

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2020

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 001-38860

Tradeweb Markets Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State of other jurisdiction of incorporation or organization)

83-2456358

(I.R.S. Employer Identification No.)

1177 Avenue of the Americas

New York, New York

(Address of principal executive offices)

10036

(Zip Code)

(646) 430-6000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value \$0.00001	TW	Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer
Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Class of Stock	Shares Outstanding as of May 1, 2020
Class A Common Stock, par value \$0.00001 per share	83,945,458
Class B Common Stock, par value \$0.00001 per share	96,933,192
Class C Common Stock, par value \$0.00001 per share	8,079,983
Class D Common Stock, par value \$0.00001 per share	36,931,823

TRADEWEB MARKETS INC.

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INTRODUCTORY NOTE

The financial statements and other disclosures contained in this report include those of Tradeweb Markets Inc., which is the registrant, and those of its consolidating subsidiaries, including Tradeweb Markets LLC, which became the principal operating subsidiary of Tradeweb Markets Inc. on April 4, 2019 in a series of reorganization transactions (the “Reorganization Transactions”) that were completed in connection with Tradeweb Markets Inc.’s initial public offering (the “IPO”), which closed on April 8, 2019. For more information regarding the transactions described above, see Note 1 – Organization to our unaudited consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

The financial statements and other disclosures contained in this Quarterly Report on Form 10-Q relate to periods that ended both prior to and after the completion of the Reorganization Transactions and the IPO. As a result of the Reorganization Transactions completed in connection with the IPO, Tradeweb Markets Inc. became a holding company whose only material assets consist of its equity interest in Tradeweb Markets LLC and related deferred tax assets. As the sole manager of Tradeweb Markets LLC, Tradeweb Markets Inc. operates and controls all of the business and affairs of Tradeweb Markets LLC and, through Tradeweb Markets LLC and its subsidiaries, conducts its business. As a result of this control, and because Tradeweb Markets Inc. has a substantial financial interest in Tradeweb Markets LLC, Tradeweb Markets Inc. consolidates the financial results of Tradeweb Markets LLC and its subsidiaries.

The unaudited consolidated financial statements and other financial disclosures included elsewhere in this Quarterly Report on Form 10-Q relating to periods prior to and including March 31, 2019, which we sometimes refer to as the “pre-IPO period,” reflect the results of operations, financial position and cash flows of Tradeweb Markets LLC, the predecessor of Tradeweb Markets Inc. for financial reporting purposes, and its subsidiaries. The unaudited consolidated financial statements and other financial disclosures included elsewhere in this Quarterly Report on Form 10-Q relating to periods beginning on April 1, 2019, and through and including March 31, 2020, which we sometimes refer to as the “post-IPO period,” reflect the results of operations, financial position and cash flows of Tradeweb Markets Inc. and its subsidiaries, including the consolidation of its investment in Tradeweb Markets LLC. As a result, for financial reporting purposes, the pre-IPO period excludes, and the post-IPO period includes, our financial results from April 1, 2019 through April 3, 2019, which are not material. The unaudited consolidated financial statements and other financial disclosures included elsewhere in this Quarterly Report on Form 10-Q do not reflect what the results of operations, financial position or cash flows would have been had the Reorganization Transactions and the IPO taken place at the beginning of the periods presented.

As used in this Quarterly Report on Form 10-Q, unless the context otherwise requires, references to:

- “We,” “us,” “our,” the “Company,” “Tradeweb” and similar references refer: (i) on or prior to the completion of the Reorganization Transactions to Tradeweb Markets LLC, which we refer to as “TWM LLC,” and, unless otherwise stated or the context otherwise requires, all of its subsidiaries and any predecessor entities, and (ii) following the completion of the Reorganization Transactions to Tradeweb Markets Inc., and, unless otherwise stated or the context otherwise requires, TWM LLC and all of its subsidiaries and any predecessor entities.
- “Bank Stockholders” refer collectively to entities affiliated with the following clients: Barclays Capital Inc., BofA Securities Inc. (a subsidiary of Bank of America Corporation), Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC, RBS Securities Inc., UBS Securities LLC and Wells Fargo Securities, LLC. Following the IPO and the application of the net proceeds therefrom, entities affiliated with BofA Securities, Inc., RBS Securities Inc. and UBS Securities LLC no longer hold LLC Interests and, except as otherwise indicated, are not considered Bank Stockholders for post-IPO periods.
- “Continuing LLC Owners” refer collectively to (i) those Original LLC Owners, including an indirect subsidiary of Refinitiv (as defined below), certain of the Bank Stockholders and members of management, that continue to own LLC Interests after the completion of the IPO and Reorganization Transactions, that received shares of our Class C common stock, shares of our Class D common stock or a combination of both, as the case may be, in

connection with the completion of the Reorganization Transactions, and that may redeem or exchange their LLC Interests for shares of our Class A common stock or Class B common stock and (ii) solely with respect to the Tax Receivable Agreement (as defined below), also includes those Original LLC Owners, including certain Bank Stockholders, that disposed of all of their LLC Interests for cash in connection with the IPO.

- “Investor Group” refer to certain investment funds affiliated with The Blackstone Group Inc. (f/k/a The Blackstone Group L.P.), an affiliate of Canada Pension Plan Investment Board, an affiliate of GIC Special Investments Pte. Ltd. and certain co-investors, which collectively hold indirectly a 55% ownership interest in Refinitiv (as defined below).
- “LLC Interests” refer to the single class of common membership interests of TWM LLC issued in connection with the Reorganization Transactions.
- “LSEG Transaction” refer to the acquisition of the Refinitiv business by London Stock Exchange Group plc in an all share transaction for a total enterprise value of approximately \$27 billion.
- “Original LLC Owners” refer to the owners of TWM LLC prior to the Reorganization Transactions.
- “Refinitiv” refer to Refinitiv Holdings Limited, and unless otherwise stated or the context otherwise requires, all of its subsidiaries, which owns substantially all of the former financial and risk business of Thomson Reuters (as defined below), including, prior to and following the completion of the Reorganization Transactions, an indirect majority ownership interest in Tradeweb, and is controlled by the Investor Group.
- “Refinitiv Transaction” refer to the transaction pursuant to which Refinitiv indirectly acquired on October 1, 2018 substantially all of the financial and risk business of Thomson Reuters and Thomson Reuters indirectly acquired a 45% ownership interest in Refinitiv.
- “Thomson Reuters” refer to Thomson Reuters Corporation, which indirectly holds a 45% ownership interest in Refinitiv.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). You can generally identify forward-looking statements by our use of forward-looking terminology such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “potential,” “predict,” “projection,” “seek,” “should,” “will” or “would,” or the negative thereof or other variations thereon or comparable terminology. In particular, statements about the markets in which we operate, including our expectations about market trends, our market opportunity and the growth of our various markets, our expansion into new markets, any potential tax savings we may realize as a result of our organizational structure, our dividend policy and our expectations, beliefs, plans, strategies, objectives, prospects or assumptions regarding future events, including the pending LSEG Transaction, our performance or otherwise, contained in this Quarterly Report on Form 10-Q are forward-looking statements. In addition, statements contained in this Quarterly Report on Form 10-Q relating to the COVID-19 pandemic, the potential impacts of which are inherently uncertain, are forward-looking statements.

We have based these forward-looking statements on our current expectations, assumptions, estimates and projections. While we believe these expectations, assumptions, estimates and projections are reasonable, such forward-looking statements are only predictions and involve known and unknown risks and uncertainties, many of which are beyond our control. These and other important factors may cause our actual results, performance or achievements to differ materially from those expressed or implied by these forward-looking statements, or could affect our share price.

Some of the factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements include:

- changes in economic, political, social and market conditions and the impact of these changes on trading volumes;
- our failure to compete successfully;
- our failure to adapt our business effectively to keep pace with industry changes;
- consolidation and concentration in the financial services industry;
- our dependence on dealer clients that are also stockholders;
- our inability to maintain and grow the capacity of our trading platforms, systems and infrastructure;
- design defects, errors, failures or delays with our platforms or solutions;
- systems failures, interruptions, delays in services, cybersecurity incidents, catastrophic events and any resulting interruptions;
- our dependence on third parties for certain market data and certain key functions;
- our ability to implement our business strategies profitably;
- our ability to successfully integrate any acquisition or to realize benefits from any strategic alliances, partnerships or joint ventures;
- our ability to retain the services of certain members of our management;
- inadequate protection of our intellectual property;
- extensive regulation of our industry;
- limitations on operating our business and incurring additional indebtedness as a result of covenant restrictions under our \$500.0 million senior secured revolving credit facility (the “Revolving Credit Facility”) with Citibank, N.A., as administrative agent and collateral agent, and the other lenders party thereto, and certain Refinitiv indebtedness;
- our dependence on distributions from TWM LLC to fund our expected dividend payments and to pay our taxes and expenses, including payments under the tax receivable agreement (the “Tax Receivable Agreement”) entered into in connection with the IPO;
- our ability to realize any benefit from our organizational structure;
- Refinitiv’s control of us and our status as a controlled company; and
- other risks and uncertainties, including those listed under “Item 1A. Risk Factors” of our Annual Report on Form 10-K, as amended, for the year ended December 31, 2019 (the “2019 Form 10-K”), filed with the Securities and Exchange Commission (“SEC”), “Item 1A. Risk Factors” in this Quarterly Report on Form 10-Q, and in other filings we may make from time to time with the SEC.

Given these risks and uncertainties, you are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements contained in this Quarterly Report on Form 10-Q are not guarantees of future performance and our actual results of operations, financial condition or liquidity, and the development of the industry and markets in which we operate, may differ materially from the forward-looking statements contained in this Quarterly Report on Form 10-Q. In addition, even if our results of operations, financial condition or liquidity, and events in the industry and markets in which we operate, are consistent with the forward-looking statements contained in this Quarterly Report on Form 10-Q, they may not be predictive of results or developments in future periods.

Any forward-looking statement that we make in this Quarterly Report on Form 10-Q speaks only as of the date of such statement. Except as required by law, we do not undertake any obligation to update or revise, or to publicly announce any update or revision to, any of the forward-looking statements, whether as a result of new information, future events or otherwise, after the date of this Quarterly Report on Form 10-Q.

Investors and others should note that we announce material financial and operational information using our investor relations website, press releases, SEC filings and public conference calls and webcasts. Information about Tradeweb, our business and our results of operations may also be announced by posts on Tradeweb's accounts on the following social media channels: Instagram, LinkedIn and Twitter. The information that we post through these social media channels may be deemed material. As a result, we encourage investors, the media and others interested in Tradeweb to monitor these social media channels in addition to following our press releases, SEC filings and public conference calls and webcasts. These social media channels may be updated from time to time on our investor relations website.

PART I — FINANCIAL INFORMATION
ITEM 1. - FINANCIAL STATEMENTS

Tradeweb Markets Inc. and Subsidiaries
Consolidated Statements of Financial Condition
(in thousands, except share and per share data)
(Unaudited)

	March 31, 2020	December 31, 2019
Assets		
Cash and cash equivalents	\$ 424,357	\$ 460,711
Restricted cash	1,000	1,000
Receivable from brokers and dealers and clearing organizations	95,908	30,641
Deposits with clearing organizations	11,307	9,724
Accounts receivable, net of allowance for credit losses of \$150 and \$195 at March 31, 2020 and December 31, 2019, respectively	133,468	92,814
Furniture, equipment, purchased software and leasehold improvements, net of accumulated depreciation and amortization	37,061	40,405
Right-of-use assets	27,281	24,504
Software development costs, net of accumulated amortization	172,100	173,086
Goodwill	2,694,797	2,694,797
Intangible assets, net of accumulated amortization	1,256,589	1,281,441
Receivable from affiliates	1,506	2,525
Deferred tax asset	291,920	256,450
Other assets	37,422	27,236
Total assets	\$ 5,184,716	\$ 5,095,334
Liabilities and Stockholders' Equity		
Liabilities		
Payable to brokers and dealers and clearing organizations	\$ 55,157	\$ 30,452
Accrued compensation	58,016	119,415
Deferred revenue	26,269	23,990
Accounts payable, accrued expenses and other liabilities	46,134	32,834
Employee equity compensation payable	1,037	1,048
Lease liability	33,366	30,955
Payable to affiliates	2,288	1,506
Deferred tax liability	21,572	21,572
Tax receivable agreement liability	252,029	240,817
Total liabilities	495,868	502,589
Commitments and contingencies (Note 14)		
Stockholders' Equity		
Preferred stock, \$.00001 par value; 250,000,000 shares authorized; none issued or outstanding	—	—
Class A common stock, \$.00001 par value; 1,000,000,000 shares authorized; 70,670,440 shares issued and outstanding as of March 31, 2020	1	1
Class B common stock, \$.00001 par value; 450,000,000 shares authorized; 96,933,192 shares issued and outstanding as of March 31, 2020	1	1
Class C common stock, \$.00001 par value; 350,000,000 shares authorized; 7,389,983 shares issued and outstanding as of March 31, 2020	—	—
Class D common stock, \$.00001 par value; 300,000,000 shares authorized; 49,871,231 shares issued and outstanding as of March 31, 2020	—	1
Additional paid-in capital	3,426,625	3,329,386
Accumulated other comprehensive income (loss)	(2,179)	1,366
Retained earnings	78,361	47,833
Total stockholders' equity attributable to Tradeweb Markets Inc.	3,502,809	3,378,588
Non-controlling interests	1,186,039	1,214,157
Total equity	4,688,848	4,592,745
Total liabilities and stockholders' equity	\$ 5,184,716	\$ 5,095,334

The accompanying notes are an integral part of these consolidated financial statements.

Tradeweb Markets Inc. and Subsidiaries
Consolidated Statements of Income
(in thousands, except share and per share data)
(Unaudited)

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Revenues		
Transaction fees	\$ 140,824	\$ 102,640
Subscription fees	34,483	34,445
Commissions	42,493	34,197
Refinitiv market data fees	14,628	13,616
Other	2,178	1,894
Gross revenue	234,606	186,792
Expenses		
Employee compensation and benefits	90,520	77,273
Depreciation and amortization	37,176	33,503
Technology and communications	10,318	10,040
General and administrative	8,340	9,089
Professional fees	6,911	6,971
Occupancy	3,726	3,639
Total expenses	156,991	140,515
Operating income	77,615	46,277
Net interest income	699	858
Income before taxes	78,314	47,135
Provision for income taxes	(15,829)	(4,783)
Net income	62,485	\$ 42,352
Less: Net income attributable to non-controlling interests	18,557	
Net income attributable to Tradeweb Markets Inc.	\$ 43,928	
EPS calculations for post-IPO and pre-IPO periods ⁽¹⁾		
Earnings per share		
Basic	\$ 0.26 ^(a)	\$ 0.19 ^(b)
Diluted	\$ 0.25 ^(a)	\$ 0.19 ^(b)
Weighted average shares outstanding		
Basic	166,234,749 ^(a)	222,222,197 ^(b)
Diluted	174,517,244 ^(a)	223,320,457 ^(b)

(1) In April 2019, the Company completed the Reorganization Transactions and the IPO, which, among other things, resulted in Tradeweb Markets Inc. becoming the successor of Tradeweb Markets LLC for financial reporting purposes. As a result, earnings per share information for the pre-IPO period is not comparable to the earnings per share information for the post-IPO period. Therefore, earnings per share information is being presented separately for the pre-IPO and post-IPO periods. See Note 15 – Earnings Per Share for additional information.

- a) Presents information for Tradeweb Markets Inc. (post-IPO period).
- b) Presents information for Tradeweb Markets LLC (pre-IPO period).

The accompanying notes are an integral part of these consolidated financial statements.

Tradeweb Markets Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
(in thousands)
(Unaudited)

	Three Months Ended	Three Months Ended
	March 31, 2020	March 31, 2019
Comprehensive income - Pre-IPO attributable to Tradeweb Markets LLC		
Pre-IPO net income attributable to Tradeweb Markets LLC	\$ —	\$ 42,352
Other comprehensive income:		
Foreign currency translation adjustments attributable to Tradeweb Markets LLC	—	988
Pre-IPO comprehensive income attributable to Tradeweb Markets LLC	<u>\$ —</u>	<u>\$ 43,340</u>
Comprehensive income - Tradeweb Markets Inc.		
Net income attributable to Tradeweb Markets Inc.	\$ 43,928	
Other comprehensive income:		
Foreign currency translation adjustments attributable to Tradeweb Markets Inc.	(3,552)	
Comprehensive income attributable to Tradeweb Markets Inc.	<u>\$ 40,376</u>	
Comprehensive income - Non-controlling interests		
Net income attributable to non-controlling interests	\$ 18,557	
Other comprehensive income:		
Foreign currency translation adjustments attributable to non-controlling interests	(1,232)	
Comprehensive income attributable to non-controlling interests	<u>\$ 17,325</u>	

The accompanying notes are an integral part of these consolidated financial statements.

Tradeweb Markets Inc. and Subsidiaries
Consolidated Statements of Changes in Equity
(in thousands, except share and per share amounts)
(Unaudited)

	Class A Common Stock		Class B Common Stock		Class C Common Stock		Class D Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Non- Controlling Interests	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount					
Balance at December 31, 2019	66,408,328	\$ 1	96,933,192	\$ 1	8,328,983	\$ —	50,853,172	\$ 1	\$ 3,329,386	\$ 1,366	\$ 47,833	\$ 1,214,157	\$ 4,592,745
Activities related to exchanges of LLC Interests, net of offering costs and cancellations	1,920,941	—	—	—	(939,000)	—	(981,941)	(1)	(335)	—	—	—	(336)
Issuance of common stock from equity incentive plans	2,341,171	—	—	—	—	—	—	—	35,422	—	—	—	35,422
Tax receivable agreement liability and deferred taxes arising from LLC Interest ownership exchanges	—	—	—	—	—	—	—	—	32,736	—	—	—	32,736
Adjustments to non-controlling interests	—	—	—	—	—	—	—	—	45,436	7	—	(45,443)	—
Dividends (\$0.08 per share)	—	—	—	—	—	—	—	—	—	—	(13,400)	—	(13,400)
Stock-based compensation expense under the PRSU Plan	—	—	—	—	—	—	—	—	5,407	—	—	—	5,407
Stock-based compensation expense under the RSU Plan	—	—	—	—	—	—	—	—	315	—	—	—	315
Stock-based compensation expense under the Option Plan	—	—	—	—	—	—	—	—	2,249	—	—	—	2,249
Payroll taxes paid for stock-based compensation exercises	—	—	—	—	—	—	—	—	(23,991)	—	—	—	(23,991)
Net income	—	—	—	—	—	—	—	—	—	—	43,928	18,557	62,485
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	—	(3,552)	—	(1,232)	(4,784)
Balance at March 31, 2020	70,670,440	\$ 1	96,933,192	\$ 1	7,389,983	\$ —	49,871,231	\$ —	\$ 3,426,625	\$ (2,179)	\$ 78,361	\$ 1,186,039	\$ 4,688,848

The accompanying notes are an integral part of these consolidated financial statements.

Tradeweb Markets Inc. and Subsidiaries
Consolidated Statements of Changes in Equity – (Continued)
(in thousands)
(Unaudited)

	Members' Capital	Accumulated Other Comprehensive Income (Loss)	Total Members' Capital
Members' capital at December 31, 2018	\$ 4,573,200	\$ (866)	\$ 4,572,334
Comprehensive income:			
Net income	42,352	—	42,352
Foreign currency translation adjustments	—	988	988
Adjustment to Class C Shares and Class P(C) Shares in mezzanine capital	(2,369)	—	(2,369)
Stock-based compensation	4,674	—	4,674
Capital distributions	(20,000)	—	(20,000)
Members' capital at March 31, 2019	<u>\$ 4,597,857</u>	<u>\$ 122</u>	<u>\$ 4,597,979</u>

The accompanying notes are an integral part of these consolidated financial statements.

Tradeweb Markets Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(in thousands)
(Unaudited)

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Cash flows from operating activities		
Net income	\$ 62,485	\$ 42,352
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	37,176	33,503
Stock-based compensation expense	7,971	4,674
Deferred taxes	7,227	(39)
(Increase) decrease in operating assets:		
Receivable from/payable to brokers and dealers and clearing organizations, net	(40,563)	(3,831)
Deposits with clearing organizations	(1,668)	2,570
Accounts receivable	(43,453)	(6,406)
Receivable from/payable to affiliates, net	2,452	1,167
Other assets	(9,837)	(7,152)
Increase (decrease) in operating liabilities:		
Accrued compensation	(59,910)	(66,447)
Deferred revenue	2,306	602
Accounts payable, accrued expenses and other liabilities	14,067	(4,911)
Employee equity compensation payable	(11)	(17,161)
Net cash used in operating activities	<u>(21,758)</u>	<u>(21,079)</u>
Cash flows from investing activities		
Purchase of furniture, equipment, software and leasehold improvements	(1,298)	(1,516)
Capitalized software development costs	(7,063)	(6,767)
Net cash used in investing activities	<u>(8,361)</u>	<u>(8,283)</u>
Cash flows from financing activities		
Proceeds from stock-based compensation exercises	35,422	—
Offering costs from follow-on offering	(308)	—
Dividends	(13,400)	—
Capital distributions to non-controlling interests	—	(20,000)
Payroll taxes paid for stock-based compensation exercises	(23,991)	—
Net cash used in financing activities	<u>(2,277)</u>	<u>(20,000)</u>
Effect of exchange rate changes on cash and cash equivalents	(3,958)	866
Net decrease in cash and cash equivalents	<u>(36,354)</u>	<u>(48,496)</u>
Cash and cash equivalents and restricted cash		
Beginning of period	461,711	411,304
End of period	<u>\$ 425,357</u>	<u>\$ 362,808</u>
Supplemental disclosure of cash flow information		
Interest paid	\$ —	\$ —
Income taxes paid	\$ 2,867	\$ 7,301
Non-cash financing activities		
Items arising from LLC Interest ownership changes		
Establishment of liabilities under tax receivable agreement	\$ 11,212	\$ —
Deferred tax asset	\$ 43,948	\$ —
Reconciliation of cash, cash equivalents and restricted cash as shown on the statements of financial condition:		
	March 31, 2020	December 31, 2019
Cash and cash equivalents	424,357	460,711
Restricted cash	1,000	1,000
Cash, cash equivalents and restricted cash shown in the statement of cash flows	<u>\$ 425,357</u>	<u>\$ 461,711</u>

The accompanying notes are an integral part of these consolidated financial statements.

**Notes to Consolidated Financial Statements
(Unaudited)**

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Tradeweb Markets Inc. and Subsidiaries Notes to Consolidated Financial Statements (Unaudited)

1. Organization

Tradeweb Markets Inc. (the “Corporation”) was incorporated as a Delaware corporation on November 7, 2018 for the purpose of completing certain reorganization transactions in order to carry on the business of Tradeweb Markets LLC (“TWM LLC”) and conducting an initial public offering (“IPO”) as described below under “—Initial Public Offering” and “—Reorganization Transactions.”

