This transcript should be read in conjunction with the related earnings presentation, which includes important additional detail, and is provided for the convenience of investors and analysts only. For a full recording of this earnings conference call please see the 3Q21 Earnings Call webcast.

OPERATOR

Good morning and welcome to Tradeweb's third quarter 2021 earnings conference call. As a reminder, today's call is being recorded and will be available for playback.

To begin, I'll turn the call over to Head of U.S. Corporate Development and Investor Relations, Ashley Serrao. Please go ahead.

PART I: INTRODUCTION AND DISCLAIMER

ASHLEY SERRAO (Slide 2-3)

Thank you, and good morning.

Joining me today for the call are our CEO Lee Olesky, who will review the highlights for the quarter and provide a business update, our President Billy Hult, who will dive a little deeper into some growth initiatives and our CFO Sara Furber, who will review our financial results. We intend to use the website as a means of disclosing material, non-public information and complying with disclosure obligations under SEC regulation FD.

I'd like to remind you that certain statements in this presentation and during the Q&A may relate to future events and expectations, and as such, constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements related to, among other things, our guidance are forward-looking statements. Actual results may differ materially from these forward-looking statements. Information concerning factors that could cause actual results to differ from forward-looking statements is contained in our earnings release and periodic reports filed with the SEC.

In addition, on today's call we will reference certain non-GAAP measures. Information regarding these non-GAAP measures, including reconciliations to GAAP measures are in our posted earnings release and presentation.

To recap, this morning we reported GAAP earnings per diluted share of $0.26. Excluding certain non-cash stock-based compensation expense, acquisition related transaction costs, acquisition and Refinitiv related D&A and certain FX items, and assuming an effective tax rate of 22%, we reported Adjusted Net Income per diluted share of $0.39. Please see the earnings release and the Form 10-Q to be filed with the SEC for additional information regarding the presentation of our historical results.

Now, let me turn the call over to Lee.

PART II: OVERVIEW & FINANCIAL RESULTS

LEE OLESKY

Thanks, Ashley. Good morning everyone, and thank you for joining our third quarter earnings call.

Before I start my prepared remarks, I just wanted to say how excited we are to welcome Sara Furber as our new CFO. Sara brings a wealth of experience, most recently as CFO of IEX Group, having previously held senior roles in financial markets, banking, investor relations, technology, and electronic trading.

She will be taking the reins from Bob who is retiring after a tremendously successful 12 year run at Tradeweb. I want to thank Bob for all his contributions at the firm, especially the vital role he played in our 2019 IPO. Bob has been, and will continue to be, a very good friend and our partner.

ROBERT WARSHAW

Thanks Lee for all the kind words. As I sit here 12 years into my tenure at Tradeweb, I am very happy about what we have accomplished, but more importantly, the tremendous opportunity that lies ahead for the company. As part of this future, Sara is a great addition to the Tradeweb team. I would like to especially thank my entire team for their hard work over the last 12 years, and I would also like thank all of you, our investors and sell side analysts, that I have had the pleasure of meeting over the years. I'll pass it along to Sara to say a few words.

SARA FURBER

Thank you Lee and Bob for the kind introduction. I am excited to join the Tradeweb team, and I look forward to meeting many of you in the coming months. In my short time here, I have been amazed by the range of opportunities that the team is working on to capitalize on all the secular drivers that continue to power the business. I will be back to review our financials, but for now let me turn it back to Lee for his prepared remarks.

LEE OLESKY (Slide 4-6)

Thanks, Sara.

The third quarter saw a continuation of subdued volatility. Despite these less than ideal conditions, revenue growth remained strong. We believe the combination of our global network, deep integrations, leading technology, and hiring the best people continues to pay-off as the fixed income and ETF markets grow and further electronify. While the macro environment continues to fluctuate, our team remains focused on broadening our growth foundation by collaborating with our clients to create new trading solutions.

