synthetic holdings of T2 instruments		
48	(-) T2 instruments of financial sector entities where the institution does not have a significant investment		
49	(-) T2 instruments of financial sector entities where the institution has a significant investment		
50	Tier 2: Other capital elements, deductions and adjustments		

Annex A – Disclosure Templates

EU IF CC2

Reconciliation of regulatory own funds to balance sheet in the audited financial statements

		A	B	C
		Balance sheet as in published/ audited financial statements	Under regulatory scope of consolidation	Cross reference to EU IF CC1
		As at period end	As at period end	
		€'000	€'000	
Assets - *Breakdown by asset classes according to the balance sheet in the published/audited financial statements*				
1	Financial assets held for trading	15,757	N/A	
2	Financial Assets	4,009		
3	Tangible Fixed Assets	5,582	N/A	
4	Receivables due from Group Companies	13,325	N/A	
5	Receivables due from Brokers	9,644	N/A	
6	Other accounts receivable		N/A	
7	Cash and cash equivalents	1,620	N/A	
		127		
	Total Assets	**41,064**	N/A	
Liabilities - *Breakdown by liability classes according to the balance sheet in the published/auditied financial statements*				
1	Financial liabilities held for trading	10,013	N/A	
2	Current liabilities – due to brokers		N/A	
3	Liabilities to group companies	15,414	N/A	
4	Tax payable		N/A	
5	Other liabilities and accrued expenses		N/A	
6	Non-current Liabilities – Lease liability		N/A	
7	Trade payables		N/A	
	Total Liabilities	**25,427**		

Annex A – Disclosure Templates

EU IF CC2

Reconciliation of regulatory own funds to balance sheet in the audited financial statements

		A	B	C
		Balance sheet as in published/ audited financial statements	Under regulatory scope of consolidation	Cross reference to EU IF CC1
		As at period end	As at period end	
		€'000	€'000	
Shareholders' Equity				
1	Fully paid up share capital	1	N/A	Row 4
2	Share Premium	5,906	N/A	Rows 5 & 6
3	Other Reserves	9,253	N/A	Row 8
4	Result of the Year	479		
	Total Shareholders' equity	**15,637**		

Annex A – Disclosure Templates

EU IF CCA

Own funds: main features of own instruments issued by the firm

1	Issuer	
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Public or private placement	N/A
4	Governing law(s) of the instrument	Dutch
5	Instrument type (types to be specified by each jurisdiction)	Fully paid-up share capital
6	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	€1
7	Nominal amount of instrument	€1

Annex A – Disclosure Templates

EU IF CCA

Own funds: main features of own instruments issued by the firm

8	Issue price	
9	Redemption price	N/A
10	Accounting classification	Equity
11	Original date of issuance	
12	Perpetual or dated	N/A
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons/dividends	
17	Fixed or floating dividend/coupon	N/A
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	N/A
20	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A
21	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A
22	Existence of step up or other incentive to redeem	N/A
23	Noncumulative or cumulative	N/A
24	Convertible or non-convertible	N/A
25	If convertible, conversion trigger(s)	N/A
26	If convertible, fully or partially	N/A
27	If convertible, conversion rate	N/A

Annex A – Disclosure Templates

EU IF CCA

Own funds: main features of own instruments issued by the firm

28	If convertible, mandatory or optional conversion	N/A
29	If convertible, specify instrument type convertible into	N/A
30	If convertible, specify issuer of instrument it converts into	N/A
31	Write-down features	N/A
32	If write-down, write-down trigger(s)	N/A
33	If write-down, full or partial	N/A
34	If write-down, permanent or temporary	N/A
35	If temporary write-down, description of write-up mechanism	N/A
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A
38	Link to the full term and conditions of the instrument (signposting)	N/A
Insert N/A if the question is not applicable		