The Corporation is a consolidating subsidiary of BCP York Holdings, (“BCP”) a company owned by certain investment funds affiliated with The Blackstone Group Inc. (f/k/a The Blackstone Group L.P.) (“Blackstone”), through BCP’s majority ownership interest in Refinitiv Holdings Limited (the “Parent” and, unless otherwise stated or the context otherwise requires, together with all of its subsidiaries, “Refinitiv”). As of March 31, 2020, Refinitiv owns a majority ownership interest in the Company (as defined below).

The Corporation is a holding company whose principal asset is LLC Interests (as defined below) of TWM LLC. As the sole manager of TWM LLC, the Corporation operates and controls all of the business and affairs of TWM LLC and, through TWM LLC and its subsidiaries, conducts the Corporation’s business. As a result of this control, and because the Corporation has a substantial financial interest in TWM LLC, the Corporation consolidates the financial results of TWM LLC and reports a non-controlling interest in the Corporation’s consolidated financial statements. As of March 31, 2020, Tradeweb Markets Inc. owns 74.5% of TWM LLC and the Continuing LLC Owners (defined below) own the remaining 25.5% of TWM LLC.

Unless the context otherwise requires, references to the “Company” refer to Tradeweb Markets Inc. and its consolidated subsidiaries, including TWM LLC, following the completion of the Reorganization Transactions (as defined below), and TWM LLC and its consolidated subsidiaries prior to the completion of the Reorganization Transactions.

The Company is a leader in building and operating electronic marketplaces for a global network of clients across the institutional, wholesale and retail client sectors. The Company’s principal subsidiaries include:

- Tradeweb LLC (“TWL”), a registered broker-dealer under the Securities Exchange Act of 1934, a member of the Financial Industry Regulatory Authority (“FINRA”), a registered independent introducing broker with the Commodities Future Trading Commission (“CFTC”) and a member of the National Futures Association (“NFA”).
- Dealerweb Inc. (“DW”) (formerly known as Hilliard Farber & Co., Inc.), a registered broker-dealer under the Securities Exchange Act of 1934 and a member of FINRA. DW is also registered as an introducing broker with the CFTC and NFA.
- Tradeweb Direct LLC (“TWD”) (formerly known as BondDesk Trading LLC), a registered broker-dealer under the Securities Exchange Act of 1934 and a member of FINRA.
- Tradeweb Europe Limited (“TEL”), a Multilateral Trading Facility regulated by the Financial Conduct Authority (the “FCA”) in the UK, which maintains branches in Asia which are regulated by certain Asian securities regulators.
- TW SEF LLC (“TW SEF”), a Swap Execution Facility (“SEF”) regulated by the CFTC.
- DW SEF LLC (“DW SEF”), a SEF regulated by the CFTC.

- Tradeweb Japan K.K. (“TWJ”), a security house regulated by the Japanese Financial Services Agency (“JFSA”) and the Japan Securities Dealers Association (“JSDA”).
- Tradeweb EU B.V. (“TWEU”), a Trading Venue and Approved Publication Arrangement regulated by the Netherlands Authority for the Financial Markets (“AFM”).

Initial Public Offering

On April 8, 2019, the Corporation completed its IPO of 46,000,000 shares of Class A common stock, par value \$0.00001 per share, of the Corporation (the “Class A common stock”) at a public offering price of \$27.00, which included 6,000,000 shares of Class A common stock issued pursuant to the underwriters’ option to purchase additional shares of Class A common stock. The Corporation received \$1.2 billion in net proceeds, after deducting underwriting discounts and commissions but before deducting offering expenses, which were used to purchase membership interests of TWM LLC from certain existing equity holders of TWM LLC (and the corresponding shares of common stock were cancelled as described below), at a purchase price per interest equal to the public offering price of \$27.00, less the underwriting discounts and commissions payable thereon. See Note 8 – Stockholders’ Equity.

Reorganization Transactions

Prior to the closing of the IPO, a series of reorganization transactions (the “Reorganization Transactions”) was completed among the Corporation, TWM LLC and the owners of TWM LLC prior to the Reorganization Transactions (collectively, the “Original LLC Owners”), including the following parties:

- certain investment and commercial banks (collectively, the “Bank Stockholders”);
- members of management;
- the Refinitiv Direct Owner, (i) prior to June 28, 2019, a direct subsidiary of Refinitiv that owned interests in an entity that held membership interests of TWM LLC prior to the Reorganization Transactions and contributed such entity to the Corporation (the “Refinitiv Contribution”) in exchange for shares of Class B common stock, par value \$0.00001 per share, of the Corporation (the “Class B common stock”) in connection with the completion of the Reorganization Transactions and (ii) on and after June 28, 2019, an indirect subsidiary of Refinitiv that owns shares of Class B common stock which shares were contributed by the direct subsidiary of Refinitiv referred to in the foregoing clause (i); and
- an indirect subsidiary (the “Refinitiv LLC Owner” and, together with the Refinitiv Direct Owner, the “Refinitiv Owners”) of Refinitiv.

As used herein, references to “Continuing LLC Owners” refer collectively to (i) those Original LLC Owners, including the Refinitiv LLC Owner, certain Bank Stockholders and members of management, that continue to own LLC Interests (as defined below) after the completion of the IPO and Reorganization Transactions, that received shares of Class C common stock, par value \$0.00001 per share, of the Corporation (the “Class C common stock”), shares of Class D common stock, par value \$0.00001 per share, of the Corporation (the “Class D common stock”) or a combination of both, as the case may be, in connection with the completion of the Reorganization Transactions, and that may redeem or exchange their LLC Interests for shares of Class A common stock or Class B common stock and (ii) solely with respect to the Tax Receivable Agreement (as defined below), also includes those Original LLC Owners, including certain Bank Stockholders, that disposed of all of their LLC Interests for cash in connection with the IPO.

The following Reorganization Transactions occurred:

- TWM LLC’s limited liability company agreement (the “TWM LLC Agreement”) was amended and restated to, among other things, (i) provide for a new single class of common membership interests in TWM LLC (“LLC Interests”), (ii) exchange all of the then existing membership interests in TWM LLC for LLC Interests and (iii) appoint the Corporation as the sole manager of TWM LLC. See Note 8 – Stockholders’ Equity.

- The Corporation’s certificate of incorporation was amended and restated to, among other things, provide for Class A common stock, Class B common stock, Class C common stock and Class D common stock. See Note 8 – Stockholders’ Equity.
- The Corporation issued 20,000,000 shares of Class C common stock and 105,289,005 shares of Class D common stock to the Original LLC Owners that received LLC Interests on a one-to-one basis with the number of LLC Interests they owned immediately following the amendment and restatement of the TWM LLC Agreement for nominal consideration (and the Corporation subsequently cancelled 9,993,731 shares of such Class C common stock and 36,006,269 shares of such Class D common stock in connection with the Corporation’s purchase of LLC Interests from certain of the Bank Stockholders using the net proceeds of the IPO).
- As a result of the Refinitiv Contribution (described above), the Corporation received 96,933,192 LLC Interests and the Refinitiv Direct Owner received 96,933,192 shares of Class B common stock. See Note 8 – Stockholders’ Equity.
- The Corporation’s board of directors adopted a new omnibus equity incentive plan, (the “Omnibus Equity Plan”), under which equity awards may be made in respect of shares of the Corporation’s Class A common stock. It also assumed sponsorship of an option plan and PRSU plan formerly sponsored by TWM LLC. See Note 10 – Stock-Based Compensation Plans.
- The Corporation entered into a tax receivable agreement (the “Tax Receivable Agreement”) with TWM LLC and the Continuing LLC Owners. See Note 7 – Tax Receivable Agreement.

LSEG Transaction

On August 1, 2019, London Stock Exchange Group plc announced that it has agreed to definitive terms with a consortium including certain investment funds affiliated with Blackstone as well as TR to acquire the Refinitiv business in an all share transaction (the “LSEG Transaction”). The LSEG Transaction is subject to customary regulatory approvals and closing conditions, and is expected to close during the second half of 2020. There can be no assurance that the LSEG transaction will be consummated on the expected timing or at all.

2. Significant Accounting Policies

The following is a summary of significant accounting policies:

Basis of Accounting

The consolidated financial statements have been presented in conformity with accounting principles generally accepted in the United States of America. All adjustments, which are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented, are normal and recurring in nature. Operating results for interim periods are not necessarily indicative of the results that may be expected for the full year.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and the difference may be material to the consolidated financial statements.

Basis of Presentation and Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

As discussed in Note 1—Organization, as a result of the Reorganization Transactions, Tradeweb Markets Inc. consolidates TWM LLC and TWM LLC is considered to be the predecessor to Tradeweb Markets Inc. for financial reporting purposes. As a result, the consolidated financial statements for periods prior to the Reorganization Transactions have been adjusted to combine the previously separate entities for presentation purposes. However, Tradeweb Markets Inc. had no business transactions or activities and no substantial assets or liabilities prior to the Reorganization Transactions. As such, for periods prior to the completion of the Reorganization Transactions, the consolidated financial statements represent the historical financial condition and results of operations of TWM LLC and its subsidiaries. For periods after the completion of the Reorganization Transactions, the consolidated financial statements represent the financial condition and results of operations of the Company and report a non-controlling interest related to the LLC Interests held by the Continuing LLC Owners.

Pushdown Accounting

A majority interest of Refinitiv (formerly the Thomson Reuters Financial & Risk Business) was acquired by BCP on October 1, 2018 (the “Refinitiv Transaction”) from Thomson Reuters Corporation (“TR”). The Refinitiv Transaction was accounted for by Refinitiv in accordance with the acquisition method of accounting pursuant to Accounting Standards Codification (“ASC”) 805, *Business Combinations*, and pushdown accounting was applied to Refinitiv to record the fair value of the assets and liabilities of Refinitiv as of October 1, 2018, the date of the Refinitiv Transaction. The Company, as a consolidating subsidiary of Refinitiv, also accounted for the Refinitiv Transaction using pushdown accounting. Under pushdown accounting, the excess of the fair value of the Company above the fair value accounting basis of the net assets and liabilities of the Company is recorded as goodwill. The fair value of assets acquired and liabilities assumed was determined based on assumptions that reasonable market participants would use in the principal (or most advantageous) market for the asset or liability. The adjusted valuations primarily affected the values of our long-lived and indefinite-lived intangible assets, including software development costs.

Cash and Cash Equivalents

Cash and cash equivalents consists of cash and highly liquid investments (such as short-term money market instruments) with original maturities of less than three months.

Allowance for Credit Losses

The Company continually monitors collections and payments from its clients and maintains an allowance for credit losses. The allowance for credit losses is based on an estimate of the amount of potential credit losses in existing accounts receivable, as determined from a review of aging schedules, past due balances, historical collection experience and other specific account data. Careful analysis of the financial condition of our counterparties is also performed. Account balances aged greater than 360 days are reserved to the allowance for credit losses. Once determined uncollectable, aged balances are written off as credit loss expense, which is included in general and administrative expenses on the consolidated statements of income. See Note 13 – Credit Risk for additional information.

Receivable from and Payable to Brokers and Dealers and Clearing Organizations

Receivable from and payable to brokers and dealers and clearing organizations consists of proceeds from transactions which failed to settle due to the inability of a transaction party to deliver or receive the transacted security. These securities transactions are generally collateralized by those securities.

At times, transactions executed on the Company’s wholesale platform fail to settle due to the inability of a transaction party to deliver or receive the transacted security. Until the failed transaction settles, a receivable from (and a matching payable to) brokers and dealers and clearing organizations is recognized for the proceeds from the unsettled transaction.

Deposits with Clearing Organizations

Deposits with clearing organizations are comprised of cash deposits. Due to the short-term nature of these deposits, the recorded value has been determined to approximate fair value.

Furniture, Equipment, Purchased Software and Leasehold Improvements

Furniture, equipment, purchased software and leasehold improvements are carried at cost less accumulated depreciation. Depreciation for furniture, equipment and purchased software is computed on a straight-line basis over the estimated useful lives of the related assets, ranging from three to seven years. Leasehold improvements are amortized over the lesser of the estimated useful lives of the leasehold improvements or the remaining term of the lease for office space.

Furniture, equipment, purchased software and leasehold improvements are tested for impairment whenever events or changes in circumstances suggest that an asset's carrying value may not be fully recoverable in accordance with ASC 360, *Property, Plant and Equipment*.

Software Development Costs

The Company capitalizes costs associated with the development of internal use software at the point at which the conceptual formulation, design and testing of possible software project alternatives have been completed, in accordance with ASC 350, *Intangibles – Goodwill and Other*. The Company capitalizes employee compensation and related benefits and third party consulting costs incurred during the application development stage which directly contribute to such development. Such costs are amortized on a straight-line basis over three years. Costs capitalized as part of the pushdown accounting allocation are amortized over nine years. The Company reviews the amounts capitalized for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be fully recoverable, or that their useful lives are shorter than originally expected. Non-capitalized software costs and routine maintenance costs are expensed as incurred.

Goodwill

Goodwill is the excess of the fair value of the Company above the fair value accounting basis of the net assets and liabilities of the Company under pushdown accounting. Goodwill is also the cost of acquired companies in excess of the fair value of identifiable net assets at the acquisition date. Goodwill is not amortized, but in accordance with ASC 350, goodwill is tested for impairment annually and between annual tests whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. Goodwill is tested at the reporting unit level, which is defined as an operating segment or one level below the operating segment. An impairment loss is recognized if the estimated fair value of a reporting unit is less than its net book value. Such loss is calculated as the difference between the estimated fair value of goodwill and its carrying value.

In 2019, the Company changed the annual date on which goodwill is tested for impairment from July 1st to October 1st to align with the annual impairment testing date of the Company's Parent. This change did not accelerate, delay, avoid or cause an impairment charge, nor did this change result in adjustments to any previously issued financial statements. Goodwill was last assessed on October 1, 2019.

Intangible Assets

Intangible assets with a finite life are amortized over the estimated lives, ranging from seven to sixteen years, in accordance with ASC 350. Intangible assets subject to amortization are tested for impairment whenever events or changes in circumstances suggest that an asset's or asset group's carrying value may not be fully recoverable in accordance with ASC 360. Intangible assets with an indefinite useful life are tested for impairment at least annually. An impairment loss is recognized if the sum of the estimated discounted cash flows relating to the asset or asset group is less than the corresponding book value.

Deferred IPO and Follow-On Offering Costs

The Company began incurring costs in connection with the filing of a Registration Statement on Form S-1 for an IPO in 2018 and Registration Statements on Form S-1 for follow-on offerings in 2019 and the first quarter of 2020. IPO and follow-on offering costs consist of legal, accounting, and other costs directly related to the Company's efforts to raise capital. In accordance with ASC 505-10-25, *Equity*, these costs are recognized in additional paid-in capital within the consolidated statements of financial condition when the offering is effective. At March 31, 2020, \$15.9 million of deferred costs related to the IPO and \$3.0 million of deferred costs related to the follow-on offerings were recognized within additional paid-in capital on the consolidated statements of financial condition. See Note 8 – Stockholders' Equity and Note 18 – Subsequent Events.

Translation of Foreign Currency

Revenues and expenses denominated in foreign currencies are translated at the rate of exchange prevailing at the transaction date. Assets and liabilities denominated in foreign currencies are translated at the rate prevailing at the consolidated statements of financial condition date. Foreign currency re-measurement gains or losses on transactions in nonfunctional currencies are recognized in the consolidated statements of income. Gains or losses on translation in the financial statements of a non-U.S. operation, when the functional currency is other than the U.S. dollar, are included as a component of comprehensive income.

Income Tax

The Corporation is subject to U.S. federal, state and local income taxes with respect to its taxable income, including its allocable share of any taxable income of TWM LLC, and is taxed at prevailing corporate tax rates. TWM LLC is a multiple member limited liability company taxed as a partnership and accordingly any taxable income generated by TWM LLC is passed through to and included in the taxable income of its members, including the Corporation. Income taxes also include unincorporated business taxes on income earned or losses incurred for conducting business in certain state and local jurisdictions, income taxes on income earned or losses incurred in foreign jurisdictions on certain operations and federal and state income taxes on income earned or losses incurred, both current and deferred, on subsidiaries that are taxed as corporations for U.S. tax purposes.

The Company records deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities. The Company measures deferred taxes using the enacted tax rates and laws that will be in effect when such temporary differences are expected to reverse. Based on the weight of the positive and negative evidence considered, management believes that it is more likely than not that the Company will be able to realize its deferred tax assets in the future, therefore, no valuation allowance is necessary.

The Company records uncertain tax positions in accordance with ASC 740 on the basis of a two-step process whereby (i) the Company determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (ii) for those tax positions that meet the more-likely-than-not recognition threshold, the Company recognizes the amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority.

The Company recognizes interest and penalties related to income taxes within the provision for income taxes in the consolidated statements of income. Accrued interest and penalties are included within accounts payable, accrued expenses and other liabilities in the consolidated statements of financial condition.

The Company has elected to treat taxes due on future U.S. inclusions in taxable income under the global intangible low-taxed income ("GILTI") provision of the Tax Cuts and Jobs Act as a current period expense when incurred.

Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with ASC 718, *Compensation – Stock Compensation*. ASC 718 focuses primarily on accounting for a transaction in which an entity obtains employee services in exchange for stock-based payments. Under ASC 718, the stock-based payments received by the employees of the Company are accounted for either as equity awards or as liability awards.

As an equity award, the Company measures and recognizes the cost of employee services received in exchange for awards of equity instruments based on their estimated fair values measured as of the grant date. These costs are recognized as an expense over the requisite service period, with an offsetting increase to additional paid-in capital.

As a liability award, the cost of employee services received in exchange for an award of equity instruments is generally measured based on the grant-date fair value of the award. The fair value of that award is remeasured subsequently at each reporting date through the settlement in accordance with ASC 505. Changes in the equity instrument's fair value during the requisite service period are recognized as compensation cost over that period.

For periods following the Reorganization Transactions and the IPO, the fair value of new equity instrument grants is determined based on the price of the Company's Class A common stock on the grant date.

Under ASC 718, the grant-date fair value of stock-based awards that do not require future service (i.e., vested awards) are expensed immediately. The grant-date fair value of stock-based awards that require future service, and are graded-vesting awards, are amortized over the relevant service period on a straight-line basis, with each tranche separately measured. The grant-date fair value of stock-based awards that require both future service and the achievement of Company performance-based conditions, are amortized over the relevant service period for the performance-based condition. If in a reporting period it is determined that the achievement of a performance target for a performance-based tranche is not probable, then no expense is recognized for that tranche and any expenses already recognized relating to that tranche in prior reporting periods are reversed in the current reporting period.

Prior to the IPO, the Company awarded options to management and other employees (collectively, the "Special Option Award") under the Amended and Restated Tradeweb Markets Inc. Option Plan (the "Option Plan"). In accounting for the options issued under the Option Plan, compensation expense is measured and recognized for all awards based on their estimated fair values measured as of the grant date. Costs related to these options are recognized as an expense in the consolidated statements of income over the requisite service period, with an offsetting increase to additional paid-in capital. The non-cash stock-based compensation expense associated with the Special Option Award began being expensed in the second quarter of 2019 and will continue to be expensed over the following three years.

Determining the appropriate fair value model and calculating the fair value of the stock-based awards requires the input of highly subjective assumptions, including the expected life of the stock-based awards and the stock price volatility. The Company uses the Black-Scholes pricing model to value some of its stock-based awards.

Earnings Per Share

Basic earnings per share is computed by dividing the net income attributable to the Company's shares by the weighted-average number of the Company's shares outstanding during the period. For purposes of computing diluted earnings per share, the weighted-average number of the Company's shares reflects the dilutive effect that could occur if securities that qualify as participating securities were converted into or exchanged or exercised for TWM LLC's shares, in the pre-IPO period, and the Corporation's Class A or Class B common stock, in the post-IPO period, using the treasury stock method, as applicable.

Shares of Class C and Class D common stock do not have economic rights in Tradeweb Markets Inc. and, therefore, are not participating securities for purposes of the computation of earnings per share.

Fair Value Measurement

The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (the exit price). Instruments that the Company owns (long positions) are marked to bid prices, and instruments that the Company has sold, but not yet purchased (short positions) are marked to offer prices. Fair value measurements do not include transaction costs.

The fair value hierarchy under ASC 820, *Fair Value Measurement*, prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

Basis of Fair Value Measurement

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

- Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2: Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;
- Level 3: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Recent Accounting Pronouncements – Adopted

In June 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-13, *Financial Instruments – Credit Losses*. The ASU provides new guidance for estimating credit losses on certain types of financial instruments by introducing an approach based on expected losses. ASU 2016-13 was adopted on January 1, 2020 using the modified retrospective method of adoption. The adoption of this ASU did not have a material impact on the Company’s consolidated financial statements. See to Note 13 – Credit Risk for additional information.

In January 2017, the FASB issued ASU 2017-04, *Intangibles – Goodwill and Other*. The ASU simplifies the quantitative goodwill impairment test by eliminating the second step of the test. Under this ASU, impairment will be measured by comparing the estimated fair value of the reporting unit with its carrying value. The new guidance does not amend the optional qualitative assessment of goodwill impairment. ASU 2017-04 was adopted on January 1, 2020. The adoption of this ASU did not impact the Company’s consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. The amendments in this ASU simplify the accounting for income taxes by removing certain exceptions for investments, intraperiod allocations and interim calculations and include additional guidance in order to reduce complexity in accounting for income taxes. ASU 2019-12 is effective for annual periods beginning after December 15, 2020, with early adoption permitted. ASU 2019-12 was early adopted on January 1, 2020. The adoption of this ASU did not have a material impact on the Company’s consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires lessees to recognize a right-of-use asset and a lease liability for all leases with an initial term in excess of twelve months. The asset reflects the present value of unpaid lease payments coupled with initial direct costs, prepaid lease payments and lease incentives. The

amount of the lease liability is calculated as the present value of unpaid lease payments. ASU 2016-02 was adopted on January 1, 2019 using the modified retrospective method of adoption. Upon adoption, the Company:

- Recorded right-of-use assets of \$31.8 million,
- Recorded a lease liability of \$39.6 million,
- Eliminated deferred rent of \$4.9 million,
- Eliminated leasehold interests of \$2.9 million, and
- Elected to take the optional package of practical expedients, which allows for no reassessment of
 - i. whether any expired or existing contracts are or contain leases,
 - ii. the lease classification for any expired or existing leases, and
 - iii. initial direct costs for any existing leases.