Turning to slide 4, we believe this client-first mentality I just described was on display as the strength we saw in the first half of the year continued during the third quarter. Specifically, gross revenues of $265 million were up 24.6% yr/yr on a reported basis and 23.9% on a constant currency basis. The three main drivers of our growth in the quarter were US Credit, global swaps, and U.S. Treasuries. The revenue growth and the resulting scale translated into improved profitability yr/yr as our adjusted EBITDA margin expanded by 270 basis points to 50.1%. Year-to-date, our revenues are up a robust 21.2% on a reported basis and 19.1% on a constant currency basis. This is ahead of our long-term average and reflects our innovation, ongoing electronfication of our markets and the diversity of our growth profile.

Turning to slide 5, this quarter was marked by strong performance across many of our asset classes with rates and credit accounting for 45% and 42% of our revenue growth, respectively. Specifically, rates posted another strong quarter, driven by broad-based growth across U.S. Treasuries, European Government Bonds, and Swaps. In Cash Rates, revenues were partially helped by healthy central bank issuance, which continues to fuel government bond trading, and the addition of NFI. Swaps revenues continued its robust performance with strong market share growth, while mortgage revenues declined slightly. Credit was another highlight, driven by strong U.S. and European corporate credit trading. Equities revenue growth was driven by institutional ETFs and our efforts to diversify and grow our other equity products. Money markets performance was fueled by organic growth in institutional repo that overcame continued rate headwinds in the retail sector. Finally, market data saw broad-based growth across our Refinitiv re-distribution license, APA, and proprietary data products.

Moving on to slide 6—let me provide a brief update on our four main focus areas.

Starting with interest rate swaps— while industry volumes remain well below previous highs, we believe our organic growth continues to power the business towards another record year. We continue to attract new clients and deepen our existing client wallet share, leading to overall swaps volumes growing by 38% yr/yr. As a result, swaps market share increased yr/yr to 14.3%, as measured by Clarus. We believe we continued to gain share versus our closest competitor Bloomberg in both the U.S. and Europe. Longer-term, we remain excited by the multi-year opportunity we believe we have here, as we scale our growth initiatives, the market electronifies, and the rate cycle turns. Billy will give you an update on our strategy in a few minutes.

Moving on to U.S. Treasuries— another rates product that continues to perform well with volumes up 43% yr/yr led by both the institutional and wholesale business and aided by our NFI acquisition. Market share rose to a record 19.9% of the U.S. Treasury market. The backdrop of healthy issuance continues to support the institutional channel, and our share gains have been driven by existing clients doing more business, and further inroads into the T-bill market. Looking ahead, we continue to invest in driving the adoption of early-stage institutional streaming protocols like Tradeweb+, where volumes rose substantially versus last year.

Our wholesale U.S. Treasury offering, which now provides our clients with a more liquid CLOB, disclosed streams, and session trading, posted another strong quarter. Our streaming protocol continues to take share from peer platforms as we onboard new clients. One quarter into our ownership of NFI, the integration is progressing well. Early client dialogue has been encouraging, and the business is exceeding our expectations so far. We have augmented the team with a few strategic hires to not only help with the integration process, but also to revitalize the NFI business and create a foundation to drive long-term revenue growth.

Shifting to Credit, this was another great quarter as our business continues to surge ahead generating more than $72 million in revenues. Year-to-date revenues of $218 million have already exceeded what we did in all of 2020. It's amazing to see the consistent share gains being made in investment grade credit, with electronic share reaching a record 12.6% in the quarter. It is also encouraging to see our success spread to high yield, with electronic share hitting a record of 6.2% for the quarter. Outside of the U.S., we recently expanded our China Bonds offering with the addition of Southbound trading in partnership with CFETS. We believe this is another milestone in our long-term China growth initiative. Looking ahead, we continue to believe there is a lot of opportunity in credit as our platform scales and when retail activity eventually normalizes in a higher rate environment. Billy will dive into more details on our strategy momentarily.

