



MIFIDPRU Disclosure Report 2025

TD Execution Services Limited

for the year ended 31 December 2024

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IFPR DISCLOSURE REQUIREMENTS

Main Disclosure Requirements	Reference To MIFIDPRU Rules	Pages
Scope of disclosure requirements	<i>MIFIDPRU 8.1</i>	4
Risk management objectives and policies	<i>MIFIDPRU 8.2</i>	5-7
Governance	<i>MIFIDPRU 8.3</i>	12
Own funds	<i>MIFIDPRU 8.4</i>	9-10
Own funds requirement	<i>MIFIDPRU 8.5</i>	11

OVERVIEW

1.1 INTRODUCTION

This report sets out the mandatory disclosures in accordance with the Financial Conduct Authority ("FCA") MIFIDPRU 8 standards for TD Execution Services Limited ("TDESL" or "the firm").

1.1.1 BACKGROUND

The Investment Firms Prudential Regime ("IFPR") sets out requirements for investment firms to disclose additional information relating to their risk management approach, capital adequacy, remuneration approaches and governance arrangements. The disclosures aim to encourage market discipline by developing a set of disclosure requirements which will allow market participants to assess respective information on the firm.

This information is known as the firm's "MIFIDPRU Disclosures" and is intended to contain an overview of the following:

- Risk management objectives
- Internal governance arrangements
- Own Funds and Own Funds Requirements

The firm's remuneration disclosures are separately reported, but available in the same location as the MIFIDPRU Disclosures.

1.1.2 Location and Verification

The MIFIDPRU Disclosures have been reviewed and approved by the firm's Board of Directors. These disclosures will be published on the Company's public website:

<https://www.tdsecurities.com/ca/en/legal>

1.2 SCOPE AND FREQUENCY OF DISCLOSURES

1.2.1 SCOPE

The disclosures are made in respect of TDESL for the year ended 31 December 2024. TDESL is a non-small non-interconnected ("non-SNI") MIFIDPRU Investment Firm regulated by the FCA.

1.2.2 FREQUENCY

In accordance with MIFIDPRU 8.1.7, the disclosures are made on an individual basis and published on an annual basis or more frequently if the business were to undergo significant changes in business model.

The disclosures have been prepared as required under FCA MIFIDPRU 8 standards and for no other purpose. They do not constitute any form of financial statement and should not be solely relied upon in making any judgement about the firm.

1.3 COMPANY DESCRIPTION

TDSEL is a wholly owned subsidiary of Toronto Dominion International Pte. Ltd. (Singapore) and the Toronto Dominion Bank (Canada) respectively. The principal activities of the firm are:

- The provision of global algorithmic, electronic trading and sales trading execution services to institutional and wholesale clients.
- The provision of Research Payment Account ("RPA") administration services under the service mark of Westminster RPA.
- The operation of a facilitation trading book, focused on facilitating incoming client requests or positioning inventory in anticipation of client demand.
- M&A advisory, which focused on the Verticalised Software Data and Analytics sector, that was transferred to TD Bank's London Branch in April 2024.

On 6th December 2024, the entity name for Cowen Execution Services Limited was formally changed to TD Execution Services Limited. This was solely a name change with no impact to the financial position or risk profile of the firm.

1.3.1 MAJOR CHANGES

Investment Banking Business Line

Following the acquisition of Portico Capital UK Limited and Portico Capital Europe LLP (collectively "Portico") in December 2021, TDESL continued to develop the M&A advisory business, focused on the Verticalized Software, Data and Analytics sector. As a part of the business integration and rationalisation post-acquisition with TD Bank, the Portico business line, including the intangible assets and goodwill was sold to TD Bank on 1 April 2024. This removed the M&A revenue stream, but also the staff compensation, lease expense and other associated costs. Further information on the business line exiting the firm is disclosed in the Financial Statements, presenting the continuing and discontinued operations.

Management of Core and Non-Core Liquid Assets

As at 31 August 2024, all of TDESL's liquid assets qualified as Core. However, subsequent to that date, the firm proceeded to place an element of its cash on deposit with group affiliate, Toronto Dominion South-East Asia Limited ("TDSEA"). The deposit meets the conditions of MIFIDPRU 7.7.8 and is treated as non-core liquid assets for meeting the Liquid Asset Threshold Requirement ("LATR").

RISK MANAGEMENT OBJECTIVES AND POLICIES

In accordance with the Transitional Provisions in MIFIDPRU TP12.6, the firm is required to disclose the information about its risk management objectives and policies under MIFIDPRU 8.2.