3. Restricted Cash

Cash has been segregated in a special reserve bank account for the benefit of brokers and dealers under SEC Rule 15c3-3. The Company computes the proprietary accounts of other broker-dealers (“PAB”) reserve, which requires the Company to maintain minimum segregated cash in the amount of total credits per the reserve computation. As of March 31, 2020 and December 31, 2019, cash in the amount of \$1.0 million has been segregated in the PAB reserve account exceeding the requirements pursuant to SEC Rule 15c3-3.

4. Goodwill and Intangible Assets

Goodwill

The carrying amount of goodwill at March 31, 2020 and December 31, 2019 was \$2.7 billion.

Intangible Assets

Intangible assets with an indefinite useful life consisted of the following at March 31, 2020 and December 31, 2019 (in thousands):

	Amount
Licenses	\$ 168,800
Tradenname	154,300
Total	\$ 323,100

Intangible assets that are subject to amortization consisted of the following at March 31, 2020 and December 31, 2019 (in thousands):

	Amortization Period	March 31, 2020			December 31, 2019		
		Cost	Accumulated Amortization	Net Carrying Amount	Cost	Accumulated Amortization	Net Carrying Amount
Customer relationships	12 Years	\$ 928,200	\$ (116,025)	\$ 812,175	\$ 928,200	\$ (96,687)	\$ 831,513
Content and data	7 Years	154,400	(33,086)	121,314	154,400	(27,572)	126,828
		\$1,082,600	\$ (149,111)	\$ 933,489	\$1,082,600	\$ (124,259)	\$ 958,341

Amortization expense for definite-lived intangible assets was \$24.9 million for each of the three months ended March 31, 2020 and 2019.

5. Revenue

Revenue Recognition

The Company earns transaction fees from transactions executed on the Company's trading platforms through various fee plans. Transaction fees are generated both on a variable and fixed price basis and vary by geographic region, product type and trade size. For variable transaction fees, the Company charges clients fees based on the mix of products traded and the volume of transactions executed. Transaction fee revenue is recorded at a point in time when the trade occurs and is generally billed monthly.

The Company earns subscription fees from granting access to institutional investors to the Company's electronic marketplaces. Subscription fees are recognized into income in the period that access is provided on a monthly basis. Also included in subscription fees are viewer fees earned monthly from institutional investors accessing fixed income market data. The frequency of subscription fee billings varies from monthly to annually, depending on contract terms. Fees received by the Company which are not yet earned are included in deferred revenue on the consolidated statements of financial condition until the revenue recognition criteria has been met.

The Company earns commission revenue from its electronic and voice brokerage services on a riskless principal basis. Riskless principal revenues are derived on matched principal transactions where revenues are earned on the spread between the buy and sell price of the transacted product. Securities transactions and related commission income for brokerage transactions are recognized and recorded on a trade-date basis. Commission revenue is collected by the Company when the trade settles or is billed monthly.

The Company earns fees from Refinitiv relating to the sale of market data to Refinitiv, which redistributes that data. Included in these fees, which are billed quarterly, are real-time market data fees which are recognized in the period that the data is provided, generally on a monthly basis, and historical data sets which are recognized when the historical data set is provided to Refinitiv. Significant judgements used in accounting for this contract include:

- The provision of real-time market data feeds and annual historical data sets are distinct performance obligations.
- The performance obligations under this contract are recognized over time from the initial delivery of the data feeds or each historical data set until the end of the contract term.
- Determining the transaction price for the performance obligations by using a market assessment analysis. Inputs in this analysis include a consultant study which determined the overall value of the Company's market data and pricing information for historical data sets provided by other companies.

Some revenues earned by the Company have fixed fee components, such as monthly minimums or fixed monthly fees, and variable components, such as transaction based fees. The breakdown of revenues between fixed and variable revenues, in thousands, for the three months ended March 31, 2020 and 2019 is as follows:

	Three Months Ended March 31, 2020 (in thousands)		Three Months Ended March 31, 2019 (in thousands)	
	Variable	Fixed	Variable	Fixed
Revenues				
Transaction fees	\$ 115,337	\$ 25,487	\$ 78,915	\$ 23,725
Subscription Fees including Refinitiv market data fees	465	48,646	455	47,606
Commissions	32,441	10,052	24,310	9,887
Other	110	2,068	303	1,591
Gross revenue	<u>\$ 148,353</u>	<u>\$ 86,253</u>	<u>\$ 103,983</u>	<u>\$ 82,809</u>

Deferred Revenue

The Company records deferred revenue when cash payments are received or due in advance of services to be performed. The recognized revenue and remaining balance is shown below (in thousands):

	Amount
Deferred revenue balance - December 31, 2019	\$ 23,990
New billings	29,273
Revenue recognized	(26,994)
Deferred revenue balance - March 31, 2020	<u>\$ 26,269</u>

6. Income Taxes

The Company's provision for income taxes includes U.S. federal, state, local and foreign taxes. The Company's effective tax rate for the three months ended March 31, 2020 and 2019 was approximately 20.2% and 10.1%, respectively.

The effective tax rate for the three months ended March 31, 2020 differed from the U.S. federal statutory rate of 21.0% primarily due to the effect of non-controlling interests partially offset by state, local and foreign taxes. The effective tax rate for the three months ended March 31, 2019 differed from the U.S. federal statutory rate of 21.0% primarily due to the fact that, prior to the Reorganization Transactions, income taxes consisted only of business taxes incurred by TWM LLC and certain subsidiaries for business conducted in certain state, local and foreign jurisdictions as well as federal, state and local taxes for certain subsidiaries that are taxed as corporations for U.S. tax purposes.

As a result of the Reorganization Transactions, the Corporation is subject to U.S. federal, state and local income taxes with respect to its taxable income, including its allocable share of any taxable income of TWM LLC, and is taxed at prevailing corporate tax rates. The Company's actual effective tax rate will be impacted by the Corporation's ownership share of TWM LLC, which will increase over time as the Continuing LLC Owners redeem or exchange their LLC Interests for shares of Class A common stock or Class B common stock, as applicable, or the Corporation purchases LLC Interests from the Continuing LLC Owners.

The Company's consolidated effective tax rate will vary from period to period depending on redemptions, exchanges or purchases of LLC Interests as described above, changes in the geographic mix of its earnings and changes in tax legislation and tax rates.

The Company expects to obtain an increase in its share of the tax basis of the assets of TWM LLC when LLC Interests are redeemed or exchanged by the Continuing LLC Owners and in connection with certain other qualifying transactions. This increase in tax basis may have the effect of reducing the amounts that the Corporation would otherwise pay in the

future to various tax authorities. Pursuant to the Tax Receivable Agreement, the Corporation is required to make cash payments to the Continuing LLC Owners equal to 50% of the amount of U.S. federal, state and local income or franchise tax savings, if any, that the Corporation actually realizes (or in some circumstances are deemed to realize) as a result of certain future tax benefits to which we may become entitled. The Corporation expects to benefit from the remaining 50% of tax benefits, if any, that the Corporation may actually realize. See Note 7 – Tax Receivable Agreement. The tax benefit has been recognized in deferred tax asset on the March 31, 2020 consolidated statement of financial condition.

As a result of the Refinitiv Contribution, the Company assumed the tax liabilities of the contributed entity. The contributed entity is under audit by the State of New Jersey for the tax years 2012 – 2015 and is appealing a tax assessment from an audit by the State of New Jersey for the tax years 2008 – 2011. At March 31, 2020, the tax liability related to the Refinitiv Contribution is \$2.7 million and is included within accounts payable, accrued expenses and other liabilities on the consolidated statement of financial condition. The Company is indemnified by Refinitiv for tax liabilities that were assumed by the Company as a result of the Refinitiv Contribution. See Note 11 – Related Party Transactions.

7. Tax Receivable Agreement

In connection with the Reorganization Transactions, the Corporation entered into the Tax Receivable Agreement with TWM LLC and the Continuing LLC Owners, which provides for the payment by the Corporation to a Continuing LLC Owner of 50% of the amount of U.S. federal, state and local income or franchise tax savings, if any, that the Corporation actually realizes (or in some circumstances is deemed to realize) as a result of (i) increases in the tax basis of TWM LLC's assets resulting from (a) the purchase of LLC Interests from such Continuing LLC Owner, including with the net proceeds from the IPO, the October 2019 follow-on offering and any future offering or (b) redemptions or exchanges by such Continuing LLC Owner of LLC Interests for shares of Class A common stock or Class B common stock or for cash, as applicable, and (ii) certain other tax benefits related to the Corporation making payments under the Tax Receivable Agreement. Payments under the Tax Receivable Agreement are made annually based on the actual tax savings realized by the Corporation in its previous tax year.

As of December 31, 2019, the liability was \$240.8 million, primarily due to the purchase of LLC Interests by the Corporation using the net proceeds of the IPO and October 2019 follow-on offering as well as additional exchanges of LLC Interests by Continuing LLC Owners. During the first quarter of 2020, the liability increased to \$252.0 million, primarily due to additional exchanges of LLC Interests by Continuing LLC Owners. Substantially all payments due under the tax receivable agreement are payable over the fifteen years following the purchase of LLC Interests from Continuing LLC Owners or redemption or exchanges by Continuing LLC Owners of LLC Interests.

The Corporation accounts for the income tax effects resulting from taxable redemptions or exchanges of LLC Interests by the Continuing LLC Owners for shares of Class A common stock or Class B common stock or cash, as the case may be, and purchases by the Corporation of LLC Interests from the Continuing LLC Owners by recognizing an increase in deferred tax assets, based on enacted tax rates at the date of each redemption or exchange, as the case may be. Further, the Corporation evaluates the likelihood that it will realize the benefit represented by the deferred tax asset, and, to the extent that the Corporation estimates that it is more likely than not that it will not realize the benefit, it reduces the carrying amount of the deferred tax asset with a valuation allowance.

The impact of any changes in the projected obligations under the Tax Receivable Agreement as a result of changes in the geographic mix of the Company's earnings, changes in tax legislation and tax rates or other factors that may impact the Corporation's tax savings will be reflected in income before taxes on the consolidated statement of income in the period in which the change occurs.

8. Stockholders' Equity

Initial Public Offering and Reorganization Transactions

As described in Note 1 – Organization, in April 2019, the Corporation completed its IPO of 46,000,000 shares of Class A common stock at a public offering price of \$27.00, which included 6,000,000 shares of Class A common stock issued

pursuant to the underwriters' option to purchase additional shares of Class A common stock. The Corporation received \$1.2 billion in net proceeds, after deducting underwriting discounts and commissions but before deducting offering expenses, which were used to purchase LLC Interests from certain of the Bank Stockholders (and the corresponding shares of common stock were cancelled as described below), at a purchase price per interest equal to the public offering price of \$27.00, less the underwriting discounts and commissions payable thereon.

In connection with the IPO, the Reorganization Transactions described below were completed.

Amendment and Restatement of Certificate of Incorporation

On April 3, 2019, the certificate of incorporation of Tradeweb Markets Inc. was amended and restated to, among other things, provide for the authorization of (i) 250,000,000 shares of preferred stock with a par value of \$0.00001 per share (ii) 1,000,000,000 shares of Class A common stock with a par value of \$0.00001 per share; (iii) 450,000,000 shares of Class B common stock with a par value of \$0.00001 per share; (iv) 350,000,000 shares of Class C common stock with a par value of \$0.00001 per share; and (v) 300,000,000 shares of Class D common stock with a par value of \$0.00001 per share.

Each share of Class A common stock and Class C common stock entitles its holder to one vote on all matters presented to the Corporation's stockholders generally. Each share of Class B common stock and Class D common stock entitles its holder to ten votes on all matters presented to the Corporation's stockholders generally. The holders of Class C common stock and Class D common stock have no economic interests in the Corporation (where "economic interests" means the right to receive any dividends or distributions, whether cash or stock, in connection with common stock). These attributes are summarized in the following table:

Class of Common Stock	Par Value	Votes	Economic Rights
Class A common stock	\$ 0.00001	1	Yes
Class B common stock	\$ 0.00001	10	Yes
Class C common stock	\$ 0.00001	1	No
Class D common stock	\$ 0.00001	10	No

Holders of outstanding shares of Class A common stock, Class B common stock, Class C common stock and Class D common stock will vote together as a single class on all matters presented to the Corporation's stockholders for their vote or approval, except as otherwise required by applicable law.

Holders of Class B common stock may from time to time exchange all or a portion of their shares of Class B common stock for newly issued shares of Class A common stock on a one-for-one basis (in which case their shares of Class B common stock will be cancelled on a one-for-one basis upon any such issuance). Continuing LLC Owners that hold shares of Class D common stock may from time to time exchange all or a portion of their shares of Class D common stock for newly issued shares of Class C common stock on a one-for-one basis (in which case their shares of Class D common stock will be cancelled on a one-for-one basis upon such issuance). In addition, with respect to each Bank Stockholder that holds shares of Class D common stock, immediately prior to the occurrence of any event that would cause the combined voting power held by such Bank Stockholder to exceed 4.9%, the minimum number of shares of Class D common stock of such Bank Stockholder that would need to convert into shares of Class C common stock such that the combined voting power held by such Bank Stockholder would not exceed 4.9% will automatically convert into shares of Class C common stock.

Each share of Class B common stock will automatically convert into one share of Class A common stock and each share of Class D common stock will automatically convert into one share of Class C common stock (i) immediately prior to any sale or other transfer of such share by a holder or its permitted transferees to a non-permitted transferee or (ii) once the Refinitiv Owners and their affiliates together no longer beneficially own a number of shares of common stock and LLC Interests that together entitle them to at least 10% of TWM LLC's economic interest. Holders of LLC Interests that receive shares of Class C common stock upon any such conversion may continue to elect to have their LLC Interests redeemed for newly issued shares of Class A common stock as described below (in which case their shares of Class C common stock will be cancelled on a one-for-one basis upon such issuance).

In addition, the Corporation's board of directors adopted the Omnibus Equity Plan, under which equity awards may be made in respect of shares of Class A common stock. It also assumed sponsorship of the Option Plan and a PRSU plan formerly sponsored by TWM LLC. See Note 10 – Stock-Based Compensation Plans.

Recapitalization of Tradeweb Markets LLC

On April 4, 2019, the TWM LLC Agreement was amended and restated to, among other things, (i) provide for the LLC Interests, (ii) exchange all of the then existing membership interests in TWM LLC for LLC Interests and (iii) appoint the Corporation as the sole manager of TWM LLC.

All of the shares of TWM LLC outstanding prior to the Reorganization Transactions were exchanged for 222,222,197 LLC Interests. TWM LLC's outstanding shares prior to the Reorganization Transactions consisted of the following classes of shares:

	<u>Shares</u>
Class A	146,333
Class C	447
Class P (A)	6,887
Class P (C)	2
Class P-1 (A)	6,094
Class P-1 (C)	232

The TWM LLC Agreement requires that TWM LLC at all times maintain (i) a one-to-one ratio between the number of shares of Class A common stock and Class B common stock issued by the Corporation and the number of LLC Interests owned by the Corporation and (ii) a one-to-one ratio between the number of shares of Class C common stock and Class D common stock issued by the Corporation and the number of LLC Interests owned by the holders of such Class C common stock and Class D common stock.

LLC Interests held by Continuing LLC Owners are redeemable in accordance with the TWM LLC Agreement, at the election of such holders, for newly issued shares of Class A common stock or Class B common stock, as the case may be, on a one-for-one basis (and such holders' shares of Class C common stock or Class D common stock, as the case may be, will be cancelled on a one-for-one basis upon any such issuance). In the event of such election by a Continuing LLC Owner, the Corporation may, at its option, effect a direct exchange of Class A common stock or Class B common stock for such LLC Interests of such Continuing LLC Owner in lieu of such redemption. In addition, the Corporation's board of directors may, at its option, instead of the foregoing redemptions or exchanges of LLC Interests, cause the Corporation to make a cash payment equal to the volume weighted average market price of one share of Class A common stock for each LLC Interest redeemed or exchanged (subject to customary adjustments, including for stock splits, stock dividends and reclassifications) in accordance with the terms of the TWM LLC Agreement.

Issuance and Cancellation of Common Stock

- As a result of the Refinitiv Contribution, the Corporation received 96,933,192 LLC Interests and the Refinitiv Direct Owner received 96,933,192 shares of Class B common stock.
- The Corporation issued 20,000,000 shares of Class C common stock and 105,289,005 shares of Class D common stock to the Original LLC Owners that received LLC Interests on a one-to-one basis with the number of LLC Interests they owned immediately following the amendment and restatement of the TWM LLC Agreement for nominal consideration (the Corporation subsequently cancelled 9,993,731 shares of such Class C common stock and 36,006,269 shares of such Class D common stock in connection with the Corporation's purchase of LLC Interests from certain of the Bank Stockholders using the net proceeds of the IPO).

Following the completion of the Reorganization Transactions, including the IPO and the application of the proceeds therefrom as described above, (i) the investors in the IPO collectively owned 46,000,000 shares of Class A common

stock, representing 2.7% of the combined voting power of all of the Corporation's common stock and, through the Corporation's ownership of LLC Interests, 20.7% of the economic interest in TWM LLC; (ii) the Refinitiv Direct Owner owned 96,933,192 shares of Class B common stock, representing 56.4% of the combined voting power of all of the Corporation's common stock and, through the Corporation's ownership of LLC Interests, 43.6% of the economic interest in TWM LLC; (iii) the Refinitiv LLC Owner owned 22,988,329 shares of Class D common stock, representing 13.4% of the combined voting power of all of the Corporation's common stock, and 22,988,329 LLC Interests, representing 10.3% of the economic interest in TWM LLC, (iv) the Continuing LLC Owners (other than the Refinitiv LLC Owner) collectively owned 10,006,269 shares of Class C common stock and 46,294,407 shares of Class D common stock, representing 27.5% of the combined voting power of all of the Corporation's common stock, and 56,300,676 LLC Interests, representing 25.3% of the economic interest in TWM LLC; and (v) the Corporation owned 142,933,192 LLC Interests, representing 64.3% of the economic interest in TWM LLC.

October 2019 Follow-On Offering

In the fourth quarter of 2019, Tradeweb Markets Inc. completed an underwritten follow-on offering of 19,881,059 shares of Class A Common stock at a public offering price of \$42.00 per share, which included 2,593,181 shares of Class A common stock issued pursuant to the underwriters' option to purchase additional shares of Class A common stock. Tradeweb Markets Inc. received net proceeds of \$810.0 million, after deducting underwriting discounts and commissions but before deducting estimated offering expenses, which were used to purchase (i) 19,835,666 issued and outstanding LLC Interests from certain of the Bank Stockholders and certain of our executive officers (and the corresponding shares of Class C common stock and/or Class D common stock held by such holders were cancelled) and (ii) 45,393 issued and outstanding shares of Class A common stock from certain of our executive officers (which shares of Class A common stock were cancelled), at a purchase price per interest and share equal to the public offering price of \$42.00, less the underwriting discounts and commissions payable thereon.

Redemptions and Exchanges of LLC Interests

In addition to the IPO and the October 2019 follow-on offering transactions described above, during the three months ended March 31, 2020, certain Continuing LLC Owners exercised their redemption rights under the TWM LLC Agreement, pursuant to which 1,920,941 LLC Interests were exchanged for 1,920,941 newly-issued shares of Class A common stock. Simultaneously, and in connection with these exchanges, 939,000 shares of Class C common stock and 981,941 shares of Class D common stock were surrendered by these Continuing LLC Owners and cancelled. Additionally, in connection with these exchanges, Tradeweb Markets Inc. received 1,920,941 LLC Interests, increasing its total ownership interest in TWM LLC.

As a result of the Reorganization Transactions, the IPO, the October 2019 follow-on offering and other exchanges and equity activity, as of March 31, 2020:

- The public investors collectively owned 70,670,440 shares of our Class A common stock, representing 4.6% of the combined voting power of Tradeweb Markets Inc.'s issued and outstanding common stock and indirectly, through Tradeweb Markets Inc., owned 31.4% of the economic interest in TWM LLC;
- Refinitiv collectively owned 96,933,192 shares of our Class B common stock and 22,988,329 shares of our Class D common stock, representing 77.6% of the combined voting power of Tradeweb Markets Inc.'s issued and outstanding common stock and directly and indirectly, through Tradeweb Markets Inc., owned 53.3% of the economic interest in TWM LLC; and
- The Bank Stockholders that continue to own LLC Interests collectively owned 7,389,983 shares of our Class C common stock and 26,730,623 shares of our Class D common stock, representing 17.8% of the combined voting power of Tradeweb Markets Inc.'s issued and outstanding common stock and directly and indirectly, through Tradeweb Markets Inc., owned 15.2% of the economic interest in TWM LLC.

9. Non-Controlling Interests

In connection with the Reorganization Transactions, Tradeweb Markets Inc. became the sole manager of TWM LLC and, as a result of this control, and because Tradeweb Markets Inc. has a substantial financial interest in TWM LLC, consolidates the financial results of TWM LLC into its consolidated financial statements. The non-controlling interests balance reported on the consolidated statements of financial condition represents the economic interests of TWM LLC held by the holders of LLC Interests other than Tradeweb Markets Inc. Income or loss is attributed to the non-controlling interests based on the relative ownership percentages of LLC Interests held during the period by Tradeweb Markets Inc. and the other holders of LLC Interests.

The following table summarizes the ownership interest in Tradeweb Markets LLC:

	March 31, 2020	
	LLC Interests	Ownership %
Number of LLC Interests held by Tradeweb Markets Inc.	167,603,632	74.5%
Number of LLC Interests held by non-controlling interests	57,261,214	25.5%
Total LLC Interests outstanding	224,864,846	100.0%

LLC Interests held by the Continuing LLC Owners are redeemable in accordance with the TWM LLC Agreement at the election of the members for shares of Class A common stock or Class B common stock, on a one-for-one basis or, at the Company's option, a cash payment in accordance with the terms of the TWM LLC Agreement. See Note 8 – Stockholders' Equity.

The following table summarizes the impact on equity due to changes in the Corporation's ownership interest in Tradeweb Markets LLC (in thousands):

	Three Months Ended March 31, 2020
Net Income Attributable to Tradeweb Markets Inc. and Transfers (to) from the Non-Controlling Interests	
Net income attributable to Tradeweb Markets Inc.	\$ 43,928
Transfers (to) from non-controlling interests:	
Change in non-controlling interests as a result of ownership changes	45,443
Net transfers (to) from non-controlling interests	45,443
Change from net income attributable to Tradeweb Markets Inc. and transfers (to) from non-controlling interests	\$ 89,371

10. Stock-Based Compensation Plans

Under the Omnibus Equity Plan, the Company is authorized to issue up to 8,841,864 new shares of Class A common stock to employees, officers and non-employee directors. Under this plan, the Company may grant awards in respect of shares of Class A common stock, including performance-based restricted share units ("PRSUs"), stock options, restricted stock units ("RSUs") and dividend equivalent rights. The awards may have performance-based and time-based vesting conditions. Stock options have a maximum contractual term of 10 years.