Finally, within equities, institutional ETFs produced a healthy quarter with ADV up 59% yr/yr as new client wins and healthy industry volumes helped drive the growth in the quarter. During the quarter, equity ETFs comprised 62% of our global volume with fixed income contributing 33%. Our other initiatives to expand beyond our flagship ETF franchise are also bearing fruit with momentum continuing in equity derivatives. Specifically, revenues in these newer growth products were up double digits yr/yr. Looking ahead, we believe we remain well-positioned to benefit from the continued growth in ETFs globally and as our growth initiatives scale.

With that I will turn it over to Billy.

BILLY HULT (Slide 7-8)

U.S. Credit

Thanks, Lee. Turning to slide 7 for a closer look at Credit.

As Lee mentioned, we produced another very strong quarter with both IG and HY hitting new records for market share. Our formula remains the same — problem solve with clients, build efficiencies for them, and get into business the right way. When we think about what Tradeweb does best, we think about our network and how we can create more liquidity by using the vast network that we have. We are doing this by offering a variety of execution protocols and leveraging our strong feedback loop to shape the future of electronic credit trading. Clients have responded to our brand of innovation by increasingly adopting AllTrade, portfolio trading, and net spotting. RFQ, our biggest institutional protocol, produced another healthy quarter with ADV up 36% yr/yr.

The strong growth in credit goes beyond our institutional channel. Our fast-growing wholesale business continues to perform well with revenues up significantly yr/yr. The diversity of our credit offering has never been stronger, and while we are pleased with the progress made so far, we strongly believe that we have the potential to do even better.

Portfolio trading, which I often refer to as a light bulb solution, continues to shine bright. We believe we have proven that portfolio trading improves liquidity by tackling some of the limitations of list trading using traditional RFQ and all-to-all. Clients have accepted it as a table stakes protocol and we believe the debate has shifted to how big portfolio trading can be. We believe we are still in the early innings of this innovation, and once clients understand the value of the solution and see their peers benefiting from the innovation, they are onboarding and testing it out, and then expanding their usage. Tradeweb facilitated a record $80 billion in portfolio trades in the third quarter of 2021, an increase of more than 180% yr/yr. Clients are also increasingly putting dealers in competition – our in-comp portfolio trading reached record levels comprising 78% of portfolio trading volumes, up from 43% in the third quarter of last year.

The strength in portfolio trading was matched by the rapid growth of our anonymous liquidity solution AllTrade, which saw $88 billion in volume — an increase of over 75% yr/yr. We continue to invest in our all-to-all network by enhancing dealer RFQ, integrating AiEX, and improving responder functionality. We have historically and continue to believe that the role dealers play as liquidity providers will remain key to a healthy trading ecosystem. As technology continues to advance, we believe it has become clear that a large amount of liquidity is increasingly difficult to access through voice traders as much of this activity migrates to algo and portfolio trading desks and alternative liquidity providers. We recognized this trend a few years ago with the launch of session trading, and today we believe we have the deepest and fastest growing liquidity pool for dealers to manage their risk. We continue to build this pool, leveraging the strength of Tradeweb's credit offering and by developing innovative tools for the different dealer workflows in our diverse marketplace. Today we are seeing dealers actively offloading their portfolio trading risk in our sessions. We are also connecting our liquidity pools with ReMatch, where Tradeweb session participants can seamlessly access our all-to-all and retail liquidity by leveraging their inventory uploads.

Finally, our advanced net spotting offering which leverages our deep U.S. Treasury liquidity pool saw another solid quarter with over $85 billion in volume, up 18% yr/yr. All clients are now enabled for Multi-

Client Net Spotting, which we launched in the first quarter, and we believe further extends our lead against competitors. At 4 pm alone, our most popular time to spot on the platform, net spotting savings increased by 67% with Multi-Client Net Spotting.

Turning to the rest of our credit business, we achieved record revenues in institutional European Credit, and institutional Muni revenues grew over 20% yr/yr. Our CDS revenues also saw healthy double digit yr/yr growth, across regions.