2.1. RISK MANGEMENT FRAMEWORK

The Board has overall accountability for the management of risk within the firm. This includes determining the risk appetite, which sets out the nature and extent of the principal risks it is willing to take in achieving its objectives and defining the standards and expectations that drive the firm's risk culture.

The firm has an established risk management framework that addresses these responsibilities. The framework has the following core elements:

- Risk Culture
- Risk Taxonomy
- Risk Appetite
- Risk Governance
- Risk Management.

The framework establishes the following risk management requirements:

- Identifies, measures, manages, monitors, and reports on the harms to the firm, the clients and the market.
- Monitors performance and risk indicators to ensure that the firm remains within its risk appetite.
- Manages the risk that the firm's conduct may pose harm to the fair outcomes for clients, or to the sound, stable, resilient, and transparent operation of financial markets.

This framework provides the Board with assurance that the firm's risks, including the risks relating to the achievement of the firm's strategic objectives, are understood, and managed in accordance with the appetite and tolerance levels set. It provides the basis for enabling the firm's ongoing assessment, control, monitoring, and reporting of risk management.

TDESL has a comprehensive process of identifying, monitoring, reporting, and controlling risks based on the three lines of defence model. This details responsibility for risk management, control and assurance, and clarifies the segregation of duties between those who take on risk, those who control risk and those who provide assurance.

- First Line of Defense is provided by the business and support functions embedded in the business.
- Second Line of Defense comprises areas with independent oversight accountabilities within Control Functions
- Third Line of Defense is provided by Internal Audit Services.

2.2. PRINCIPAL RISKS

To adequately assess the potential harm to the firm, the clients or the market, the firm has adopted a common risk taxonomy that breaks the principal risks faced by the firm into 8 broad risk categories,

which comprehensively reflect the risks inherent in TDESL. This section discloses the risk management objectives that fit within the categories of risks addressed by MIFIDPRU 4 (Own Funds Requirements), MIFIDPRU 5 (Concentration Risk) and MIFIDPRU 6 (Liquidity). Own Funds Requirements are presented in Section 4 of this report.

The major risks identified for the firm within the risk taxonomy and the actions taken to mitigate these risks are summarised in the table overleaf.

Risk Taxonomy Level 1		
Taxonomy	Risk	Mitigating Actions
Credit Risk (MIFIDPRU 4)	Credit risk is the risk of default on a debt that may arise from a borrower failing to make required payments. Settlement risk arises from failure of a settlement agent to settle trades within the agreed period.	TDESL exercises controls through its policies and procedures, and more specifically through selection of counterparties custodians and settlement agents (through its US affiliate). The firm also monitors the credit ratings of these firms and will reassess the relationships if Amber/Red triggers are breached.
Operational Risk (MIFIDPRU 4)	Operational risk is risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. It includes a number of sub-categories of risk	TDESL periodically reviews its operational policies and procedures. TDESL also maintain a risk matrix and Operational Resilience Self-Assessment which is periodically reviewed by the TDESL Audit and Risk Committee as well as the TDESL Board. Critical systems are regularly tested for continuity, via annual Business Continuity and Disaster Recovery testing.
Conduct & Reputational Risk	The risk of conducting improper business or market practices, causing harm to clients, or causing reputational damage.	TDESL has implemented a Conduct & Culture framework that places a strong emphasis of providing an environment of trust and has outlined a comprehensive and rigorous compliance framework to prevent and deter financial crime. TDESL ensures stringent pre-employment screening and ongoing supervision of employees is in place to ensure their continuing fitness and propriety. Measures are also in place to ensure that conflicts of interest are managed and that new products are considered for reputational risk.
Market Risk (MIFIDPRU 4)	The risk of a loss due to the performance of positions. This includes the risk of a concentrated position, which significantly reduces in value. While TDESL traders are only permitted to take principal risk on a limited basis and within a conservative limit framework, it is exposed to fluctuations in market value.	TDESL primarily executes trades on a matched principal basis, however, does also have a small principal trading book which is used to facilitate client trading activities on a limited basis and within a conservative risk management framework. TDESL trading limits and breach monitoring is in place, and overseen by the Senior Manager Committee governance forum.
Liquidity Risk (MIFIDPRU 6)	The risk of TDESL having insufficient financial resources to meet its financial and contractual obligations	TDESL's policy is to maintain cash resources with its clearing banks at a level that is well in excess of its forecast cash flow requirements. Liquidity is monitored on a monthly basis, and cash forecasting will be implemented on a monthly basis. TDESL has a liquidity stress testing programme to provide additional assurance that liquidity measures are appropriate for the firm.