PRSUs (Equity-Settled)

Equity-settled PRSUs are promises to issue shares of Class A common stock at the end of a three-year cliff vesting period. The fair value of the equity-settled PRSUs is calculated on the grant date using the stock price of the Class A common stock. The number of shares a participant will receive upon vesting is determined in part based on a performance modifier, which is adjusted in accordance with the financial performance of the Company in the grant year. The performance modifier may vary between 0% (minimum) and 200% (maximum) of the target (100%) award amount.

The following table summarizes information for equity-settled PRSUs of the Company:

PRSUs (Equity-Settled)	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
PRSUs (equity-settled) granted	360,609	554
Weighted-average grant-date fair value	\$ 38.87	\$ 31,563
PRSUs (equity-settled) compensation expense (in thousands)	\$ 5,407	\$ 4,674
Income tax expense (benefit) (in thousands)	\$ (5,492)	\$ (276)
Unrecognized compensation expense (in thousands)	\$ 53,508	\$ N/A
Weighted-average recognition period for unrecognized compensation expense	2.14 years	N/A

PRSUs (Cash-Settled)

The Company previously granted cash-settled PRSUs, some of which are still outstanding and are accounted for as liability awards. The Company measures the cost of employee services received in exchange for the award based on the fair value of the Company and the value of accumulated dividend rights associated with each award. The fair value of that award is remeasured subsequently at each reporting date through to settlement. Changes in the award's fair value during the requisite service period is recognized as compensation cost over that period.

The following table summarizes information for cash-settled PRSUs:

PRSUs (Cash-Settled)	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
PRSUs (cash-settled) granted	—	—
Weighted-average grant-date fair value	\$ —	\$ —
PRSUs (cash-settled) compensation expense (in thousands)	\$ 10	\$ 100
Income tax expense (benefit) (in thousands)	\$ 3	\$ (14)
Unrecognized compensation expense (in thousands)	\$ 228	\$ N/A
Weighted-average recognition period for unrecognized compensation expense	0.75 years	N/A

Options

Prior to the IPO, the Company awarded options to management and other employees under the Option Plan. Each option award vests one half based solely on the passage of time and one half only if the Company achieves certain performance targets. The time vesting portion of the options has a four-year graded vesting schedule, with accelerated vesting for time-based options granted prior to the IPO with vesting dates of January 1, 2021 and 2022 upon the completion of the IPO. In the post-IPO period, the Company awarded options under the Option Plan with a four year-graded vesting schedule. One half of these awards vest solely based on the passage of time, without accelerated vesting, and one half vest only if the Company achieves certain performance targets. The Company may elect to net-settle exercised options by reducing the shares of Class A common stock to be issued upon such exercise by the number of shares of Class A common stock having a fair market value on the date of exercise equal to the aggregate option price. The Company can also elect, upon exercise, to reduce the shares to be issued by the number of shares having a fair market value on the date of exercise equal to employee payroll taxes. The Company may then pay these employee payroll taxes from the Company's cash.

In accounting for the options issued under the Option Plan, the Company measures and recognizes compensation expense for all awards based on their estimated fair values measured as of the grant date. These options are exercisable only any time following the closing of an initial public offering or during a 15-day period following a change in control of the Company (and certain other sales of equity by the Company's shareholders). As a result, expense recognition commenced upon the completion of the IPO in April 2019.

The following table summarizes information for options:

Options	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Options granted	—	130
Weighted-average grant-date fair value	\$ —	\$ 4,132
Option compensation expense (in thousands)	\$ 2,249	\$ —
Income tax expense (benefit) (in thousands)	\$ (10,515)	\$ —
Unrecognized compensation expense (in thousands)	\$ 7,021	\$ N/A
Weighted-average recognition period for unrecognized compensation expense	1.97 years	N/A

RSUs

In 2020, the Company expanded its restricted stock unit (“RSU”) grants under the Omnibus Equity Plan to employees. Previously, RSU grants were limited to non-employee directors. RSUs are promises to issue shares of Class A common stock at the end of a vesting period. RSUs granted to employees vest one-third each year over a three-year period. RSUs granted to non-employee directors vest after one year. The fair value of the RSUs is calculated on the grant date using the stock price of the Class A common stock.

The following table summarizes information for RSUs:

RSUs	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
RSUs granted	465,222	—
Weighted-average grant-date fair value	\$ 38.87	\$ —
RSUs compensation expense (in thousands)	\$ 315	\$ —
Income tax expense (benefit) (in thousands)	\$ (71)	\$ —
Unrecognized compensation expense (in thousands)	\$ 17,836	\$ N/A
Weighted-average recognition period for unrecognized compensation expense	2.96 years	N/A

11. Related Party Transactions

The Company enters into transactions with Refinitiv and its affiliates which are considered to be related party transactions. The Company also enters into transactions with the Bank Stockholders and their respective affiliates. Prior to the Reorganization Transactions, the Bank Stockholders were collectively considered to be related parties of the Company. As a result of the Reorganization Transactions, they are no longer considered to be related parties. As a result, the related party transactions listed below include transactions with affiliates of Refinitiv for all periods presented and only includes transactions with affiliates of the Bank Stockholders for pre-IPO periods.

At March 31, 2020 and December 31, 2019, the following balances with such affiliates were included in the consolidated statements of financial condition in the following line items (in thousands):

	March 31, 2020	December 31, 2019
Accounts receivable	\$ 2,293	\$ —
Receivable from affiliates	1,506	2,525
Other assets	552	—
Deferred revenue	4,459	4,733
Payable to affiliates	2,288	1,506

The following balances with such affiliates were included in the consolidated statements of income in the following line items (in thousands):

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Revenue:		
Transaction fees ⁽¹⁾	\$ —	\$ 59,643
Subscription fees ⁽¹⁾	—	5,670
Commissions ⁽¹⁾	—	16,186
Refinitiv market data fees ⁽²⁾	14,628	13,616
Operating Income: ⁽³⁾		
Interest income	—	208
Shared Services Fees ⁽⁴⁾:		
Technology and communications	740	740
General and administrative	24	180
Occupancy	46	155

- (1) For pre-IPO periods, represents fees and commissions from affiliates of the Bank Stockholders.
- (2) The Company maintains a market data license agreement with Refinitiv. Under the agreement, the Company delivers to Refinitiv certain market data feeds which Refinitiv redistributes to its customers. The Company earns license fees and royalties for these feeds.
- (3) For pre-IPO periods, represents interest income from money market funds invested with and savings accounts deposited with affiliates of the Bank Stockholders.
- (4) The Company maintains a shared services agreement with Refinitiv. Under the terms of the agreement, Refinitiv provides the Company with certain real estate, payroll, benefits administration, insurance, content, financial reporting and tax support.

The Company reimburses affiliates of Refinitiv for expenses paid on behalf of the Company for various services including salaries and bonuses, marketing, professional fees, communications, data costs and certain other administrative services. For the three months ended March 31, 2020 and 2019, the Company reimbursed such affiliates approximately \$0.3 million and \$1.0 million, respectively, for these expenses.

The Company is indemnified by Refinitiv for any tax liabilities that existed in the entity contributed by Refinitiv as a result of the Refinitiv Contribution. At March 31, 2020, \$2.7 million is included in other assets on the consolidated statement of financial condition related to this indemnification.

The Company engaged Blackstone Advisory Partners L.P., an affiliate of Blackstone, to provide certain financial consulting services in connection with the IPO and the October 2019 follow-on offering for a fee of \$1.0 million and \$0.5 million, respectively, which fee, with respect to the October 2019 follow-on offering, was reimbursed by the underwriters. \$1.5 million is included in additional paid-in capital on the March 31, 2020 consolidated statement of financial condition related to these offering costs.

12. Fair Value of Financial Instruments

Certain financial instruments that are carried on the consolidated statements of financial condition are carried at amounts that approximate fair value. These instruments include receivables from/payables to brokers and dealers and clearing organizations, deposits with clearing organizations and accounts receivable.

The Company's money market funds are classified within level 1 of the fair value hierarchy because they are valued using quoted market prices in active markets.

The Company has no instruments that are classified within level 2 or level 3 of the fair value hierarchy.

The fair value measurements are as follows (in thousands):

Successor	Quoted Prices in active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
As of March 31, 2020				
<i>Assets</i>				
Money market funds	\$ 255,265	\$ —	\$ —	\$ 255,265
	<u>\$ 255,265</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 255,265</u>
As of December 31, 2019				
<i>Assets</i>				
Money market funds	\$ 219,158	\$ —	\$ —	\$ 219,158
	<u>\$ 219,158</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 219,158</u>

13. Credit Risk

In the normal course of business the Company, as agent, executes transactions with, and on behalf of, other brokers and dealers. If the agency transactions do not settle because of failure to perform by either counterparty, the Company may be obligated to discharge the obligation of the non-performing party and, as a result, may incur a loss if the market value of the security is different from the contract amount of the transaction.

A substantial number of the Company's transactions are collateralized and executed with, and on behalf of, a limited number of broker-dealers. The Company's exposure to credit risk associated with the nonperformance of these clients in fulfilling their contractual obligations pursuant to securities transactions can be directly impacted by volatile trading markets which may impair the clients' ability to satisfy their obligations to the Company.

From time to time, the Company enters into agreements to repurchase to facilitate the clearance of securities. Credit exposure related to these agreements to repurchase, including the risk related to a decline in market value of collateral (pledged or received), is managed by entering into agreements to repurchase with overnight or short-term maturity dates and only entering into repurchase transactions with netting members of the Fixed Income Clearing Corporation ("FICC"). The FICC requires dealer netting members to maintain a minimum of \$25 million in equity capital and \$10 million in excess net capital. The FICC operates a continuous net settlement system, whereby as trades are submitted and compared the FICC becomes the counterparty. The FICC also marks to market collateral on a daily basis, requiring member firms to pay or receive margin amounts as part of their daily funds settlement.

The Company does not expect nonperformance by counterparties in the above situations. However, the Company's policy is to monitor its market exposure and counterparty risk. In addition, the Company has a policy of reviewing, as considered necessary, the credit standing of each counterparty with which it conducts business.

Allowance for Credit Losses

The Company may be exposed to credit risk regarding its receivables, which are primarily receivables from financial institutions, including investment managers and broker-dealers. At March 31, 2020, the Company maintained an allowance for credit losses of \$0.2 million with regard to these receivables. At December 31, 2019, the allowance for doubtful accounts was \$0.2 million.

The Company maintains an allowance for credit losses based upon an estimate of the amount of potential credit losses in existing accounts receivable, as determined from a review of aging schedules, past due balances, historical collection experience and other specific account data. Careful analysis of the financial condition of our counterparties is also performed. The Company has evaluated its loss assumptions as a result of the COVID-19 pandemic and determined the current estimate of expected credit losses remains reasonable due to continued strong collections and no deterioration in our accounts receivable aging.

Account balances are pooled based on the following risk characteristics:

1. Geographic location
2. Transaction fee type (billing type)
3. Legal entity

Write-Offs

Account balances aged greater than 360 days are reserved to the allowance for credit losses. Once determined uncollectable, aged balances are written off as credit loss expense. This determination is based on careful analysis of individual receivables and aging schedules, which are disaggregated based on the risk characteristics described above. Based on current policy, this generally occurs when the receivable hits 360 days past due.

The following table presents the activity in the allowance for credit losses for accounts receivable for the period ended March 31, 2020 (in thousands):

	Amount
Beginning balance, prior to adoption of ASC 326 - December 31, 2019	\$ 195
Current-period provision for expected credit losses	62
Write-offs charged against the allowance	(33)
Recoveries collected	(74)
Ending balance - March 31, 2020	\$ 150

14. Commitments and Contingencies

In the normal course of business, the Company enters into user agreements with its dealers which provide the dealers with indemnification from third parties in the event that the electronic marketplaces of the Company infringe upon the intellectual property or other proprietary right of a third party. The Company's exposure under these user agreements is unknown as this would involve estimating future claims against the Company which have not yet occurred. However, based on its experience, the Company expects the risk of a material loss to be remote.

The Company has been named as a defendant, along with other financial institutions, in antitrust class actions (consolidated into two actions) relating to trading practices in United States Treasury securities auctions. The Company has filed a motion to dismiss the actions, believes it has substantial defenses to the other plaintiff's claims and intends to defend itself vigorously. Additionally, the Company was dismissed from a class action relating to an interest rate swaps matter in 2017, but that matter continues against the remaining defendant financial institutions.

The Company records its best estimate of a loss, including estimated defense costs, when the loss is considered probable and the amount of such loss can be reasonably estimated. Based on its experience, the Company believes that the amount of damages claimed in a legal proceeding is not a meaningful indicator of the potential liability. At this time, the Company cannot reasonably predict the timing or outcomes of, or estimate the amount of loss, or range of loss, if any, related to its pending legal proceedings, including the matter described above, and therefore does not have any contingency reserves established for any of these matters.

In 2015, IDC Financial Publishing, Inc. ("IDC") filed a lawsuit in the United States District Court for the Eastern District of Wisconsin captioned IDC Financial Publishing Inc. v. BondDesk Group LLC, et al. Claims were asserted against the Company and against Fidelity Global Brokerage Group, Inc., Fidelity Brokerage Services, LLC, and National Financial Services, LLC (collectively, "Fidelity") relating to the distribution of IDC's financial strength ratings over the Company's trading platform to Fidelity, its registered investment advisors and Fidelity's correspondent banks. Following extensive pre-trial proceedings that resulted in certain of IDC's claims being dismissed by the court in 2019, the parties entered into a settlement agreement in early 2020 in which all remaining claims and counterclaims in the lawsuit were settled without any material impact to the Company's financial condition or results of operations, and the matter has been dismissed with prejudice.

Revolving Credit Facility

On April 8, 2019, the Company entered into a five year, \$500 million senior secured revolving credit facility (“Credit Facility”) with a syndicate of banks. The Credit Facility provides additional borrowing capacity to be used to fund ongoing working capital needs, letters of credit and for general corporate purposes, including potential future acquisitions and expansions.

On November 7, 2019, TWM LLC entered into an amendment to the Revolving Credit Facility among TWM LLC and the lenders party thereto, which revised the Revolving Credit Facility to permit the pending LSEG Transaction. The amendment did not otherwise impact the terms of the Revolving Credit Facility and did not impact the amount of borrowings available to TWM LLC under the Revolving Credit Facility.

Under the terms of the credit agreement that governs the Credit Facility, borrowings under the Credit Facility bear interest at a rate equal to, at the Company’s option, either (a) a base rate equal to the greatest of (i) the administrative agent’s prime rate, (ii) the federal funds effective rate plus ½ of 1.0% and (iii) one month LIBOR plus 1.0%, in each case plus 0.75%, or (b) LIBOR plus 1.75%, subject to a 0.00% floor. The credit agreement also includes a commitment fee of 0.25% for available but unborrowed amounts and other administrative fees that are payable quarterly. The Credit Facility is available until April 2024, provided the Company is in compliance with all covenants. Financial covenant requirements include maintaining minimum ratios related to interest coverage and leverage.

As of March 31, 2020, there were no amounts outstanding under the Credit Facility.

15. Earnings Per Share

In April 2019, the Company completed the Reorganization Transactions and the IPO, which, among other things, resulted in the Corporation becoming the successor of TWM LLC for financial reporting purposes. As a result, earnings per share information for the pre-IPO period is not comparable to earnings per share information for the post-IPO period. Thus, earnings per share information is being presented separately for the pre-IPO and post-IPO periods.

The following table summarizes the basic and diluted earnings per share calculations for Tradeweb Markets Inc. (post-IPO period):

EPS: Net income attributable to Tradeweb Markets Inc.	Three Months Ended March 31, 2020	
<small>(in thousands, except share and per share amounts)</small>		
<u>Numerator:</u>		
Net income attributable to Tradeweb Markets Inc.	\$	43,928
<u>Denominator:</u>		
Weighted average shares of Class A and Class B common stock outstanding - Basic		166,234,749
Dilutive effect of equity-settled PRSUs		2,038,422
Dilutive effect of options		6,221,549
Dilutive effect of RSUs		22,524
Weighted average shares of Class A and Class B common stock outstanding - Diluted		174,517,244
Earnings per share - Basic	\$	0.26
Earnings per share - Diluted	\$	0.25

The following table summarizes the basic and diluted earnings per share calculations for Tradeweb Markets LLC (pre-IPO period):

EPS: Net income attributable to Tradeweb Markets LLC⁽¹⁾	Three Months Ended March 31, 2019	
(in thousands, except share and per share amounts)		
Numerator:		
Net income attributable to Tradeweb Markets LLC	\$	42,352
Denominator:		
Weighted average LLC Interests outstanding - Basic		222,222,197
Dilutive effect of equity-settled PRSUs		1,098,260
Weighted average LLC Interests outstanding - Diluted		223,320,457
Earnings per share - Basic	\$	0.19
Earnings per share - Diluted	\$	0.19

- (1) Earnings per share and weighted average shares outstanding for the pre-IPO period has been computed to give effect to the Reorganization Transactions, including the amendment and restatement of the TWM LLC Agreement to, among other things, (i) provide for LLC Interests and (ii) exchange all of the then existing membership interests in TWM LLC for LLC interests.

For the three months ended March 31, 2020, there were approximately 378,124 weighted-average shares underlying options that were anti-dilutive. As a result, these shares, which are still outstanding, were excluded from the computation of diluted earnings per share.

LLC Interests held by the Continuing LLC Owners are redeemable in accordance with the TWM LLC Agreement, at the election of such holders, for shares of Class A or Class B common stock of Tradeweb Markets Inc. After evaluating the potential dilutive effect under the if-converted method, the 57,644,547 weighted-average LLC Interests for the assumed exchange of non-controlling interests were determined to be anti-dilutive and thus were excluded from the computation of diluted earnings per share for the post-IPO periods.

Shares of Class C and Class D common stock do not have economic rights in Tradeweb Markets Inc. and, therefore, are not participating securities for purposes of the computation of earnings per share.

16. Regulatory Capital Requirements

TWL, DW and TWD are subject to the Uniform Net Capital Rule 15c3-1 under the Securities Exchange Act of 1934. TEL is subject to certain financial resource requirements with the FCA in the UK, TWJ is subject to certain financial resource requirements with the FCA in Japan and TWEU is subject to certain finance resource requirements with the AFM in the Netherlands.

At March 31, 2020 and December 31, 2019, the regulatory capital requirements and regulatory capital for TWL, DW, TWD, TEL, TWJ and TWEU are as follows (in thousands):

As of March 31, 2020	TWL	DW	TWD	TEL	TWJ	TWEU
Regulatory Capital	\$ 40,228	\$ 55,785	\$ 23,297	\$ 65,029	\$ 12,292	\$ 6,279
Regulatory Capital Requirement	1,549	1,319	428	20,448	8,087	1,675
Excess Regulatory Capital	\$ 38,679	\$ 54,466	\$ 22,869	\$ 44,581	\$ 4,205	\$ 4,604
As of December 31, 2019	TWL	DW	TWD	TEL	TWJ	TWEU
Regulatory Capital	\$ 42,317	\$ 52,016	\$ 33,807	\$ 49,611	\$ 11,851	\$ 6,217
Regulatory Capital Requirement	2,396	2,026	664	21,856	8,565	1,701
Excess Regulatory Capital	\$ 39,921	\$ 49,990	\$ 33,143	\$ 27,755	\$ 3,286	\$ 4,516

As SEFs, TW SEF and DW SEF are required to maintain adequate financial resources and liquid financial assets in accordance with CFTC regulations. The required and maintained financial resources and liquid financial assets at March 31, 2020 and December 31, 2019 are as follows (in thousands):

	As of March 31, 2020		As of December 31, 2019	
	TW SEF	DW SEF	TW SEF	DW SEF
Financial Resources	\$ 30,300	\$ 13,313	\$ 21,303	\$ 13,707
Required Financial Resources	10,500	5,807	10,500	5,505
Excess Financial Resources	<u>\$ 19,800</u>	<u>\$ 7,506</u>	<u>\$ 10,803</u>	<u>\$ 8,202</u>
Liquid Financial Assets	\$ 13,399	\$ 7,339	\$ 18,168	\$ 7,583
Required Liquid Financial Assets	5,250	2,904	5,250	2,753
Excess Liquid Financial Assets	<u>\$ 8,149</u>	<u>\$ 4,435</u>	<u>\$ 12,918</u>	<u>\$ 4,830</u>

17. Business Segment and Geographic Information

The Company operates electronic marketplaces for the trading of products across the rates, credit, equities and money markets asset classes and provides related pre-trade and post-trade services. The Company's operations constitute a single business segment because of the integrated nature of these marketplaces and services. Information regarding revenue by client sector is as follows (in thousands):

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Gross revenue:		
Institutional	\$ 145,612	\$ 109,252
Wholesale	48,756	39,431
Retail	21,676	21,206
Market Data	18,562	16,903
Total revenue	<u>234,606</u>	<u>186,792</u>
Operating expenses	156,991	140,515
Operating income	<u>\$ 77,615</u>	<u>\$ 46,277</u>

The Company operates in the U.S. and internationally, primarily in the Europe and Asia regions. Revenues are attributed to geographic area based on the jurisdiction where the underlying transactions take place. The results by geographic region are not meaningful in understanding the Company's business. Long-lived assets are attributed to the geographic area based on the location of the particular subsidiary.

The following table provides a breakdown of revenue by geographic area for the three months ended March 31, 2020 and 2019 (in thousands):

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
U.S.	\$ 145,256	\$ 119,397
International	89,350	67,395
Total Gross Revenue	<u>\$ 234,606</u>	<u>\$ 186,792</u>

The following table provides information on the attribution of long-lived assets by geographic area as of March 31, 2020 and December 31, 2019 (in thousands):

	March 31, 2020	December 31, 2019
Long-lived assets		
U.S.	\$ 4,174,357	\$ 4,200,133
International	13,471	14,100
Total	<u>\$ 4,187,828</u>	<u>\$ 4,214,233</u>

18. Subsequent Events

On May 6, 2020, the board of directors of Tradeweb Markets Inc. declared a cash dividend of \$0.08 per share of Class A common stock and Class B common stock for the second quarter of 2020. This dividend will be payable on June 15, 2020 to stockholders of record as of June 1, 2020.

On May 5, 2020, Tradeweb Markets Inc., as the sole manager, approved a distribution by TWM LLC to its equityholders, including Tradeweb Markets Inc., in an aggregate amount of \$18.1 million payable on June 11, 2020.