In sum, our strategy of attacking the entire market, not only by product but also by protocol, geography, and client type, helped drive the strong quarter in credit. We believe this diversity provides us with tremendous room for growth, and as we look ahead, we are excited by our roadmap to drive innovation across the credit markets to create better outcomes for our clients and dealers.

Global Swaps

Moving on to swaps, which is the biggest revenue bucket within our rates franchise. Just like credit, the multi-year growth story continues as swaps registered another strong quarter despite weaker industry volumes. The combined low volatility and rate environment drove a 2% yr/yr decline in 3Q21 industry volumes with year-to-date trends registering a 20% decline. In stark contrast, our variable swaps revenues grew over 40% yr/yr, driven primarily by market share climbing to 14.3% and supported by increased trading in higher fee per million protocols.

We believe our brand in swaps continues to strengthen as we focus on the things we can control. We continue to collaborate with the marketplace, solve for problems in a customized way, and work closely with market participants to drive electronification higher. This mantra hasn’t changed since we leveraged our network to enter this marketplace many years ago. Today, we are driving our market share higher by innovating across products, protocols, and geographies with international swaps growth being a particular highlight. Specifically, during the third quarter we saw broad gains across our products, and our momentum in major currencies continues with record share in euro and other G11 denominated swaps.

I want to spend a little time on how we partner with clients and innovate. For many years, we have had a compression tool to help firms reduce the number of trades sitting on their books at clearing houses. Once it became clear that LIBOR would be phased out, we responded by tweaking this tool to help our clients switch away from their legacy LIBOR positions and into other risk-free rates globally. These switch trades represent a low-single digit percentage of our 2021 volumes, and is another example of how we help our clients navigate regulatory change. We have seen significant progress made to date in sterling, Swiss franc, and yen-denominated LIBOR transitions. As we help our clients, they are coming back to us and putting new risk trades on the platform, with the percentage of SOFR risk trading reaching record highs in the quarter. We think that’s a win-win for us and our clients.

Beyond the risk-free rate transition, we continue to respond to structural changes in the swaps market, such as the growth of cleared EM swaps, RFM protocol adoption, and multi-asset trading. During the third quarter, we saw record EM and RFM activity as we continue to onboard additional dealers and clients and deepen our liquidity pool. It’s also interesting to see the electronification of cleared EM swaps spur the electronification on non-cleared EM swaps. We have seen this evolution before in the early innings of dollar and sterling swaps electronification and are encouraged to see it unfold again. We also expanded our multi-asset package (MAP) innovation to euros, to complement our already successful sterling offering.

Looking ahead, we believe the long-term swaps revenue growth potential is meaningful. With the market still only 30% electronified, there remains a lot that we can do to help digitize our clients’ manual work flows while the global fixed income markets and broader swaps market grow.

AiEX

Finally, we continue to invest in our leading automated trading capability, AiEX. The number of AiEX trades grew by 38% yr/yr in the third quarter. This is another lightbulb solution with our most sophisticated clients, and it is deployed globally across asset classes. Inbound inquiry about AiEX continues to be strong, and our clients are expanding their usage across products. We launched AiEX in 2012 with one client for U.S. Treasuries. Today we have over 100 firms using AiEX for more than 25 product groups across rates, credit, and equities.

As I highlighted last quarter, institutional clients love the data-driven intelligence that AiEX is able to provide and it gives them a way to automate the entire trade lifecycle. In Europe, we recently rolled out a new enhancement that allows traders to inspect their AiEX trades “in-flight”, allowing them to approve trades that get rejected because they don't meet pre-set execution rules. This enhancement allows traders to save time, avoid redundant work, and ultimately achieve higher hit rates. Looking forward, as with all our technology innovations, we will continue to invest to provide more features to improve the client experience.

And with that, let me turn it over to Sara to discuss our financials in more detail.

SARA FURBER (Slide 9-14)

Thanks, Billy.

As I go through the numbers, all comparisons will be to the prior year period, unless otherwise noted. Let me begin with an overview of our volumes on slide 9.