Business, Environmental & Strategic Risk	This is the risk associated with the fluctuating business cycles and economic conditions over a period of time and, if these business or economic conditions deteriorate over time, the ability of the firm to carry out its business plan and strategy or raise new capital in unfavourable conditions.	TDESL monitors macro-economic factors which could impact its strategy and business model. These are regularly reported to senior management who monitor the potential effects against the risk appetite. All significant strategic decisions, including acquisitions are made with significant due diligence and management review at the most senior levels. A New Product Governance review process has been implemented to ensure all areas have reviewed their respective controls prior to new products going live.
Financial Reporting and Tax	The risk that failures in the finance function result in inaccurate internal financial reporting, manifesting in poor decision making, and/or external financial reporting, resulting in regulatory or statutory reporting failure.	<p>The Finance function has sufficient resourcing and management oversight providing quality assurance, seeking external expertise as required.</p> <p>TDESL has a policy of maintaining a healthy capital ratio and buffer, which is monitored monthly and tightly enforced.</p> <ul style="list-style-type: none"> • Monthly calculations prepared by Finance and circulated to management • Escalation of thresholds (red/amber alerts) and breaches • ICARA documentation completed in line with requirements and shows surplus capital over a three-year period even after a stress event.
Group Risk	The risk that business critical functions such as clearing, technology access and support, financial reporting, etc. will be unavailable due to Group withdrawal of support, or failure	<p>TDESL monitors its exposure to revenues generated through group entities and its reliance on the group for any critical processes.</p> <p>Responsibilities in relation to Group dependencies outlined in detailed intercompany service agreements.</p> <p>It also reviews the markets and press to detect if issues with other members of the group may impact TDESL's reputation or credit rating.</p>

Key Harms and Risks identified within MIFIDPRU 5 Concentration Risk

Concentration risk is a level 2 category of risk under Credit Risk. Concentration risk is associated with the firm's exposure to sectoral, geographic and entity or obligor concentrations. TDESL acknowledges that there is a risk of concentration of client revenues, brokers, or other counterparties, however this risk is factored into the respective risk appetite statement, including Credit and Settlement, Business Strategy and Market risks.

OWN FUNDS

3.1. OWN FUNDS

TDESL's available capital resources are valued for the purposes of meeting minimum capital requirements, according to the IFRS balance sheet value of reserves, and according to the criteria set out in MIFIDPRU 3.

TDESL only holds Common Equity Tier 1 items which incorporate share capital and retained earnings. The firm does not have Additional Tier 1 or Tier 2 instruments.

Further detail of the Common Equity Tier 1 items can be observed in Table 1 below, reconciliation to the balance sheet in Table 2, and the main features in Table 3.

Table 1: Composition of regulatory own funds

Composition of regulatory own funds			
	Item	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	OWN FUNDS	30,880	Page 21
2	TIER 1 CAPITAL	30,880	Page 21
3	COMMON EQUITY TIER 1 CAPITAL	30,880	Page 21
4	Fully paid-up capital instruments	7,650	Page 21, note 14
5	Share premium	-	
6	Retained earnings	5,064	Page 19-21
7	Accumulated other comprehensive income	-	
8	Other reserves	907	Page 21
9	Adjustments to CET1 due to prudential filters	-	
10	Other funds	17,259	Page 21
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER1	-	
19	CET1: Other capital elements, deductions and adjustments	-	
20	ADDITIONAL TIER 1 CAPITAL	-	
25	TIER 2 CAPITAL	-	

Table 2: Reconciliation of regulatory own funds to the balance sheet

Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements				
		<i>A</i>	<i>B</i>	<i>C</i>
		Balance sheet as in published/audited financial statements	Under regulatory scope of consolidation	Cross reference to Table 1 - Own Funds
		As at 31 st December 2024	As at 31 st December 2024	
Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements				
1	Fixed Assets:			
2	Tangible assets	1,294		
3	Prepayments and accrued income	107		
4	Intangible assets	-		
5	Current Assets:			
6	Debtors	6,073		
7	Loans and other assets	-		
8	Investments	-		
9	Cash and cash equivalents	38,659		
	Total Assets	46,133		
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements				
10	Creditors	15,253		
	Total Liabilities	15,253		
Shareholders' Equity				
12	Called up share capital	7,650	7,650	4
13	Other reserves	18,166	18,166	10
14	Accumulated retained earnings	5,064	5,064	6
	Total Shareholders' equity	30,880	30,880	1