April 2020 Follow-On Offering

On April 27, 2020, Tradeweb Markets Inc. completed its follow-on offering of 12,835,245 shares of Class A Common stock at a public offering price of \$50.25 per share, which included 1,674,162 shares of Class A common stock issued pursuant to the underwriters' option to purchase additional shares of Class A common stock. Tradeweb Markets Inc. received net proceeds of \$626.3 million, after deducting underwriting discounts and commissions but before deducting estimated offering expenses, which were used to purchase (i) 12,238,827 issued and outstanding LLC Interests from certain of the Bank Stockholders (and the corresponding shares of common stock held by such holders were cancelled) and (ii) 596,418 issued and outstanding shares of Class A common stock from certain of our executive officers (and such shares of Class A common stock were cancelled), at a purchase price per interest and share equal to the public offering price of \$50.25, less the underwriting discounts and commissions payable thereon. As of May 1, 2020, Tradeweb Markets Inc. owns 80.0% of TWM LLC and the Continuing LLC Owners own the remaining 20.0% of TWM LLC.

ITEM 2. — MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from the results described in or implied by the forward-looking statements. Factors that could cause or contribute to those differences include, but are not limited to, those identified below and those discussed in the section titled “Cautionary Note Regarding Forward-Looking Statements” included elsewhere in this Quarterly Report on Form 10-Q.

Overview

We are a leader in building and operating electronic marketplaces for our global network of clients across the financial ecosystem. Our network is comprised of clients across the institutional, wholesale and retail client sectors, including many of the largest global asset managers, hedge funds, insurance companies, central banks, banks and dealers, proprietary trading firms and retail brokerage and financial advisory firms as well as regional dealers. Our marketplaces facilitate trading across a range of asset classes, including rates, credit, equities and money markets. We are a global company serving clients in over 65 countries with offices in North America, Europe and Asia. We believe our proprietary technology and culture of collaborative innovation allow us to adapt our offerings to enter new markets, create new platforms and solutions and adjust to regulations quickly and efficiently. We support our clients by providing solutions across the trade lifecycle, including pre-trade, execution, post-trade and data.

Our institutional client sector serves institutional investors in over 40 markets across 25 currencies, and in over 65 countries around the globe. We connect institutional investors with pools of liquidity using our flexible order and trading systems. Our clients trust the integrity of our markets and recognize the value they get by trading electronically: enhanced transparency, competitive pricing, efficient trade execution and regulatory compliance.

In our wholesale client sector, we provide a broad range of electronic, voice and hybrid platforms to more than 300 dealers and financial institutions with more than 100 actively trading on our electronic or hybrid markets with our Dealerweb platform. This platform was launched in 2008 following the acquisition of inter-dealer broker Hilliard Farber & Co., Inc. In 2011, we acquired the brokerage assets of Rafferty Capital Markets. Today, Dealerweb actively competes across a range of rates, credit, derivatives and equity markets.

In our retail client sector, we provide advanced trading solutions for financial advisory firms and traders with our Tradeweb Direct platform. We entered the retail sector in 2006 and launched our Tradeweb Direct platform following the 2013 acquisition of BondDesk Group LLC, which was built to bring innovation and efficiency to the wealth management community. Tradeweb Direct has provided financial advisory firms access to live offerings, accurate pricing in the marketplace and fast execution.

Our markets are large and growing. Electronic trading continues to increase across the markets in which we operate as a result of market demand for greater transparency, higher execution quality, operational efficiency and lower costs, as well as regulatory changes. We believe our deep client relationships, asset class breadth, geographic reach, regulatory knowledge and scalable technology position us to continue to be at the forefront of the evolution of electronic trading. Our platforms provide transparent, efficient, cost-effective and compliant trading solutions across multiple products, regions and regulatory regimes. As market participants seek to trade across multiple asset classes, reduce their costs of trading and increase the effectiveness of their trading, including through the use of data and analytics, we believe the demand for our platforms and electronic trading solutions will continue to grow.

Trends and Other Factors Impacting Our Performance

COVID-19

Since the onset of the COVID-19 pandemic, we have been focused on keeping our employees safe, helping our clients stay connected, and ensuring our markets operate efficiently through this period of unprecedented market volatility. We have implemented a series of measures to protect the health and safety of our employees, and by mid-March 2020, nearly all of our employees around the world were working remotely.

In light of the unprecedented market volatility and significant economic disruption that has arisen in the wake of the pandemic, we have worked closely with our clients to provide flexible and secure access to our platforms, and to ensure that we would be a stable and resilient partner across multiple asset classes - so they can reliably manage their core cash and derivatives needs in the diverse markets we serve, even as their own businesses may face disruptions. Our employees and clients together have adapted to working remotely and we have helped our clients navigate the market volatility through multi-asset class and multi-protocol electronic offerings. We believe the strong volumes we experienced on our platforms in March 2020 are reflective of these factors.

The global spread of the COVID-19 pandemic is complex and rapidly-evolving, with authorities around the world implementing numerous measures to try to contain the coronavirus, such as travel bans and restrictions, social distancing, quarantines, shelter in place, stay at home or lockdown orders and business limitations and shutdowns. While our expectation is to return to our offices when it is safe to do so, we remain confident that we can continue to maintain business continuity, serve our clients and provide efficient execution in a virtual environment as necessary. In addition, we believe that we have sufficient liquidity and flexibility to operate during any future disruptions caused by COVID-19.

We currently expect any future disruptive impact of COVID-19 on our business to be temporary and are determined to continue to minimize such impact. Although we have implemented risk management and contingency plans and taken preventive measures and other precautions, our efforts to mitigate the effects of any disruptions may prove to be inadequate. Due to the uncertainty of the duration and severity of COVID-19, the speed with which this pandemic is developing, the uncertainty as to what governmental measures may yet be taken in response to the pandemic and the unpredictable effect on our business, our employees and our clients, we are not able to reasonably estimate the extent of any potential impact of COVID-19 on our financial condition or results of operations at this time, but the impact could potentially be material. Even after the COVID-19 outbreak has subsided, we may continue to experience impacts to our business as a result of the coronavirus' global economic impact and any recession that has occurred or may occur in the future. Further, as the COVID-19 situation is unprecedented and continuously evolving, COVID-19 may also affect our operating and financial results in a manner that is not presently known to us or in a manner that we currently do not consider to present significant risks to our operations.

As the COVID-19 pandemic continues, it may also have the effect of heightening many of the risks described in "Item 1A. Risk Factors" of our Annual Report on Form 10-K, as amended, for the year ended December 31, 2019, including, but not limited to, those relating to changes in economic, political, social and market conditions and the impact of these changes on trading volumes; consolidation and concentration in the financial services industry; our dependence on dealer clients; systems failures, interruptions, delays in services, cybersecurity incidents, unforeseen or catastrophic events and any resulting interruptions; our international operations; and our dependence on our senior management team and other qualified personnel.

April 2020 Follow-On Offering

On April 27, 2020, Tradeweb Markets Inc. completed its follow-on offering of 12,835,245 shares of Class A Common stock at a public offering price of \$50.25 per share, which included 1,674,162 shares of Class A common stock issued pursuant to the underwriters' option to purchase additional shares of Class A common stock. Tradeweb Markets Inc. received net proceeds of \$626.3 million, after deducting underwriting discounts and commissions but before deducting estimated offering expenses, which were used to purchase (i) 12,238,827 issued and outstanding LLC Interests from certain of the Bank Stockholders (and the corresponding shares of common stock held by such holders were cancelled) and (ii) 596,418 issued and outstanding shares of Class A common stock from certain of our executive

officers (and such shares of Class A common stock were cancelled), at a purchase price per interest and share equal to the public offering price of \$50.25, less the underwriting discounts and commissions payable thereon. As of May 1, 2020, Tradeweb Markets Inc. owns 80.0% of TWM LLC and the Continuing LLC Owners own the remaining 20.0% of TWM LLC.

Economic Environment

Our business is impacted by the overall market activity and, in particular, trading volumes and market volatility. Lower volatility is correlated to lower liquidity, which may result in lower trading volume for our clients and may negatively impact our operating performance. Factors that may impact market activity in 2020 include, among other things, economic, political and social conditions, legislative, regulatory or government policy changes and health concerns associated with the COVID-19 pandemic. As a result, our business is sensitive to slow trading environments and the continuity of conservative monetary policies of central banks internationally, which tend to lessen volatility.

While our business is impacted by the overall activity of the market and market volatility, our revenues consist of a mix of fixed and variable fees that partially mitigates this impact. More importantly, we are actively engaged in the further electronification of trading activities, which will help mitigate this impact as we believe secular growth trends can partially offset market volatility risk.

Regulatory Environment

Our business is subject to extensive regulations in the United States and internationally, which may expose us to significant regulatory risk and cause additional legal costs to ensure compliance. The existing legal framework that governs the financial markets is periodically reviewed and amended, resulting in enforcement of new laws and regulations that apply to our business. The current regulatory environment in the United States may be subject to future legislative changes driven by the current administration and could be further impacted by the results of the upcoming U.S. 2020 elections cycle. The impact of any reform efforts on us and our operations remains uncertain. In addition, as a result of the referendum in favor of the United Kingdom's withdrawal from the European Union ("Brexit") in June 2016, which withdrawal occurred on January 31, 2020, we have incurred additional costs to address the potential effects of Brexit, including costs associated with establishing a new regulated subsidiary in the Netherlands. Compliance with regulations may require us to dedicate additional financial and operational resources, which may adversely affect our profitability. In addition, compliance with regulations may require our clients to dedicate significant financial and operational resources, which may negatively affect their ability to pay our fees and use our platforms and, as a result, our profitability. However, under certain circumstances regulation may increase demand for our platforms and solutions, and we believe we are well positioned to benefit from any potential increased electronification due to regulatory changes as market participants seek platforms that meet regulatory requirements and solutions that help them comply with their regulatory obligations. For example, our 2018 revenue increased due in part to higher trading volumes as a result of, and the introduction of our new Approved Publication Arrangement ("APA") service in connection with, the implementation of Markets in Financial Instruments Directive II ("MiFID II") in January 2018.

Competitive Environment

We and our competitors compete to introduce innovations in market structure and new electronic trading capabilities. While we endeavor to be a leader in innovation, new trading capabilities of our competitors are also adopted by market participants. On the one hand, this increases liquidity and electronification for all participants, but it also puts pressure on us to further invest in our technology and to innovate to ensure the continued growth of our network of clients and continued improvement of liquidity, electronic processing and pricing on our platforms. Our ability to compete is influenced by key factors such as (i) developments in trading platforms and solutions, (ii) the liquidity we provide on transactions, (iii) the transaction costs we incur in providing our solutions, (iv) the efficiency in execution of transactions on our platforms, (v) our ability to hire and retain talent and (vi) our ability to maintain the security of our platforms and solutions. Our competitive position is also influenced by the familiarity and integration of our clients with our electronic, voice and hybrid systems. When either a client wants to trade in a new product or we want to introduce a new product, trading protocol or other solution, we believe we benefit from our clients' familiarity with our offerings as well as our integration into their order management systems and back offices.

Technology and Cybersecurity Environment

Our business and its success are largely impacted by the introduction of increasingly complex and sophisticated technology systems and infrastructures and new business models. Offering specialized trading venues and solutions through the development of new and enhanced platforms is essential to maintaining our level of competitiveness in the market and attracting new clients seeking platforms that provide advanced automation and better liquidity. We believe we will continue to increase demand for our platforms and solutions and the volume of transactions on our platforms, and thereby enhance our client relationships, by responding to new trading and information requirements by utilizing technological advances and emerging industry standards and practices in an effective and efficient way. We plan to continue to focus on and invest in technology infrastructure initiatives and continually improve and expand our platforms and solutions to further enhance our market position. We experience cyber-threats and attempted security breaches. If these were successful, these cyber security incidents could impact revenue and operating income and increase costs. We therefore continue to make investments, which may result in increased costs, to strengthen our cybersecurity measures.

Foreign Currency Exchange Rate Environment

We earn revenues, pay expenses, hold assets and incur liabilities in currencies other than the U.S. dollar. Accordingly, fluctuations in foreign currency exchange rates can affect our results of operations from period to period. In particular, fluctuations in exchange rates for non-U.S. dollar currencies may reduce the U.S. dollar value of revenues, earnings and cash flows we receive from non-U.S. markets, increase our operating expenses (as measured in U.S. dollars) in those markets, negatively impact our competitiveness in those markets or otherwise adversely impact our results of operations or financial condition. Future fluctuations of foreign currency exchange rates and their impact on our results of operations and financial condition are inherently uncertain. As we continue to grow the size of our global operations, these fluctuations may be material. See Item 3, “Quantitative and Qualitative Disclosures About Market Risk— Foreign Currency and Derivative Risk” elsewhere in this Quarterly Report on Form 10-Q.

Taxation and Public Company Expenses

In connection with the Reorganization Transactions, we became the sole manager of TWM LLC. As a result, beginning with the second quarter of 2019, we became subject to U.S. federal, state and local income taxes with respect to our allocable share of any taxable income of TWM LLC and are taxed at prevailing corporate tax rates. Our actual effective tax rate is impacted by our ownership share of TWM LLC, which will increase over time as the Continuing LLC Owners redeem or exchange their LLC Interests for shares of Class A common stock or Class B common stock, as applicable, or as we purchase LLC Interests from the Continuing LLC Owners. In addition to tax expenses, we also incur expenses related to our operations. Furthermore, in connection with the IPO, we entered into the Tax Receivable Agreement pursuant to which we will be required to make payments that we expect to be significant. We intend to cause TWM LLC to make distributions in an amount sufficient to allow us to pay our tax obligations, operating expenses, including payments under the Tax Receivable Agreement, and our quarterly cash dividends, as and when declared by our board of directors.

In addition, as a public company, we have started to implement additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. In particular, we expect our accounting, legal and personnel-related expenses and directors’ and officers’ insurance costs to continue to increase as we establish more comprehensive compliance and governance functions, establish, maintain and review internal controls over financial reporting in accordance with the Sarbanes-Oxley Act and prepare and distribute periodic reports in accordance with SEC rules. Beginning in the second quarter of 2019, our financial statements reflect the impact of these expenses.

Components of our Results of Operations

Revenues

Our gross revenue is derived primarily from transaction fees, subscription fees, commissions and market data fees. We believe that gross revenue is the key driver of our operating performance and therefore is the revenue measure we utilize to assess our business on a period by period basis.

Transaction Fees

We earn transaction fees from transactions executed on our trading platforms through various fee plans. Transaction fees are generated on both a variable and fixed price basis and vary by geographic region, product type and trade size. For most of our products, clients pay both fixed minimum monthly transaction fees and variable transaction fees on a per transaction basis in excess of the monthly minimum. For certain of our products, clients also pay a subscription fee in addition to the minimum monthly transaction fee. For other products, instead of a minimum monthly transaction fee, clients pay a subscription fee and variable or fixed transaction fees on a per transaction basis. For variable transaction fees, we charge clients fees based on the mix of products traded and the volume of transactions executed.

Transaction volume is determined by using either a measure of the notional volume of the products traded or a count of the number of trades. We typically charge higher fees for products that are less actively traded. In addition, because transaction fees are sometimes subject to fee plans with tiered pricing based on product mix, volume, monthly minimums and monthly maximum fee caps, average transaction fees per million generated for a client may vary each month depending on the mix of products and volume traded. Furthermore, because transaction fees vary by geographic region, product type and trade size, our revenues may not correlate with volume growth.

Subscription Fees

We earn subscription fees primarily for granting clients access to our markets for trading and market data. For a limited number of products, we only charge subscription fees and no transaction fees. Subscription fees are generally generated on a fixed price basis.

For purposes of our discussion of our results of operations, we include Refinitiv (formerly Thomson Reuters) market data fees in subscription fees. We earn fixed license fees from our market data license agreement with Refinitiv. We also earn royalties from Refinitiv for referrals of new Eikon (a Refinitiv data platform) customers based on customer conversion rates. Royalties may fluctuate from period to period depending on the numbers of customer conversions achieved by Refinitiv during the applicable royalty fee earning period, which is typically five years from the date of the initial referral.

Commissions

We earn commission revenue from our electronic and voice brokerage services on a riskless principal basis. Riskless principal revenues are derived on matched principal transactions where revenues are earned on the spread between the buy and sell price of the transacted product. For TBA-MBS, U.S. treasury and repurchase agreement transactions executed by our wholesale clients, we also generate revenue from fixed commissions that are generally invoiced monthly.

Operating Expenses

Employee Compensation and Benefits

Employee compensation and benefits expense consists of wages, employee benefits, bonuses, commissions, stock-based compensation cost and related taxes. Factors that influence employee compensation and benefits expense include revenue and earnings growth, hiring new employees and trading activity which generates broker commissions. We expect employee compensation and benefits expense to increase as we hire additional employees and as our revenues and earnings grow. As a result, employee compensation and benefits can vary from period to period.

Depreciation and Amortization

Depreciation and amortization expense consists of costs relating to the depreciation and amortization of intangible assets, acquired and internally developed software, leasehold improvements, furniture and equipment.

General and Administrative

General and administrative expense consists of travel and entertainment, marketing, value-added taxes, state use taxes, foreign currency transaction gains and losses, charitable contributions, other administrative expenses and bad debt expense. We expect general and administrative expense to increase as we expand the number of our employees and product offerings and grow our operations.

Technology and Communications

Technology and communications expense consists of costs relating to software and hardware maintenance, our internal network connections, data center costs, clearance costs and data feeds provided by third-party service providers, including Refinitiv pursuant to a shared services agreement. Factors that influence technology and communications expense include the growth of our client base and product offerings.

Professional Fees

Professional fees consist primarily of accounting, tax and legal fees and fees paid to technology and software consultants to maintain our trading platforms and infrastructure. Accounting, tax and legal fees are expected to increase as a result of expanding public company and compliance requirements. Factors that influence technology and software consulting expense include the growth of our client base and product offerings.

Occupancy

Occupancy expense consists of operating lease rent and related costs for office space and data centers leased in North America, Europe and Asia. Fees incurred by us under a shared services agreement with Refinitiv for office space are also included in occupancy expense. We expect occupancy expense to increase as we expand the number of our employees and grow our operations.

Net Interest Income (Expense)

Interest income consists of interest earned from our cash deposited with large commercial banks and money market funds. Beginning with the second quarter of 2019, interest expense consists of commitment fees payable on, and, if applicable, interest payable on any borrowings outstanding under, the Revolving Credit Facility.

Income Taxes

Beginning with the second quarter of 2019, we became subject to U.S. federal, state and local income taxes with respect to our taxable income, including our allocable share of any taxable income of TWM LLC, and are taxed at prevailing corporate tax rates. TWM LLC is a multiple member limited liability company taxed as a partnership and accordingly any taxable income generated by TWM LLC is passed through to and included in the taxable income of its members, including us. Income taxes also include unincorporated business taxes on income earned or losses incurred for conducting business in certain state and local jurisdictions, income taxes on income earned or losses incurred in foreign jurisdictions on certain operations and federal and state income taxes on income earned or losses incurred, both current and deferred, on subsidiaries that are taxed as corporations for U.S. tax purposes.

Net Income Attributable to Non-Controlling Interests

We are the sole manager of TWM LLC. As a result of this control, and because we have a substantial financial interest in TWM LLC, we began consolidating the financial results of TWM LLC and reporting a non-controlling interest on our consolidated financial statements, representing the economic interests in TWM LLC held by the Continuing LLC Owners. Income or loss is attributed to the non-controlling interests based on the relative ownership percentages of LLC Interests held during the period by us and the Continuing LLC Owners.

In connection with the Reorganization Transactions, the TWM LLC Agreement was amended and restated to, among other things, (i) provide for LLC Interests and (ii) exchange all of the then existing membership interests in TWM LLC for LLC Interests. LLC Interests held by the Continuing LLC Owners are redeemable in accordance with the TWM LLC Agreement, at the election of such holders, for newly issued shares of Class A common stock or Class B common stock, as the case may be, on a one-for-one basis. In the event of such election by a Continuing LLC Owner, we may, at our option, effect a direct exchange of Class A common stock or Class B common stock for such LLC Interests of such Continuing LLC Owner in lieu of such redemption. In connection with any redemption or exchange, we will receive a corresponding number of LLC Interests, increasing our total ownership interest in TWM LLC. Following the completion of the Reorganization Transactions and the IPO, we owned 64.3% of TWM LLC and the Continuing LLC Owners owned the remaining 35.7% of TWM LLC. As of March 31, 2020, we owned 74.5% of TWM LLC and the Continuing LLC Owners owned the remaining 25.5% of TWM LLC.

The result of the foregoing is that, during the second quarter of 2019, we began reporting net income attributable to non-controlling interests. For the three months ended March 31, 2020, net income attributable to non-controlling interests totaled approximately \$18.6 million, which represents the Continuing LLC Owners' pro rata share of the net income of TWM LLC. For the three months ended March 31, 2019 (pre-IPO period), there were no non-controlling interests.

Results of Operations***For the Three Months Ended March 31, 2020 and Three Months Ended March 31, 2019***

The following table sets forth a summary of our statements of income for the three months ended March 31, 2020 and 2019:

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019	\$ Change	% Change
	(dollars in thousands)			
Gross revenue	\$ 234,606	\$ 186,792	\$ 47,814	25.6 %
Total expenses	156,991	140,515	16,476	11.7 %
Operating income	77,615	46,277	31,338	67.7 %
Net interest income	699	858	(159)	(18.5)%
Income before taxes	78,314	47,135	31,179	66.1 %
Provision for income taxes	(15,829)	(4,783)	(11,046)	230.9 %
Net income	62,485	\$ 42,352	\$ 20,133	47.5 %
Less: Net income attributable to non-controlling interests	18,557			
Net income attributable to Tradeweb Markets Inc.	\$ 43,928			

Overview

During the three months ended March 31, 2020 as compared to the three months ended March 31, 2019, our results benefited from higher client trading activity, which drove revenue increases in our rates, credit, equities and money markets asset classes and increased license fees in our market data business. Our expenses increased primarily due to higher employee compensation and benefits expense, including non-cash stock-based compensation expense related to options and payroll taxes associated with the exercise of stock options.

Gross revenue increased by \$47.8 million or 25.6% to \$234.6 million for the three months ended March 31, 2020 from \$186.8 million for the three months ended March 31, 2019. The increase in gross revenue was mainly due to higher trading volumes resulting in a \$38.2 million increase in transaction fees and an \$8.3 million increase in commissions.

Total expenses increased by \$16.5 million or 11.7% to \$157.0 million for the three months ended March 31, 2020 from \$140.5 million for the three months ended March 31, 2019. Total expenses for the three months ended March 31, 2020 increased primarily due to higher employee compensation and benefits expense, specifically annual incentive compensation expenses tied to operating performance, non-cash stock-based compensation expense related to options and payroll taxes associated with the exercise of stock options.