We reported our highest third quarter average daily volume of $964 billion, up nearly 24% yr/yr, and up 20% when excluding short tenor swaps. Areas of notable growth include institutional ETFs, repos and global government bonds, swaps, and corporate credit.

Slide 10 provides a summary of our quarterly earnings performance.

- The 3Q volumes translated into gross revenues increasing by 24.6% on a reported and 23.9% on a constant currency basis. We derived ~37% of our revenues from international customers, and recall that ~30% of our revenue base is denominated in currencies other than dollars, predominantly in euros.
- Our variable revenues increased by 35.4% and our total trading revenue increased by 26.0%.
- Total fixed revenues related to our four major asset classes continued to grow, up 11.0% and 10.0% on a constant currency basis. Rates fixed revenue growth was primarily driven by the addition of the NFI acquisition. Other trading revenues were down 7.9% -- as a reminder, this line item is lumpy as it is affected by periodic revenues tied to technology enhancements performed for our retail clients.
- Market data increased by 10.3% due to growth in Refinitiv, APA, and proprietary data products.
- Adjusted EBITDA margin came in at 50.1% and expanded nicely by 270 basis points relative to 3Q20 as we continued to benefit from scale.
- All in, we reported Adjusted Net Income per diluted share of $0.39.

Moving on to fees per million on slide 11. The trends I am about to describe are driven by a mix of the various products within our four asset classes.

- In sum, our blended fees per million increased 10% yr/yr, primarily as a result of stronger growth in higher fee per million Credit, greater than 1-year swaps, and Cash Equities. Excluding lower fee per million short tenor swaps and futures, our blended fees per million were up 12%.

- Let's review the underlying trends by asset class, starting with rates
    - Average fees per million for rates were up 6%.
    - For cash rates products, fees per million were up 6%, primarily due to growth in higher fee per million U.S. Treasuries.
    - For long tenor swaps, fees per million were up 11% primarily due to growth in EM swaps and RFM.
    - In other rates derivatives, which includes rates futures and short tenor swaps, average fees per million decreased 18% due to growth in OIS, which carries a lower fee per million than FRAs.
- Continuing to credit
    - Average fees per million for credit increased 31% as higher fee per million cash credit products saw strong growth, while lower fee per million high grade electronically processed activity declined compared to the third quarter in 2020.
    - Drilling down on Cash Credit, average fees per million increased 13% due to stronger growth in U.S. High Yield, which carries a higher fee per million than overall Cash Credit.
    - Looking at the Credit Derivatives and electronically processed U.S. Cash Credit category, fees per million increased 2%, driven by growth in CDS fee per million.
- Continuing with equities
    - Average fees per million for equities was down 5% overall.
    - For cash equities, average fees per million increased by 20% due to an increase in fees per million within U.S. and EU ETFs. U.S. ETF fee per million was driven by a decrease in volume per share traded. Recall in the U.S. we charge per share and not for notional value traded.
    - Equity derivatives average fees per million decreased 45% due to growth in U.S. Derivatives, which carry a lower fee per million than the equity derivatives average.
- Finally, within money markets
    - Fees per million decreased 14%.
    - This was primarily driven by growth in institutional repo, which reached record levels. Institutional repo carries a lower fee per million than other money market products. In addition, the higher fee per million retail money markets business remained pressured by the low interest rate environment.

Slide 12 details our expenses.

- At a high level, we continue to invest for growth—there has been no change to our philosophy here.
- Adjusted Expenses for 3Q increased 17.4% and 17.5% on a reported and constant currency basis, respectively. Recall ~15% of our expense base is denominated in currencies other than dollars, predominantly in sterling.
- 3Q21 adjusted operating expenses were higher as compared to 3Q20, due to increased employee compensation, G&A, technology and communication, and the inclusion of NFI.
- Compensation costs increased 16.5% due to higher headcount to support our growth, as well as higher performance related compensation.
- Adjusted non-comp expense increased 19.3% on a reported basis primarily due to G&A and technology and communications, partially offset by favorable movements in FX. Adjusted non-comp expense on a constant currency basis increased 22.1%.
- Specifically, technology and communication costs increased primarily due to higher clearing and data fees as a result of growing AllTrade volumes in credit and streaming U.S. Treasury volumes. In addition, this quarter also saw the continued impact of our previously communicated investments in data strategy and infrastructure.