Table 3: Features of own instruments

Own funds: main features of own instruments issued by the firm	
Item referenced in the Audited Financial statements	Feature of Own Fund Instrument
Share Capital Amount recognised in regulatory capital: Instrument Type: Nominal amount of instrument: Issue price: Accounting classification: Instrument Type: Nominal amount of instrument: Issue price: Accounting classification:	£ 7,650,000 Ordinary shares £ 7,375,000 £ 0.50 Ordinary Share capital Class A shares £ 275,000 £1.00 Ordinary share capital

OWN FUNDS REQUIREMENT

4.1. OWN FUNDS REQUIREMENT

In accordance with MIFIDPRU 4.3.2, the firm is required to maintain own funds that are at least equal to its Own Funds Requirement at all times.

The Own Funds Requirement is the greater of:

As at 31 December 2024			Amount (£000')
1. Permanent Minimum Requirement ("PMR")			750
2. Fixed Overhead Requirement ("FOR")			7,744
3. <u>K-Factor requirement</u>			465
Sum of	K-AUM, K-CMH and K-ASA	0	
Sum of	K-COH and K-DTF	434	
Sum of	K-NPR, K-CMG, K-TCD and K-CON	31	
Own Funds Requirement			7,744

TDESL had a significant surplus of Own Funds over Own Funds Requirement throughout the year with a surplus of GBP 14 MM. As at the year-end date of 31 December 2024, with the inclusion of the Financial Year 2024 audited profit and new Fixed Overhead Requirement, the surplus elevated to GBP 22 MM.

4.2. ADEQUACY OF OWN FUNDS

In accordance to the Overall Financial Adequacy Rule ("OFAR"), the firm must at all times, hold own funds and liquid assets which are adequate, both as to their amount and their quality, to ensure that:

- 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
- the firm's business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

An assessment is carried out as part of the Internal Capital Adequacy and Risk Assessment ("ICARA"). The firm calculates its own internal risk assessment of ongoing activities by identifying all risks and considering their materiality, including those that are not captured under the defined K-Factor requirements. The higher of the internal risk assessment and the funds required for an orderly winddown is used as the Own Funds Threshold Requirement and Liquid Assets Threshold Requirement which the firm is required to hold at any point in time to comply with the OFAR.

The ICARA assessment is produced annually or more frequently, if there has been a material change to the business model.

The internal risk assessment, once approved, is monitored monthly as an integral part of the Risk Management Framework. The Executive Risk Committee considers all risks that could change through the financial year.

GOVERNANCE

The firm's Board and Senior Management believes that the existing departmental structure ensures effective and prudent management of the firm, including the segregation of duties, and the prevention of conflicts of interest, and in a manner that promotes the integrity of the market and the interests of the firm's clients.

The firm's Board defines, oversees and is accountable for the implementation of governance arrangements that ensure the effective and prudent management of the firm, including the segregation of duties in the organisation and the prevention of conflicts of interest, and in a manner that promotes the integrity of the market and the interests of the Firm's clients (in terms of SYSC4.3).

This includes:

- Approving and overseeing implementation of the firm's strategic objectives, risk strategy, and internal governance;
- Ensuring the integrity of the firm's accounting and financial reporting systems, including financial and operational controls and compliance with regulatory requirements.
- Oversight of disclosures and communications; and
- Oversight of senior management.

The below table sets out the directorships held by Board members outside of TDESL or related group companies:

Director	Number of executive directorships	Number of non-executive directorships
Lucy Izzard	2	1
Joe Banks	4	0
Sharon Kim	3	1
Michael Page	3	0
Stephen Souchon	0	2
Carl Hayes	1	0

The firm's Diversity and Inclusion Policy sets out a commitment to creating an environment that ensures that everyone is treated with fairness, dignity, and respect. Gender pay is also an important metric for the firm. The firm continues to work to improve the associated monitoring, developing real-time metrics and a more robust grading structure to improve these metrics.

These activities, supported by the Board and Senior Management, ensure that inclusion is being considered and discussed in decision making and as part of ongoing business processes. The firm continues to build on the foundations of everyday inclusion through further training, development of policies and practices, in conjunction with further embedding of an inclusive culture for all employees.

The firm has established an Audit and Risk Committee which complies with the requirements of MIFIDPRU 7.3.1.

REMUNERATION DISCLOSURE

Information on the remuneration policy, the link between pay and performance, and quantitative information can be found within this section of the TD Securities website:

<https://www.tdsecurities.com/ca/en/legal>