Income before taxes increased \$31.2 million or 66.1% to \$78.3 million for the three months ended March 31, 2020 from \$47.1 million for the three months ended March 31, 2019. Net income increased \$20.1 million or 47.5% to \$62.5 million for the three months ended March 31, 2020 from \$42.4 million for the three months ended March 31, 2019. Net income attributable to Tradeweb Markets Inc. for the three months ended March 31, 2020 was \$18.6 million. Income before taxes, net income and net income attributable to Tradeweb Markets Inc. for the three months ended March 31, 2020 benefited from higher gross revenue of \$47.8 million, partially offset by higher employee compensation and benefits expense of \$13.2 million, including a \$3.7 million increase in annual incentive compensation expenses tied to operating performance, and an increase of \$3.5 million in non-cash stock-based compensation expense related to the Special Option Award and post-IPO options awarded in 2019 and payroll taxes associated with exercises of such options during the applicable period.

Revenues

Our revenues for the three months ended March 31, 2020 and 2019, and the resulting dollar and percentage changes, were as follows:

	Three Months Ended March 31, 2020		Three Months Ended March 31, 2019		\$ Change	% Change
	\$	% of Gross Revenue	\$	% of Gross Revenue		
(dollars in thousands)						
Revenues						
Transaction fees	\$ 140,824	60.0 %	\$ 102,640	54.9 %	\$ 38,184	37.2 %
Subscription fees ⁽¹⁾	49,111	20.9 %	48,061	25.7 %	1,050	2.2 %
Commissions	42,493	18.1 %	34,197	18.3 %	8,296	24.3 %
Other	2,178	1.0 %	1,894	1.1 %	284	15.0 %
Gross revenue	\$ 234,606	100.0 %	\$ 186,792	100.0 %	\$ 47,814	25.6 %
Components of gross revenue growth:						
Constant currency growth ⁽²⁾						26.3 %
Foreign currency impact						(0.7)%
Total gross revenue growth						25.6 %

(1) Subscription fees for the three months ended March 31, 2020 and 2019 include \$14.6 million and \$13.6 million, respectively, of Refinitiv market data fees.

(2) Constant currency growth, which is a non-GAAP financial measure, is defined as gross revenue growth excluding the effects of foreign currency fluctuations. Gross revenue excluding the effects of foreign currency fluctuations is calculated by translating the current period and prior period's gross revenue using the average exchange rates for 2019. We use constant currency growth as a supplemental metric to evaluate our underlying gross revenue performance between periods by removing the impact of foreign currency fluctuations. We believe that providing constant currency growth provides a useful comparison of our gross revenue performance and trends between periods.

Transaction fees. Transaction fees increased by \$38.2 million or 37.2% to \$140.8 million for the three months ended March 31, 2020 from \$102.6 million for the three months ended March 31, 2019 primarily due to increased trading volumes for U.S and European rates derivatives products, mortgages, credit derivatives, U.S. corporate bonds, and ETFs.

Subscription fees. Subscription fees increased by \$1.1 million or 2.2% to \$49.1 million for the three months ended March 31, 2020 from \$48.1 million for the three months ended March 31, 2019 primarily due to higher market data fees.

Commissions. Commissions increased by \$8.3 million or 24.3% to \$42.5 million for the three months ended March 31, 2020 from \$34.2 million for the three months ended March 31, 2019 primarily due to higher trading volumes for corporate bonds, equity derivatives and U.S. government bonds.

Other. Other revenue increased by \$0.3 million or 15.0% to \$2.2 million for the three months ended March 31, 2020 from \$1.9 million for the three months ended March 31, 2019 primarily as a result of revenue from our APA reporting service.

Our gross revenue by client sector for the three months ended March 31, 2020 and 2019, and the resulting dollar and percentage changes, were as follows:

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019	\$ Change	% Change
	(dollars in thousands)			
Revenues				
Institutional	\$ 145,612	\$ 109,252	\$ 36,360	33.3 %
Wholesale	48,756	39,431	9,325	23.6 %
Retail	21,676	21,206	470	2.2 %
Market Data	18,562	16,903	1,659	9.8 %
Total gross revenue	<u>\$ 234,606</u>	<u>\$ 186,792</u>	<u>\$ 47,814</u>	25.6 %

Institutional. Revenues from our Institutional client sector increased by \$36.4 million or 33.3% to \$145.6 million for the three months ended March 31, 2020 from \$109.3 million for the three months ended March 31, 2019. The increase was derived primarily from increased volumes for U.S. & European rates derivatives products, mortgages, credit derivatives, ETFs, and U.S. corporates.

Wholesale. Revenues from our Wholesale client sector increased by \$9.3 million or 23.6% to \$48.8 million for the three months ended March 31, 2020 from \$39.4 million for the three months ended March 31, 2019. The increase was derived primarily from higher trading activity for U.S. and European corporate bonds, equity derivatives and U.S. government bonds.

Retail. Revenues from our Retail client sector increased by \$0.5 million or 2.2% to \$21.7 million for the three months ended March 31, 2020 from \$21.2 million for the three months ended March 31, 2019. The increase was derived primarily from higher trading volumes for certificates of deposit.

Market Data. Revenues from our Market Data client sector increased by \$1.7 million or 9.8% to \$18.6 million for the three months ended March 31, 2020 from \$16.9 million for the three months ended March 31, 2019 primarily as a result of increased Refinitiv license fees due to an increase in the number of market data feeds provided to Refinitiv.

Our gross revenue by asset class for the three months ended March 31, 2020 and 2019, and the resulting dollar and percentage changes, were as follows:

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019	\$ Change	% Change
	(dollars in thousands)			
Revenues				
Rates	\$ 126,039	\$ 104,090	\$ 21,949	21.1 %
Credit	53,978	39,435	14,543	36.9 %
Equities	19,434	11,798	7,636	64.7 %
Money Markets	11,208	9,562	1,646	17.2 %
Market Data	18,562	16,903	1,659	9.8 %
Other Fees	5,385	5,004	381	7.6 %
Total gross revenue	<u>\$ 234,606</u>	<u>\$ 186,792</u>	<u>\$ 47,814</u>	25.6 %

Our variable and fixed revenues by asset class for the three months ended March 31, 2020 and 2019, and the resulting dollar and percentage changes, were as follows:

	Three Months Ended March 31, 2020		Three Months Ended March 31, 2019		\$ Change		% Change	
	Variable	Fixed	Variable	Fixed	Variable	Fixed	Variable	Fixed
	(dollars in thousands)							
Revenues								
Rates	\$ 75,541	\$ 50,498	\$ 53,650	\$ 50,440	\$ 21,891	\$ 58	40.8 %	0.1 %
Credit	48,575	5,403	34,358	5,077	14,217	326	41.4 %	6.4 %
Equities	17,100	2,334	10,152	1,646	6,948	688	68.4 %	41.8 %
Money Markets	7,137	4,071	5,823	3,739	1,314	332	22.6 %	8.9 %
Market Data	—	18,562	—	16,903	—	1,659	—	9.8 %
Other	—	5,385	—	5,004	—	381	—	7.6 %
Gross revenue	\$ 148,353	\$ 86,253	\$ 103,983	\$ 82,809	\$ 44,370	\$ 3,444	42.7 %	4.2 %

Rates. Revenues from our Rates asset class increased by \$21.9 million or 21.1% to \$126.0 million for the three months ended March 31, 2020 from \$104.1 million for the three months ended March 31, 2019 primarily due to higher trading volumes for derivatives products, mortgages, and U.S. government bonds.

Credit. Revenues from our Credit asset class increased by \$14.5 million or 36.9% to \$54.0 million for the three months ended March 31, 2020 from \$39.4 million for the three months ended March 31, 2019 primarily due to higher trading volumes for U.S. and European corporate bonds and credit derivatives products.

Equities. Revenues from our Equities asset class increased by \$7.6 million or 64.7% to \$19.4 million for the three months ended March 31, 2020 from \$11.8 million for the three months ended March 31, 2019 primarily due to higher trading volumes for U.S. & European ETFs and equity derivatives products.

Money Markets. Revenues from our Money Markets asset class increased by \$1.6 million or 17.2% to \$11.2 million for the three months ended March 31, 2020 from \$9.6 million for the three months ended March 31, 2019 primarily due to increased volumes for repurchase agreements and certificates of deposit.

Market Data. Revenues from Market Data increased by \$1.7 million or 9.8% to \$18.6 million for the three months ended March 31, 2020 from \$16.9 million for the three months ended March 31, 2019 primarily as a result of increased Refinitiv license fees due to an increase in the number of market data feeds provided to Refinitiv.

Other Fees. Revenues from Other Fees increased by \$0.4 million or 7.6% to \$5.4 million for the three months ended March 31, 2020 from \$5.0 million for the three months ended March 31, 2019 primarily due to higher retail fees.

A significant percentage of our revenues are tied directly to overall trading volumes in the rates, credit, equities and money markets asset classes. The average daily volumes and total volumes on our trading platforms by asset class for the three months ended March 31, 2020 and 2019 were as follows:

	Three Months Ended				ADV % Change
	March 31, 2020		March 31, 2019		
	ADV	Volume	ADV	Volume	
	(dollars in millions)				
Rates	\$ 590,773	\$ 36,867,838	\$ 429,226	\$ 26,357,344	37.6 %
Credit	32,997	2,070,811	16,386	1,010,037	101.4 %
Equities	17,793	1,111,272	7,771	479,937	129.0 %
Money Markets	256,193	15,948,560	192,264	11,771,636	33.3 %
Total	\$ 897,756	\$ 55,998,481	\$ 645,647	\$ 39,618,954	39.0 %

We believe the increases in average daily volumes for our rates, credit, equities and money markets asset classes in the three months ended March 31, 2020 can be attributed to various factors, including further electrification of trading

activities across our asset classes, increase in market share, new products, new clients and increased volatility. Rates ADV increased mainly due to higher trading activity in long and short-tenor interest rate swaps and swaptions, mortgages and U.S. treasuries. Credit ADV increased mainly due to higher trading activity in credit derivatives, U.S. high-grade and high-yield credit and European Credit. Equities ADV increased mainly due to higher trading volumes in U.S. and European ETFs and derivatives. Money Markets ADV increased due to the continued growth of bilateral electronic trading in repurchase agreements.

The average variable fees per million dollars of volume traded on our trading platforms by asset class for the three months ended March 31, 2020 and 2019 are summarized below. There are three potential drivers of quarterly fluctuations in our average variable fees per million: (1) volume discounts, (2) the mix of cash and derivatives products traded, and (3) the mix of protocols underpinning cash and derivatives products. Average variable fees per million should be reviewed in conjunction with our trading volumes and gross revenue by asset class. Since variable fees are sometimes subject to fee plans with tiered pricing based on product mix and volume, average variable fees per million for a specific asset class may not correlate with volumes or revenue growth. For example, average variable fees per million dollars of volume for our Credit asset class decreased 31.0% for the three months ended March 31, 2020 while gross revenue for our Credit asset class increased 36.9% over the same period.

	Three Months Ended March 31,		\$ Change	% Change
	2020	2019		
Rates	\$ 2.05	\$ 2.04	\$ 0.01	0.5 %
Rates - excluding short-tenor swaps (less than 1 year)	\$ 2.39	\$ 2.09	\$ 0.30	14.4 %
Credit	\$ 23.46	\$ 34.02	\$ (10.56)	(31.0)%
Equities	\$ 15.39	\$ 21.15	\$ (5.76)	(27.2)%
Money Markets	\$ 0.45	\$ 0.49	\$ (0.04)	(8.2)%
Total Fees per Million	\$ 2.65	\$ 2.62	\$ 0.03	1.1 %
Total Fees per Million - excluding short-tenor swaps (less than 1 year)	\$ 2.93	\$ 2.67	\$ 0.26	9.7 %

Rates average variable fees per million increased due to growth of higher fee long-tenor swaps volumes, despite being partially offset by growth in lower fee per million short-tenor swaps volumes. Credit average variable fees per million decreased due to higher growth in credit derivatives volumes, products which have a lower variable fee capture as compared to cash credit products. Equities average variable fees per million decreased due to the growth of U.S. Equity Options, a product which has a lower variable fee capture as compared to other equity products. Money Markets average variable fees per million decreased due to a mix shift within repurchase agreements volumes from Wholesale to Institutional.

Our gross revenue by geography (based on client location) for the three months ended March 31, 2020 and 2019, and the resulting dollar and percentage changes, were as follows:

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019	\$ Change	% Change
	(dollars in thousands)			
Revenues				
U.S.	\$ 145,256	\$ 119,397	\$ 25,859	21.7 %
International	89,350	67,395	21,955	32.6 %
Total gross revenue	\$ 234,606	\$ 186,792	\$ 47,814	25.6 %

U.S. Revenues from U.S. clients increased by \$25.9 million or 21.7% to \$145.3 million for the three months ended March 31, 2020 from \$119.4 million for the three months ended March 31, 2019 primarily due to higher trading volumes for mortgages, U.S. corporate bonds, credit derivatives products, rates derivatives products, U.S. Government bonds, and ETFs.

International. Revenues from International clients increased by \$22.0 million or 32.6% to \$89.4 million for the three months ended March 31, 2020 from \$67.4 million for the three months ended March 31, 2019 primarily due to increased trading volumes for rates derivatives and European ETFs. Compared to 2019 average rates, fluctuations in foreign currency rates for the three months ended March 31, 2020 decreased our International gross revenue by \$0.7 million.

Operating Expenses

Our expenses for the three months ended March 31, 2020 and 2019 were as follows:

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019	\$ Change	% Change
(in thousands)				
Employee compensation and benefits	\$ 90,520	\$ 77,273	\$ 13,247	17.1 %
Depreciation and amortization	37,176	33,503	3,673	11.0 %
Technology and communications	10,318	10,040	278	2.8 %
General and administrative	8,340	9,089	(749)	(8.2)%
Professional fees	6,911	6,971	(60)	(0.9)%
Occupancy	3,726	3,639	87	2.4 %
Total Expenses	\$ 156,991	\$ 140,515	\$ 16,476	11.7 %

Employee Compensation and Benefits. Employee compensation and benefits expense increased by \$13.2 million or 17.1% to \$90.5 million for the three months ended March 31, 2020 from \$77.3 million for the three months ended March 31, 2019. The increase was primarily due to a \$3.7 million increase in annual incentive compensation expenses tied to operating performance, a \$3.5 million increase in non-cash stock-based compensation expense related to options and payroll taxes associated with the exercise of stock options, a \$3.1 million increase in salaries and benefits, and an increase in commissions of \$2.4 million due to higher revenues from our Wholesale client sector.

Depreciation and Amortization. Depreciation and amortization expense increased by \$3.7 million or 11.0% to \$37.2 million for the three months ended March 31, 2020 from \$33.5 million for the three months ended March 31, 2019. The increase was the result of additions to internally capitalized software and computer hardware.

Technology and Communications. Technology and communications expense increased by \$0.3 million or 2.8% to \$10.3 million for the three months ended March 31, 2020 from \$10.0 million for the three months ended March 31, 2019. The increase was primarily due to increased clearance and data fees as a result of higher trading volumes, partially offset by lower maintenance and repairs expenses.

General and Administrative. General and administrative expense decreased by \$0.7 million or (8.2)% to \$8.3 million for the three months ended March 31, 2020 from \$9.1 million for the three months ended March 31, 2019. The decrease was primarily a result of higher foreign exchange gains, partially offset by higher insurance and administrative expenses.

Professional Fees. Professional fees decreased by \$0.1 million or (0.9)% to \$6.9 million for the three months ended March 31, 2020 from \$7.0 million for the three months ended March 31, 2019. The decrease was primarily due to lower audit & tax advisory fees.

Occupancy. Occupancy expense increased by \$0.1 million or 2.4% to \$3.7 million for the three months ended March 31, 2020 from \$3.6 million for the three months ended March 31, 2019. The increase was primarily a result of new office locations in Asia.

Net Interest Income (Expense)

Net interest income (expense) decreased by \$0.2 million to net interest income of \$0.7 million for the three months ended March 31, 2020 from net interest income of \$0.9 million for the three months ended March 31, 2019 due to commitment fees related to the Revolving Credit Facility in the three months ended March 31, 2020. This increase was partially offset by higher interest income as a result of increased cash balances throughout the period.

Income Taxes

The provision for income taxes includes U.S. federal, state, local and foreign taxes. The effective tax rate for the three months ended March 31, 2020 was approximately 20.2%, compared with 10.1% for the three months ended March 31, 2019. The effective tax rate for the three months ended March 31, 2020 differed from the U.S. federal statutory rate of 21.0% primarily due to the effect of non-controlling interests partially offset by state, local and foreign taxes. The effective tax rate for the three months ended March 31, 2019 differed from the U.S. federal statutory rate of 21.0% primarily due to the fact that prior to the Reorganization Transactions, income taxes consisted only of business taxes incurred by TWM LLC and certain subsidiaries for business conducted in certain state, local and foreign jurisdictions as well as federal, state and local taxes for certain subsidiaries that are taxed as corporations for U.S. tax purposes.

Liquidity and Capital Resources

Overview

Liquidity describes the ability of a company to generate sufficient cash flows to meet the cash requirements of its business operations, including working capital needs to meet operating expenses, debt service, acquisitions, other commitments and contractual obligations. We consider liquidity in terms of cash flows from operations and availability under the Revolving Credit Facility and their sufficiency to fund our operating and investing activities.

Historically, we have generated significant cash flows from operations and have funded our business operations through cash on hand and cash flows from operations.

Our primary cash needs are for day to day operations, working capital requirements, capital expenditures, primarily for software and equipment, and our expected dividend payments. In addition, we are obligated to make payments under the Tax Receivable Agreement. Although the actual timing and amount of any payments that may be made under the Tax Receivable Agreement will vary, we expect that the payments that we will be required to make under the Tax Receivable Agreement will be significant. Any payments made by us under the Tax Receivable Agreement will generally reduce the amount of overall cash flows that might have otherwise been available to us or to TWM LLC. These payments will offset some of the tax benefits that we expect to realize as a result of the ownership structure of TWM LLC. To the extent that we are unable to make payments under the Tax Receivable Agreement for any reason, the unpaid amounts generally will be deferred and will accrue interest until paid by us. Total amounts due to the Continuing LLC Owners as of March 31, 2020 under the Tax Receivable Agreement were \$252.0 million.

We expect to fund our liquidity requirements through cash and cash equivalents and cash flows from operations. While historically we have generated significant and adequate cash flows from operations, in the event of an unexpected event in the future or otherwise, we may fund our liquidity requirements through borrowings under the Revolving Credit Facility.

We believe that our projected cash position, cash flows from operations and, if necessary, borrowings under the Revolving Credit Facility, will be sufficient to fund our liquidity requirements for at least the next 12 months. However, our future liquidity requirements could be higher than we currently expect as a result of various factors. For example, any future investments, acquisitions, joint ventures or other similar transactions, which we consider from time to time, may require additional capital. In addition, our ability to continue to meet our future liquidity requirements will depend on, among other things, our ability to achieve anticipated levels of revenues and cash flows from operations and our ability to manage costs and working capital successfully, all of which are subject to general economic, financial, competitive and other factors beyond our control. In the event we require any additional capital, it will take the form of

equity or debt financing, or both, and there can be no assurance that we will be able to raise any such financing on terms acceptable to us or at all.

As of March 31, 2020 and December 31, 2019, we had cash and cash equivalents of approximately \$424.4 million and \$460.7 million, respectively. All cash and cash equivalents were held in accounts with banks such that the funds are immediately available in money market funds or in fixed term deposits with a maximum maturity of three months.

Factors Influencing Our Liquidity and Capital Resources

Dividend Policy

Subject to legally available funds, we intend to continue to pay quarterly cash dividends on our Class A common stock and Class B common stock equal to \$0.08 per share. As discussed below, our ability to pay these quarterly cash dividends on our Class A common stock and Class B common stock will depend on distributions to us from TWM LLC. Dividends declared and paid to Class A and B common stockholders during the three months ended March 31, 2020 amounted to \$13.4 million.

The declaration, amount and payment of any dividends will be at the sole discretion of our board of directors and will depend on our and our subsidiaries' results of operations, capital requirements, financial condition, business prospects, contractual restrictions, restrictions imposed by applicable laws and other factors that our board of directors deem relevant. Because we are a holding company and all of our business is conducted through our subsidiaries, we expect to pay dividends, if any, only from funds we receive from our subsidiaries. Accordingly, our ability to pay dividends to our stockholders is dependent on the earnings and distributions of funds from our subsidiaries. As the sole manager of TWM LLC, we intend to cause, and will rely on, TWM LLC to make distributions in respect of LLC Interests to fund our dividends. If TWM LLC is unable to cause these subsidiaries to make distributions, it may have inadequate funds to distribute to us and we may be unable to fund our dividends. In addition, when TWM LLC makes distributions to us, the other holders of LLC Interests will be entitled to receive proportionate distributions based on their economic interests in TWM LLC at the time of such distributions.

Our board of directors will periodically review the cash generated from our business and the capital expenditures required to finance our growth plans and determine whether to modify the amount of regular dividends and/or declare any periodic special dividends. Any future determination to change the amount of dividends and/or declare special dividends will be at the discretion of our board of directors and will be dependent upon then-existing conditions and other factors that our board of directors considers relevant.

Cash Dividends

On May 6, 2020, the board of directors declared a cash dividend of \$0.08 per share of Class A common stock and Class B common stock for the second quarter of 2020. This dividend will be payable on June 15, 2020 to stockholders of record as of June 1, 2020.

In March 2020, Tradeweb Markets Inc. paid quarterly cash dividends to the holders of Class A common stock and Class B common stock in an aggregate amount of \$13.4 million.

Cash Distributions

On May 5, 2020, Tradeweb Markets Inc., as the sole manager, approved a distribution by TWM LLC to its equityholders, including Tradeweb Markets Inc., in an aggregate amount of \$18.1 million payable on June 11, 2020.

Indebtedness

As of March 31, 2020 and December 31, 2019, we had no outstanding indebtedness.

On April 8, 2019, TWM LLC entered into the Revolving Credit Facility with a syndicate of banks. The Revolving Credit Facility provides borrowing capacity to be used to fund our ongoing working capital needs, letters of credit and for general corporate purposes, including potential future acquisitions and expansions.

On November 7, 2019, TWM LLC entered into an amendment to the Revolving Credit Facility among TWM LLC and the lenders party thereto, which revised the Revolving Credit Facility to permit the pending LSEG Transaction. The amendment did not otherwise impact the terms of the Revolving Credit Facility and did not impact the amount of borrowings available to TWM LLC under the Revolving Credit Facility.

TWM LLC is the borrower under the Revolving Credit Facility. The Revolving Credit Facility permits borrowings of up to \$500.0 million by TWM LLC. Subject to the satisfaction of certain conditions, we will be able to increase the Revolving Credit Facility by \$250.0 million with the consent of lenders participating in the increase. The Revolving Credit Facility provides for the issuance of up to \$5.0 million of letters of credit as well as borrowings on same-day notice, referred to as swingline loans, in an amount of up to \$30.0 million. The Revolving Credit Facility will mature on April 8, 2024.