- Adjusted general and administrative costs increased primarily due to an increase in travel and entertainment as we gradually recover from the pandemic and higher marketing spend. Favorable movements in FX resulted in a $0.9 million realized gain in 3Q21 versus a $0.5 million realized loss in 3Q20.
- Professional fees increased 19.1% due to costs associated with the NFI acquisition and continued investment in data strategy and infrastructure technology.

Slide 13 details capital management and our guidance.

- First, on our cash position and capital return policy
  - We ended 3Q in a strong position, holding $822 million in cash and cash equivalents, and free cash flow reached $477 million for the trailing twelve months.
  - We have access to a $500 million revolver that remains undrawn as of quarter-end.
  - Capex and capitalized software development for the quarter was $10 million, roughly flat yr/yr, primarily due to timing of investment spend.
  - With this quarter's earnings, the Board declared a quarterly dividend of $0.08 per Class A and Class B share.
  - We spent $15 million offsetting equity dilution during the quarter. Specifically, we spent $12 million under our regular share buyback program leaving $86 million for future deployment at the end of the quarter. In addition, we withheld $3 million in shares to cover payroll tax obligations upon the exercise of stock options. As a reminder, we plan to use our share repurchase authorization to mostly offset dilution from ongoing equity compensation.
  - On slide 14, we have updated our quarterly share count sensitivity for 2021 to help you calibrate your models for fluctuations in our share price.
- Finally, there is no change to our previously communicated guidance for 2021.

Now I'll turn it back to Lee for concluding remarks.

LEE OLESKY

Thanks, Sara. Last quarter we raised our expense guidance given the strong trends we were seeing in our business despite the subdued operating environment. Following a strong third quarter, we believe we are on track for another record year at Tradeweb. Remarkably, absolute revenue growth of $140 million so far this year has already surpassed what we did in all of 2020. As we look ahead, we believe that the acceleration in electronification spurred by the pandemic is here to stay and all the secular trends powering the growth of electronic trading remain intact. We feel good about the longer-term durability of our revenue growth and potential for 2022. In addition, we believe the macro environment potentially shifting favorably as global governments taper and raise interest rates should also support our growth. It's a great time to be in our business.

While the macro fluctuates, we will continue to focus on what we can control, by staying close to our clients, designing new software, and investing in our people to drive market share growth. We continue to attract great talent and are proud to earn a spot on the Fast Company's list of Best Workplaces for Innovators. In addition to organic growth, we continue to spend time evaluating M&A opportunities which we believe would be additive to our network.

With a couple of important month-end trading days left in October, the momentum we have seen so far this year has continued with overall volumes and revenues up double digits relative to October 2020. The strong volume growth is being led by all asset classes with cash rates, swaps and cash credit being highlights.

Market share in credit continues to increase with notable strength across RFQ, portfolio trading and All-Trade.

Before I conclude, I hope everyone has had a chance to look at our inaugural Corporate Sustainability Report. While many of the items we describe in the report have been engrained in our DNA for a while, we are happy to provide the additional disclosure as the topic continues to grow in prominence across our investors, clients, and employees. On the business front, our CBI-screened green bond trading volume increased over 70% yr/yr and we continue to be actively engaged with our clients as green bond issuance and trading continues to grow.

In closing, I want to thank our clients for their business and partnership in the quarter, and I want to thank all my colleagues for their efforts that contributed to another strong quarter at Tradeweb.

With that, I will turn it back to Ashley for your questions.

ASHLEY SERRAO

Thanks, Lee. As a reminder, please limit yourself to one question only. Feel free to hop back in the queue and ask additional questions at the end. Q&A will end at 10:30 am Eastern time. Operator, you can now take our first question.

THANK YOU

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