As of March 31, 2020, there were no amounts outstanding under the Revolving Credit Facility and we had availability of \$500.0 million.

Under the terms of the credit agreement that governs the Revolving Credit Facility, borrowings under the Revolving Credit Facility bear interest at a rate equal to, at our option, either (a) a base rate equal to the greatest of (i) the administrative agent's prime rate, (ii) the federal funds effective rate plus $\frac{1}{2}$ of 1.0% and (iii) one month LIBOR plus 1.0%, in each case plus 0.75%, or (b) LIBOR plus 1.75%, subject to a 0.00% floor. The credit agreement also requires that we pay a commitment fee of 0.25% for available but unborrowed amounts. We are also required to pay customary letter of credit fees and agency fees.

We have the option to voluntarily repay outstanding loans at any time without premium or penalty other than customary "breakage" costs with respect to LIBOR loans.

There will be no scheduled amortization under the Revolving Credit Facility. The principal amount outstanding will be due and payable in full at maturity.

Obligations under the Revolving Credit Facility are guaranteed by our existing and future direct and indirect material wholly-owned domestic subsidiaries, subject to certain exceptions. The Revolving Credit Facility is secured by a first-priority security interest in substantially all of the assets of TWM LLC and the guarantors under the facility, subject to certain exceptions.

The credit agreement that governs the Revolving Credit Facility contains a number of covenants that, among other things and subject to certain exceptions, restrict the ability of TWM LLC and the ability of its restricted subsidiaries to:

- incur additional indebtedness and guarantee indebtedness;
- create or incur liens;
- pay dividends and distributions or repurchase capital stock;
- make investments, loans and advances; and
- enter into certain transactions with affiliates.

The Revolving Credit Facility contains a financial covenant requiring compliance with a (i) maximum total net leverage ratio tested on the last day of each fiscal quarter not to exceed 3.5 to 1.0 (increasing to 4.0 to 1.0 for the four-quarter period following a material acquisition and the fiscal quarter in which such material acquisition is consummated) and (ii) minimum cash interest coverage ratio tested on the last day of each fiscal quarter not less than 3.0 to 1.0.

The credit agreement that governs the Revolving Credit Facility also contains certain affirmative covenants and events of default customary for facilities of this type, including relating to a change of control. See Item 5, “Other Information” elsewhere in this Quarterly Report on Form 10-Q. If an event of default occurs, the lenders under the Revolving Credit Facility will be entitled to take various actions, including the acceleration of amounts due under the Revolving Credit Facility and all actions permitted to be taken by secured creditors under applicable law. As of March 31, 2020, we were in compliance with all the covenants set forth in the Revolving Credit Facility.

Capital Requirements

Certain of our U.S. subsidiaries are registered as broker-dealers, SEFs or introducing brokers and are subject to the applicable rules and regulations of the SEC and CFTC. These rules contain minimum net capital or other financial resource requirements, as defined in the applicable regulations. These rules may also require a significant part of the registrants’ assets be kept in relatively liquid form. Certain of our foreign subsidiaries are regulated by the Financial Conduct Authority in the U.K., the Nederlandsche Bank in the Netherlands, the Japanese Financial Services Agency, the Japanese Securities Dealers Association and other foreign regulators, and must maintain financial resources, as defined in the applicable regulations, in excess of the applicable financial resources requirement. As of March 31, 2020 and December 31, 2019, each of our regulated subsidiaries had maintained sufficient net capital or financial resources to at least satisfy their minimum requirements which in aggregate were \$49.8 million and \$53.2 million, respectively. We maintain capital balances in these subsidiaries in excess of our minimum requirements in order to satisfy working capital needs and to ensure that we have enough cash on hand to satisfy margin requirements and credit risk, including the excess capital expectations of our clients.

Fails to Deliver/Fails to Receive

At times, transactions executed on our wholesale platform fail to settle due to the inability of a transaction party to deliver or receive the transacted security. Until the failed transaction settles, we will recognize a receivable from (and a matching payable to) brokers and dealers and clearing organizations for the proceeds from the unsettled transaction. The impact on our liquidity and capital resources is minimal as receivables and payables for failed transactions are usually recognized simultaneously and predominantly offset.

Working Capital

Working capital is defined as current assets minus current liabilities. Current assets consist of cash and cash equivalents, restricted cash, receivable from brokers and dealers and clearing organizations, deposits with clearing organizations, accounts receivable and receivable from affiliates. Current liabilities consist of securities sold under agreements to repurchase, payable to brokers and dealers and clearing organizations, accrued compensation, deferred revenue, accounts payable, accrued expenses and other liabilities, employee equity compensation payable, lease liability, payable to affiliates and tax receivable agreement liability. Changes in working capital, which impact our cash flows provided by operating activities, can vary depending on factors such as delays in the collection of receivables, changes in

our operating performance, changes in trading patterns, changes in client billing terms and other changes in the demand for our platforms and solutions. Our working capital as of March 31, 2020 and December 31, 2019 was as follows:

	March 31, 2020	December 31, 2019
	(dollars in thousands)	
Cash and cash equivalents	\$ 424,357	\$ 460,711
Restricted cash	1,000	1,000
Receivable from brokers and dealers and clearing organizations	95,908	30,641
Deposits with clearing organizations	11,307	9,724
Accounts receivable	133,468	92,814
Receivable from affiliates	1,506	2,525
Current assets	<u>667,546</u>	<u>597,415</u>
Payable to brokers and dealers and clearing organizations	55,157	30,452
Accrued compensation	58,016	119,415
Deferred revenue	26,269	23,990
Accounts payable, accrued expenses and other liabilities	45,551	32,834
Employee equity compensation payable	1,037	1,048
Lease liability	10,663	8,516
Payable to affiliates	2,288	1,506
Tax receivable agreement liability	24,122	6,949
Current liabilities	<u>223,103</u>	<u>224,710</u>
Working capital	<u>\$ 444,443</u>	<u>\$ 372,705</u>

Current assets

Current assets increased to \$667.5 million as of March 31, 2020 from \$597.4 million as of December 31, 2019 due to an increase in receivable from brokers and dealers and clearing organizations resulting from a higher number of fails to deliver as a result of increased unsettled wholesale platform transactions and an increase in accounts receivables due to increased revenues. These increases were partially offset by a decrease in cash and cash equivalents as a result of annual compensation payments.

Current liabilities

Current liabilities decreased to \$223.1 million as of March 31, 2020 from \$224.7 million as of December 31, 2019 due to a decrease in accrued compensation as a result of annual payments, offset by an increase in payable to brokers and dealers and clearing organizations resulting from a higher number of fails to deliver as a result of increased unsettled wholesale platform transactions and an increase in the current portion of the tax receivable agreement liability.

See “—Liquidity and Capital Resources—Factors Influencing Our Liquidity and Capital Resources—Capital Requirements.”

Cash Flows

Our cash flows for the three months ended March 31, 2020 and 2019 were as follows:

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
	(in thousands)	
Net cash flows used in operating activities	\$ (21,758)	\$ (21,079)
Net cash flows used in investing activities	(8,361)	(8,283)
Net cash flows used in financing activities	(2,277)	(20,000)
Effect of exchange rate changes on cash and cash equivalents	(3,958)	866
Net decrease in cash and cash equivalents	<u>\$ (36,354)</u>	<u>\$ (48,496)</u>

Operating Activities

Operating activities consist primarily of net income adjusted for noncash items that include depreciation and amortization and stock-based compensation expense. Cash flows from operating activities can fluctuate significantly from period-to-period as working capital needs and the timing of payments for accrued compensation (primarily in the first quarter) and other items impact reported cash flows.

Net cash used in operating activities for the three months ended March 31, 2020 was \$21.8 million, an increase of 3.2% over 2019, and primarily driven by increased accounts receivable and increased receivable from/payable to brokers and dealers and clearing organizations, net.

Investing Activities

Investing activities consist of software development costs, investments in technology hardware, purchases of equipment and other tangible assets, business acquisitions and investments.

Net cash used in investing activities was \$8.4 million for the three months ended March 31, 2020, which consisted of \$7.1 million of capitalized software development costs and \$1.3 million of purchases of furniture, equipment, purchased software and leasehold improvements. Net cash used in investing activities was \$8.3 million for the three months ended March 31, 2019, which consisted of \$6.8 million of capitalized software development costs and \$1.5 million of purchases of furniture, equipment, purchased software and leasehold improvements.

Financing Activities

Net cash used in financing activities for the three months ended March 31, 2020 was \$2.3 million, which consisted of proceeds from stock-based compensation exercises, offset by payroll taxes paid for stock-based compensation exercises and dividends paid. Net cash used in financing activities for the three months ended March 31, 2019 was \$20.0 million, which consisted of capital distributions to the Original LLC Owners.

Non-GAAP Financial Measures*Free Cash Flow*

In addition to cash flow from operating activities presented in accordance with GAAP, we use Free Cash Flow to measure liquidity. Free Cash Flow is defined as cash flow from operating activities less expenditures for capitalized software development costs and furniture, equipment and leasehold improvements.

We present Free Cash Flow because we believe it is a useful indicator of liquidity that provides information to management and investors about the amount of cash generated from our core operations after expenditures for capitalized software development costs and furniture, equipment and leasehold improvements.

Free Cash Flow has limitations as an analytical tool, and you should not consider Free Cash Flow in isolation or as an alternative to cash flow from operating activities or any other liquidity measure determined in accordance with GAAP. You are encouraged to evaluate each adjustment. In addition, in evaluating Free Cash Flow, you should be aware that in the future, we may incur expenditures similar to the adjustments in the presentation of Free Cash Flow. In addition, Free Cash Flow may not be comparable to similarly titled measures used by other companies in our industry or across different industries.

The table set forth below presents a reconciliation of our cash flow from operating activities to Free Cash Flow for the three months ended March 31, 2020 and 2019:

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
	(in thousands)	
Cash flow from operating activities	\$ (21,758)	\$ (21,079)
Less: Capitalization of software development costs	(7,063)	(6,767)
Less: Purchases of furniture, equipment and leasehold improvements	(1,298)	(1,516)
Free Cash Flow	<u>\$ (30,119)</u>	<u>\$ (29,362)</u>

Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBIT, Adjusted EBIT margin, Adjusted Net Income and Adjusted Diluted EPS

In addition to net income and net income attributable to Tradeweb Markets Inc., each presented in accordance with GAAP, we present Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBIT and Adjusted EBIT margin as measures of our operating performance and Adjusted Net Income and Adjusted Net Income per diluted share (“Adjusted Diluted EPS”) as measures of our profitability.

Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBIT and Adjusted EBIT margin

Adjusted EBITDA is defined as net income, net interest income, provision for income taxes and depreciation and amortization, adjusted for the impact of certain other items, including certain stock-based compensation expense and payroll taxes associated with certain option exercises, tax receivable agreement liability adjustments and gains and losses from outstanding foreign exchange forward contracts and the revaluation of foreign denominated cash. Adjusted EBIT is defined as net income, net interest income and provision for income taxes, adjusted for the impact of certain other items, including certain stock-based compensation expense and payroll taxes associated with certain option exercises, tax receivable agreement liability adjustments, acquisition and Refinitiv Transaction-related depreciation and amortization and gains and losses from outstanding foreign exchange forward contracts and the revaluation of foreign denominated cash. Adjusted EBITDA margin and Adjusted EBIT margin are defined as Adjusted EBITDA and Adjusted EBIT, respectively, divided by gross revenue for the applicable period. We present Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBIT and Adjusted EBIT margin because we believe they assist investors and analysts in comparing our operating performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance. For example, we exclude non-cash stock-based compensation expense associated with the Special Option Award discussed below under “— Critical Accounting Policies and Estimates — Stock-Based Compensation,” as well as non-cash stock-based compensation expense associated with options awarded to management and other employees following the IPO during 2019 as well as payroll taxes associated with exercises of such options during the applicable period. We believe it is useful to exclude this stock-based compensation expense and associated payroll taxes because the amount of expense associated with the Special Option Award and the post-IPO option awards in 2019 may not directly correlate to the underlying performance of our business and will vary across periods. We do not expect to exclude any non-cash stock-based compensation expense associated with options that may

be awarded to management and other employees during 2020. In addition, we exclude the tax receivable agreement liability adjustments discussed below under “— Critical Accounting Policies and Estimates — Tax Receivable Agreement.” We believe it is useful to exclude the tax receivable agreement liability adjustment because the recognition of income during a period due to changes in the tax receivable agreement liability recorded in our consolidated statement of financial condition as a result of changes in the mix of earnings, tax legislation and tax rates in various jurisdictions, or other factors that may impact our tax savings, may not directly correlate to the underlying performance of our business and will vary across periods. With respect to Adjusted EBIT and Adjusted EBIT margin, we believe it is useful to exclude the depreciation and amortization of acquisition related tangible and intangible assets resulting from certain acquisitions, the Refinitiv Transaction and the application of pushdown accounting in order to facilitate a period-over-period comparison of our financial performance.

Management and our board of directors use Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBIT and Adjusted EBIT margin to assess our financial performance and believe it is helpful in highlighting trends in our core operating performance, while other measures can differ significantly depending on long-term strategic decisions regarding capital structure, the tax jurisdictions in which we operate and capital investments. Further, our executive incentive compensation is based in part on components of Adjusted EBITDA and Adjusted EBITDA margin.

Adjusted Net Income and Adjusted Diluted EPS

We present Adjusted Net Income and Adjusted Diluted EPS for Tradeweb Markets Inc. for post-IPO periods and Tradeweb Markets LLC for pre-IPO periods. As discussed below, because Adjusted Net Income and Adjusted Diluted EPS give effect to certain tax related adjustments to reflect an assumed effective tax rate for all periods presented and, for post-IPO periods, assumes all LLC Interests held by non-controlling interests are exchanged for shares of Class A or Class B common stock, we believe that Adjusted Net Income and Adjusted Diluted EPS for Tradeweb Markets Inc. and Tradeweb Markets LLC are comparable.

Adjusted Net Income is defined as net income attributable to Tradeweb Markets Inc. assuming the full exchange of all outstanding LLC Interests held by non-controlling interests for shares of Class A common stock or Class B common stock of Tradeweb Markets Inc. (for post-IPO periods) and net income (for pre-IPO periods), each adjusted for certain stock-based compensation expense and payroll taxes associated with certain option exercises, tax receivable liability adjustments, acquisition and Refinitiv Transaction related depreciation and amortization and gains and losses from outstanding foreign exchange forward contracts and the revaluation of foreign denominated cash. Adjusted Net Income also gives effect to certain tax related adjustments to reflect an assumed effective tax rate and, for pre-IPO periods, assumes TWM LLC was subject to a corporate tax rate for the periods presented. Adjusted Diluted EPS is defined as Adjusted Net Income divided by the diluted weighted average number of shares of Class A common stock and Class B common stock outstanding for the applicable period, assuming the full exchange of all outstanding LLC Interests held by non-controlling interests for shares of Class A common stock or Class B common stock, for post-IPO periods, and the diluted weighted average number of shares of TWM LLC outstanding for the applicable period, for pre-IPO periods. The diluted weighted average number of shares outstanding for the pre-IPO periods and post-IPO periods give effect to potentially dilutive securities using the treasury stock method.

We use Adjusted Net Income and Adjusted Diluted EPS as supplemental metrics to evaluate our business performance in a way that also considers our ability to generate profit without the impact of certain items. We exclude stock-based compensation expense associated with the Special Option Award and the post-IPO option awards in 2019 and payroll taxes associated with exercises of such options, tax receivable liability adjustments and acquisition and Refinitiv Transaction-related depreciation and amortization for the reasons described above. Each of the normal recurring adjustments and other adjustments described in the definition of Adjusted Net Income helps to provide management with a measure of our operating performance over time by removing items that are not related to day-to-day operations or are non-cash expenses. In addition to excluding items that are non-recurring or may not be indicative of our ongoing operating performance, by assuming the full exchange of all outstanding LLC Interests held by non-controlling interests, we believe that Adjusted Net Income and Adjusted Diluted EPS for Tradeweb Markets Inc. facilitate comparisons with other companies that have different organizational and tax structures, as well as comparisons period over period, because it eliminates the effect of any changes in net income attributable to Tradeweb Markets Inc. driven by increases in our ownership of TWM LLC, which are unrelated to our operating performance.

Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBIT, Adjusted EBIT margin, Adjusted Net Income and Adjusted Diluted EPS have limitations as analytical tools, and you should not consider these non-GAAP financial measures in isolation or as alternatives to net income attributable to Tradeweb Markets Inc., net income, operating income, gross margin, earnings per share or any other financial measure derived in accordance with GAAP. You are encouraged to evaluate each adjustment and, as applicable, the reasons we consider it appropriate for supplemental analysis. In addition, in evaluating Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBIT, Adjusted EBIT margin, Adjusted Net Income and Adjusted Diluted EPS you should be aware that in the future, we may incur expenses similar to the adjustments in the presentation of these non-GAAP financial measures. Our presentation of Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBIT, Adjusted EBIT margin, Adjusted Net Income and Adjusted Diluted EPS should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. In addition, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBIT, Adjusted EBIT margin, Adjusted Net Income and Adjusted Diluted EPS may not be comparable to similarly titled measures used by other companies in our industry or across different industries.

The table set forth below presents a reconciliation of net income to Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBIT and Adjusted EBIT margin for the three months ended March 31, 2020 and 2019:

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
	(in thousands)	
Net income	\$ 62,485	\$ 42,352
Net interest income	(699)	(858)
Depreciation and amortization	37,176	33,503
Stock-based compensation expense ⁽¹⁾	3,497	—
Provision for income taxes	15,829	4,783
Unrealized foreign exchange (gains) / losses	1,164	(293)
Loss from revaluation of foreign denominated cash ⁽²⁾	198	860
Adjusted EBITDA	\$ 119,650	\$ 80,347
Less: Depreciation and amortization	(37,176)	(33,503)
Add: Acquisition and Refinitiv Transaction related D&A ⁽³⁾	26,273	23,209
Adjusted EBIT	\$ 108,747	\$ 70,053
Adjusted EBITDA margin ⁽⁴⁾	51.0 %	43.0 %
Adjusted EBIT margin ⁽⁴⁾	46.4 %	37.5 %

(1) Represents non-cash stock-based compensation expense associated with the Special Option Award and post-IPO options awarded in 2019 and payroll taxes associated with exercises of such options during the applicable period.

(2) Represents foreign exchange gain or loss from the revaluation of cash denominated in a different currency than the entity's functional currency.

(3) Represents acquisition-related intangibles amortization and increased tangible asset and capitalized software depreciation and amortization resulting from the Refinitiv Transaction and the application of pushdown accounting (where all assets were marked to fair value as of the closing date of the Refinitiv Transaction).

(4) For the three months ended March 31, 2020 and 2019, Adjusted EBITDA margin increased compared to the prior year period by 799 basis points, or 678 basis points on a constant currency basis. For the three months ended March 31, 2020 and 2019, Adjusted EBIT margin increased compared to the prior year period by 885 basis points, or 767 basis points on a constant currency basis. The changes in Adjusted EBITDA margin and Adjusted EBIT margin on a constant currency basis, which are non-GAAP financial measures, are defined as the changes in Adjusted EBITDA margin and Adjusted EBIT margin excluding the effects of foreign currency fluctuations. Adjusted EBITDA margin and Adjusted EBIT margin excluding the effects of foreign currency fluctuations are calculated by translating the current period and prior period's results using the average exchange rates for the prior period. We use the changes in Adjusted EBITDA margin and Adjusted EBIT margin on a constant currency basis as supplemental metrics to evaluate our underlying margin performance between periods by removing the impact of foreign currency fluctuations. We believe that providing changes in Adjusted EBITDA margin and Adjusted EBIT margin on a constant currency basis provide useful comparisons of our Adjusted EBITDA margin and Adjusted EBIT margin and trends between periods.

The table below provides a reconciliation of net income attributable to Tradeweb Markets Inc. and net income, as applicable, to Adjusted Net Income and Adjusted Diluted EPS for the three months ended March 31, 2020 and 2019:

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
	(in thousands except per share amounts)	
Earnings per diluted share ⁽¹⁾	\$ 0.25 ^(a)	\$ 0.19 ^(b)
Net income attributable to Tradeweb Markets LLC ⁽¹⁾	\$ —	\$ 42,352 ^(b)
Net income attributable to Tradeweb Markets Inc. ⁽¹⁾	43,928 ^(a)	—
Net income attributable to non-controlling interests ⁽¹⁾⁽²⁾	18,557 ^(a)	—
Net income	62,485 ^(a)	42,352 ^(b)
Provision for income taxes	15,829	4,783
Acquisition and Refinitiv Transaction related D&A ⁽³⁾	26,273	23,209
Stock-based compensation expense ⁽⁴⁾	3,497	—
Unrealized foreign exchange (gains) / losses	1,164	(293)
Loss from revaluation of foreign denominated cash ⁽⁵⁾	198	860
Adjusted Net Income before income taxes	109,446	70,911
Adjusted income taxes ⁽⁶⁾	(24,078)	(18,721)
Adjusted Net Income	\$ 85,368	\$ 52,190
Adjusted Diluted EPS ⁽¹⁾⁽⁷⁾	\$ 0.37 ^(a)	\$ 0.23 ^(b)

(1) As a result of the Reorganization Transactions and the IPO completed in April 2019, certain earnings information is being presented separately for Tradeweb Markets LLC and Tradeweb Markets Inc.

(a) Presents information for Tradeweb Markets Inc. (post-IPO period).

(b) Presents information for Tradeweb Markets LLC (pre-IPO period).

See Note 15 — Earnings Per Share to our unaudited consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

(2) For post-IPO periods, represents the reallocation of net income attributable to non-controlling interests from the assumed exchange of all outstanding LLC Interests held by non-controlling interests for shares of Class A or Class B common stock.

(3) Represents acquisition-related intangibles amortization and increased tangible asset and capitalized software depreciation and amortization resulting from the Refinitiv Transaction (where all assets were marked to fair value as of the closing date of the Refinitiv Transaction).

(4) Represents non-cash stock-based compensation expense associated with the Special Option Award and post-IPO options awarded in 2019 and payroll taxes associated with exercises of such options during the applicable period.

(5) Represents foreign exchange gain or loss from the revaluation of cash denominated in a different currency than the entity's functional currency.

(6) Represents corporate income taxes at an assumed effective tax rate of 22.0% and 26.4% applied to Adjusted Net Income before income taxes for the three months ended March 31, 2020 and March 31, 2019, respectively.

(7) Due to the Reorganization Transactions and the IPO completed in April 2019, shares outstanding during the three months ended March 31, 2019 represent shares of TWM LLC (pre-IPO period) and shares outstanding during the three months ended March 31, 2020 represent shares of Class A and Class B common stock of Tradeweb Markets, Inc. (post-IPO period). For a summary of the calculation of Adjusted Diluted EPS, see "Reconciliation of Diluted Weighted Average Shares Outstanding to Adjusted Diluted Weighted Average Shares Outstanding" below.

The following table summarizes the calculation of Adjusted Diluted EPS for the three months ended March 31, 2020 and 2019:

Reconciliation of Diluted Weighted Average Shares Outstanding to Adjusted Diluted Weighted Average Shares Outstanding	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Diluted weighted average TWM LLC shares outstanding	—	223,320,457
Diluted weighted average shares of Class A and Class B common stock outstanding	174,517,244	—
Assumed exchange of LLC interests for shares of Class A or Class B common stock ⁽¹⁾	57,644,547	—
Adjusted diluted weighted average shares outstanding	232,161,791	223,320,457
Adjusted Net Income (in thousands)	\$ 85,368	\$ 52,190
Adjusted Diluted EPS	\$ 0.37	\$ 0.23

(1) Assumes the exchange of all outstanding LLC Interests for shares of Class A or Class B common stock, resulting in the elimination of the non-controlling interests and recognition of the net income attributable to non-controlling interests.

Off-Balance Sheet Arrangements

As of March 31, 2020, we did not have any off-balance sheet arrangements.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with U.S. GAAP which requires us to make estimates and assumptions about future events that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities. Management evaluates its accounting policies, estimates and judgments on an on-going basis.

Management evaluated the development and selection of its critical accounting policies and estimates and believes that the following policies are most critical to the portrayal of our financial condition and results of operations, and that require our most difficult, subjective or complex judgments in estimating the effect of inherent uncertainties. With respect to critical accounting policies, even a relatively minor variance between actual and expected experience can potentially have a materially favorable or unfavorable impact on subsequent results of operations. More information on all of our significant accounting policies can be found in Note 2 – Significant Accounting Policies to our unaudited consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in our consolidated financial statements and accompanying notes. These estimates and assumptions are based on judgment and the best available information at the time. Management bases its estimates on historical experience, observance of trends in particular areas, information available from outside sources and various other assumptions that are believed to be reasonable under the circumstances. Information from these sources form the basis for making judgments about the carrying values of assets and liabilities that may not be readily apparent from other sources. Therefore, actual results could differ materially from those estimates. Such estimates include pushdown accounting, intangible assets, goodwill, software development costs, stock based compensation, and current and deferred income taxes.

Pushdown Accounting

The Refinitiv Transaction was accounted for by Refinitiv in accordance with the acquisition method of accounting pursuant to ASC 805 “Business Combinations” and pushdown accounting was applied to Refinitiv to record the fair value of the assets and liabilities of Refinitiv on the date of the Refinitiv Transaction. We, as a consolidating subsidiary

of Refinitiv, also accounted for the Refinitiv Transaction using pushdown accounting. Under pushdown accounting, the excess of our fair value above the fair value accounting basis of our net assets and liabilities is recorded as goodwill. The fair value of assets acquired and liabilities assumed was determined based on assumptions that reasonable market participants would use in the principal (or most advantageous) market for the asset or liability.

In determining the fair value of the assets acquired and the liabilities assumed, we considered a report of a third-party valuation expert. Management is responsible for these internal and third-party valuations and appraisals.

Intangible Assets

We amortize our intangible assets over the estimated useful lives and test for impairment whenever events or changes in circumstances suggest that an asset's or asset group's carrying value may not be fully recoverable. We test our intangible assets with an indefinite useful life for impairment at least annually. An impairment loss is recognized if the sum of the estimated discounted cash flows relating to the asset or asset group is less than the corresponding carrying value. Intangible assets are amortized over their estimated useful lives of seven to twelve years.

Goodwill

Goodwill arises out of pushdown accounting and business combinations and is the cost of acquired companies in excess of the fair value of identifiable net assets at acquisition date. We test our goodwill at least annually for impairment and recognize an impairment loss if the estimated fair value of a reporting unit is less than its net book value. The Company is one reporting unit for goodwill impairment testing purposes. The fair value of a reporting unit is calculated based on the fair market value of the Company's Class A and B common shares. We calculate such loss as the difference between the estimated fair value of goodwill and its carrying value. If future events or results differ adversely from the estimates and assumptions made at acquisition or as part of subsequent impairment tests, we may record increased amortization or impairment charges in the future.

Software Development Costs

We capitalize certain costs associated with the development of internal use software at the point at which the conceptual formulation, design and testing of possible software project alternatives have been completed, including among other items, employee compensation and related benefits and third-party consulting costs incurred during the application development stage which directly contribute to such development. Such costs are amortized on a straight-line basis over three years. Costs capitalized as part of the pushdown accounting allocation are amortized over nine years. We review the amounts capitalized for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be fully recoverable, or that their useful lives are shorter than originally expected. Due to rapidly changing technology and the uncertainty of the software development process itself, future results could be affected if management's current assessment of its software projects differs from actual performance.

Revenue Recognition

We earn fees from Refinitiv relating to the sale of market data to Refinitiv, which redistributes that data. Included in these fees are real-time market data fees which are recognized in the period that the data is provided, generally on a monthly basis, and fees for historical data sets which are recognized when the historical data set is provided to Refinitiv. We are required to make significant judgements for the Refinitiv market data fees. Significant judgements used in accounting for this contract include:

- The provision of real-time market data feeds and annual historical data sets are distinct performance obligations.
- The performance obligations under this contract are recognized over time from the initial delivery of the data feeds or each historical data set until the end of the contract term.

- Determining the transaction price for the performance obligations by using a market assessment analysis. Inputs in this analysis include a consultant study which determined the overall value of our market data and pricing information for historical data sets provided by other companies.

Stock-Based Compensation

The stock-based compensation that our employees receive is accounted for as equity or liability awards. As a stock-based equity award, the Company measures and recognizes the cost of employee services received in exchange for awards of equity instruments based on their estimated fair values measured as of the grant date. These costs are recognized as an expense over the requisite service period, with an offsetting increase to additional paid-in capital.

As a stock-based liability award, the cost of the employee services received in exchange for an award of equity instruments is generally measured based on the grant-date fair value of the award. The fair value of that award is remeasured subsequently at each reporting date through to settlement. Changes in the fair value of the equity instrument are recognized as compensation cost over that period in our consolidated statements of income.

For grants made during the post-IPO period, the fair value of the equity instruments is determined based on the price of the Company's Class A common stock on the grant date.

Prior to and following the IPO, we awarded options to management and other employees (collectively, the "Special Option Award") under the Amended and Restated Tradeweb Markets Inc. Option Plan. In accounting for the options issued under this plan, we measure and recognize compensation expense for all awards based on their estimated fair values measured as of the grant date. Costs related to these options are recognized as an expense in our consolidated statements of income over the requisite service period, with an offsetting increase to additional paid-in capital. We started to expense the non-cash stock-based compensation related to the Special Option Award beginning in the second quarter of 2019, with a charge of \$20.4 million (\$18.9 million of which was charged immediately upon the completion of the IPO), and will continue to expense over the following three years. For more information, please see "Executive Compensation—Narrative Disclosure to Summary Compensation Table—Amended and Restated Tradeweb Markets Inc. 2018 Share Option Plan" in the October Prospectus.

We use the Black-Scholes pricing model to value some of our stock-based awards. Determining the appropriate fair value model and calculating the fair value of the stock-based awards requires the input of highly subjective assumptions, including the expected life of the stock-based awards, the number of expected stock-based awards that will be forfeited prior to the completion of the vesting requirements, and the stock price volatility.

Income Taxes

Tradeweb Markets Inc. is subject to U.S. federal, state and local income taxes with respect to its taxable income, including its allocable share of any taxable income of TWM LLC, and is taxed at prevailing corporate tax rates. TWM LLC is a multiple member limited liability company taxed as a partnership and accordingly any taxable income generated by TWM LLC is passed through to and included in the taxable income of its members, including to us. TWM LLC records taxes for conducting business in certain state, local and foreign jurisdictions and records U.S. federal taxes for subsidiaries that are taxed as corporations for U.S. tax purposes. We currently record deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities and measure the deferred taxes using the enacted tax rates and laws that will be in effect when such temporary differences are expected to reverse. We believe that it is more likely than not that the Company will be able to realize its deferred tax assets in the future; therefore, no valuation allowance is necessary.

We recognize interest and penalties related to unrecognized tax benefits within the provision for income taxes in our consolidated statements of income. Accrued interest and penalties are included within accounts payable, accrued expenses and other liabilities in our consolidated statements of financial condition.

A U.S. shareholder of a controlled foreign corporation (“CFC”) is required to include in income, as a deemed dividend, the global intangible low-taxed income (“GILTI”) of the CFC. We have elected to treat taxes due on future U.S. inclusions in taxable income of GILTI as a current period expense when incurred.

Tax Receivable Agreement

Tradeweb Markets Inc. entered into a Tax Receivable Agreement with TWM LLC and the Continuing LLC Owners which provides for the payment by Tradeweb Markets Inc. to a Continuing LLC Owner of 50% of the amount of U.S. federal, state and local income or franchise tax savings, if any, that Tradeweb Markets Inc. actually realizes (or in some circumstances is deemed to realize) as a result of (i) increases in the tax basis of TWM LLC’s assets resulting from (a) the purchase of LLC Interests from such Continuing LLC Owner, including with the net proceeds from the IPO, the October 2019 follow-on offering and any future offering or (b) redemptions or exchanges by such Continuing LLC Owner of LLC Interests for shares of Class A common stock or Class B common stock or for cash, as applicable, and (ii) certain other tax benefits related to Tradeweb Markets Inc. making payments under the Tax Receivable Agreement.

We recorded an initial liability of \$171.4 million related to our projected obligations under the Tax Receivable Agreement with respect to LLC Interests that were purchased by us using the net proceeds from the IPO. As of December 31, 2019, the liability was \$240.8 million primarily due to the purchase of LLC Interests by the Corporation using the net proceeds of the October 2019 follow-on offering as well as additional exchanges of LLC Interests by Continuing LLC Owners. During the first quarter of 2020, the liability increased to \$252.0 million primarily due to additional exchanges of LLC Interests by Continuing LLC Owners.

The impact of any changes in the projected obligations under the Tax Receivable Agreement as a result of changes in the geographic mix of the our earnings, changes in tax legislation and tax rates or other factors that may impact our tax savings will be reflected in income before taxes in the period in which the change occurs.

Recent Accounting Pronouncements – Recently Adopted

See Note 2 – Significant Accounting Policies to our unaudited consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for a discussion of recent accounting pronouncements (adopted and not yet adopted).

Effects of Inflation

While inflation may impact our revenues and operating expenses, we believe the effects of inflation, if any, on our results of operations and financial condition have not been significant. However, there can be no assurance that our results of operations and financial condition will not be materially impacted by inflation in the future.

Jumpstart Our Business Startups Act of 2012

The Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”) permits us, as an “emerging growth company,” to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We have elected to “opt out” of this provision and, as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for public companies that are not emerging growth companies. This decision to opt out of the extended transition period under the JOBS Act is irrevocable.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Foreign Currency and Derivative Risk

We have global operations and substantial portions of our revenues, expenses, assets and liabilities are generated and denominated in non-U.S. dollar currencies.

The following table shows the percentage breakdown of our gross revenue and operating expenses denominated in currencies other than the U.S. dollar for the three months ended March 31, 2020 and 2019:

	Three Months Ended March 31, 2020		Three Months Ended March 31, 2019	
% of revenue denominated in foreign currencies ⁽¹⁾	31	%	30	%
% of operating expenses denominated in foreign currencies ⁽²⁾	15	%	15	%

(1) Gross revenue in foreign currencies is primarily denominated in Euros.

(2) Operating expenses in foreign currencies are primarily denominated in British pounds.

Since our consolidated financial statements are presented in U.S. dollars, we must translate revenues and expenses, as well as assets and liabilities, into U.S. dollars. Accordingly, increases or decreases in the value of the U.S. dollar against the other currencies will affect our net operating revenues, operating income and the value of balance sheet items denominated in foreign currencies. Revenues and expenses denominated in currencies other than the U.S. dollar are translated at the rate of exchange prevailing at the transaction date. Assets and liabilities denominated in foreign currencies are translated at the rate prevailing at the end of the reporting period. Any gain or loss resulting from the translation of assets and liabilities is included as a component of comprehensive income.

The following table shows the change in gross revenue and operating income caused by fluctuations in foreign currency rates during the three months ended March 31, 2020 and 2019:

Impact of Foreign Currency Rate Fluctuations (amounts in thousands)	Three Months Ended March 31, 2020		Three Months Ended March 31, 2019	
Increase (decrease) in gross revenue	\$	(700)	\$	(2,300)
Increase (decrease) in operating income	\$	100	\$	(3,100)

The following table shows the impact a hypothetical 10% increase or decrease in the U.S. dollar against all other currencies would have on actual gross revenue and operating income for the three months ended March 31, 2020 and 2019:

Hypothetical 10% Change in Value of U.S. Dollar (amounts in thousands)	Three Months Ended March 31, 2020		Three Months Ended March 31, 2019	
Effect of 10% change on gross revenue	+/-	\$ 8,100	+/-	\$ 5,700
Effect of 10% change on operating income	+/-	\$ 5,500	+/-	\$ 3,600

We have derivative risk relating to our foreign currency forward contracts. We enter into foreign currency forward contracts to mitigate our U.S. dollar and British pound sterling versus Euro exposure, generally with a duration of less than twelve months. We do not use derivative instruments for trading or speculative purposes. As of March 31, 2020 and December 31, 2019, the notional amount of our foreign currency forward contracts was \$105.0 million and \$83.9 million, respectively.

By using derivative instruments to hedge exposures to foreign currency fluctuations, we are exposed to credit risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes us, which creates credit risk for us. When the fair value of a derivative contract is negative, we owe the counterparty and, therefore, we are not exposed to the counterparty's credit risk in those circumstances. We attempt to minimize counterparty credit risk in derivative instruments by entering into transactions with high-quality counterparties whose credit rating is at least upper-medium investment grade.

Credit Risk

We have credit risk relating to our receivables, which are primarily receivables from financial institutions, including investment managers and brokers and dealers.

In the normal course of our business we, as an agent, execute transactions with, and on behalf of, other brokers and dealers. If these transactions do not settle because of failure to perform by either counterparty, we may be obligated to discharge the obligation of the non-performing party and, as a result, may incur a loss if the market value of the instrument is different than the contractual amount. This credit risk exposure can be directly impacted by volatile trading markets, as our clients may be unable to satisfy their contractual obligations during volatile trading markets.

Our policy is to monitor our market exposure and counterparty risk. Counterparties are evaluated for creditworthiness and risk assessment prior to our initiating contract activities. The counterparties' creditworthiness is then monitored on an ongoing basis, and credit levels are reviewed to ensure that there is not an inappropriate concentration of credit outstanding to any particular counterparty.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management has evaluated, under the supervision of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures, as defined in Rule 13(a)-15(e) of the Exchange Act, as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q are effective at a reasonable assurance level in ensuring that information required to be disclosed in our Exchange Act reports is (1) recorded, processed, summarized and reported in a timely manner and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures will prevent or detect all errors and all fraud. While our disclosure controls and procedures are designed to provide reasonable assurance of their effectiveness, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

Changes in Internal Control over Financial Reporting

There were no changes to our internal control over financial reporting during the quarter ended March 31, 2020 that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Except as set forth below, there have been no material changes from the legal proceedings previously disclosed under the heading “Item 3. Legal Proceedings” in our 2019 Form 10-K. The legal proceeding described below has been disclosed previously in the 2019 Form 10-K. The matter is described in this Quarterly Report on Form 10-Q to include certain developments in the case since we filed the 2019 Form 10-K.

As disclosed most recently in our 2019 Form 10-K, in 2015, IDC Financial Publishing, Inc. (“IDC”) filed a lawsuit in the United States District Court for the Eastern District of Wisconsin captioned IDC Financial Publishing Inc. v. BondDesk Group LLC, et al. Claims were asserted against Tradeweb and against Fidelity Global Brokerage Group, Inc., Fidelity Brokerage Services, LLC, and National Financial Services, LLC (collectively, “Fidelity”) relating to the distribution of IDC’s financial strength ratings over Tradeweb’s trading platform to Fidelity, its registered investment advisors and Fidelity’s correspondent banks. Following extensive pre-trial proceedings that resulted in certain of IDC’s claims being dismissed by the court in 2019, the parties entered into a settlement agreement in early 2020 in which all remaining claims and counterclaims in the lawsuit were settled without any material impact to our financial condition or results of operations, and the matter has been dismissed with prejudice.

ITEM 1A. RISK FACTORS

There have been no material changes to our principal risks that we believe are material to our business, results of operations and financial condition, from the risk factors previously disclosed in “Item 1A. Risk Factors” of our 2019 Form 10-K and the information set forth in “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operation—Trends and Other Factors Affecting Our Performance—COVID-19” of this Quarterly Report on Form 10-Q.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
10.1	Tradeweb Markets Inc. 2019 Omnibus Equity Incentive Plan Restricted Stock Unit Award Agreement (Form of RSU Agreement for Messrs. Olesky and Hult)
10.2	Tradeweb Markets Inc. 2019 Omnibus Equity Incentive Plan Restricted Stock Unit Award Agreement (Form of RSU Agreement for other Executive Officers)
10.3	Tradeweb Markets Inc. 2019 Omnibus Equity Incentive Plan PRSU Award Agreement (Form of PRSU Agreement for Messrs. Olesky and Hult)
10.4	Tradeweb Markets Inc. 2019 Omnibus Equity Incentive Plan PRSU Award Agreement (Form of PRSU Agreement for other Executive Officers)
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TRADEWEB MARKETS INC.

May 12, 2020

/s/ Lee Olesky
By: Lee Olesky
Chief Executive Officer (Principal Executive Officer)

May 12, 2020

/s/ Robert Warshaw
By: Robert Warshaw
Chief Financial Officer (Principal Financial Officer)

**TRADEWEB MARKETS INC.
2019 OMNIBUS EQUITY INCENTIVE PLAN
RESTRICTED STOCK UNIT - NOTICE OF GRANT**

(Version 2020)

Tradeweb Markets Inc. (the "Company"), a Delaware corporation, hereby grants to the Grantee set forth below (the "Grantee") Restricted Stock Units (the "Restricted Stock Units"), pursuant to the terms and conditions of this Notice of Grant (the "Notice"), the Restricted Stock Unit Award Agreement attached hereto as Exhibit A (the "Award Agreement"), and the Tradeweb Markets Inc. 2019 Omnibus Equity Incentive Plan (the "Plan"). Capitalized terms used but not defined herein shall have the meaning attributed to such terms in the Award Agreement or, if not defined therein, in the Plan, unless the context requires otherwise. Each Restricted Stock Unit represents the right to receive one (1) Share at the time and in the manner set forth in Section 5 of the Award Agreement.

Date of Grant:

Name of Grantee:

**Number of
Restricted Stock Units:**

Vesting: The Restricted Stock Units shall vest pursuant to the terms and conditions set forth in Section 3 of the Award Agreement.

Vesting Start Date:

The Restricted Stock Units shall be subject to the execution and return of this Notice by the Grantee to the Company within 15 days of the Grantee's receipt of this Notice (including by utilizing an electronic signature and/or web-based approval and notice process or any other process as may be authorized by the Company).

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Notice of Grant as of the Date of Grant set forth above.

TRADEWEB MARKETS INC.

By: _____
Name:
Title:

GRANTEE

By: _____
Name: []

[Signature Page to Notice of Restricted Stock Unit Grant for Tradeweb Markets Inc. 2019 Omnibus Equity Incentive Plan]

TRADEWEB MARKETS INC.
2019 OMNIBUS EQUITY INCENTIVE PLAN
RESTRICTED STOCK UNIT
AWARD AGREEMENT

(Version 2020)

THIS RESTRICTED STOCK UNIT AWARD AGREEMENT (this "Award Agreement") is entered into by and among Tradeweb Markets Inc. (the "Company") and the individual set forth on the signature page to that certain Notice of Grant (the "Notice") to which this Award Agreement is attached. The terms and conditions of the Restricted Stock Units granted hereby, to the extent not controlled by the terms and conditions contained in the Plan, shall be as set forth in the Notice and this Award Agreement. Capitalized terms used but not defined herein shall have the meaning attributed to such terms in the Notice or, if not defined therein, in the Plan.

1. No Right to Continued Employee Status or Consultant Service

Nothing contained in this Award Agreement shall confer upon the Grantee the right to the continuation of his or her employment, or, in the case of a Consultant or Director, to the continuation of his or her service arrangement, nor shall anything herein interfere with the right of the Company or any of its Subsidiaries or other Affiliates to Terminate the Grantee.

2. Term of Restricted Stock Units

This Award Agreement shall remain in effect until the Restricted Stock Units have fully vested and been settled or been forfeited by the Grantee as provided in this Award Agreement.

3. Vesting of Restricted Stock Units.

(a) Vesting Schedule. Subject to the Grantee's not having Terminated, except as specifically provided herein or in the Plan, one-third (1/3) of the Restricted Stock Units shall vest on each of the first, second, and third anniversaries of the Vesting Start Date (each, a "Vesting Date"), subject to the Grantee not having Terminated prior to such anniversary.

(b) Change in Control. Notwithstanding the foregoing, in the event of a Change in Control, the portion of the Award that has not vested as of the date of the Change in Control shall become fully vested as of the date of the Change in Control, subject to the Grantee not having Terminated prior to the closing of such Change in Control.

(c) Termination. Except as set forth in the remainder of this Section 3(c), if the Grantee incurs a Termination for any reason, whether voluntarily or involuntarily, then the portion of the Restricted Stock Units that have not previously vested shall terminate as of the date of the Grantee's Termination. If the Grantee incurs a Termination for Cause, then the Restricted Stock Units (including, for the avoidance of doubt, Restricted Stock Units that are

unvested and vested but not yet settled) shall be forfeited and terminate immediately without consideration upon the effective date of such Termination for Cause.

If the Grantee incurs a Termination (i) without Cause, (ii) due to death or Disability, or (iii) due to his or her Retirement (as defined below), the portion of the Grantee's Restricted Stock Units that have not previously vested shall continue to vest following the date of the Grantee's death or Termination in accordance with Section 3(a) hereof. For purposes of this Award Agreement, "Retirement" means a Grantee's voluntary resignation upon six months' notice to the Company for any reason after attaining a combination of (A) age 55 with at least 10 years of credited service or (B) age 65 with at least 5 years of credited service.

4. Dividend Equivalent Rights

The Restricted Stock Units granted hereunder will accumulate dividend equivalent rights in respect of any dividends paid on Shares (on a one Share to one Restricted Stock Unit basis) from the Date of Grant through each Vesting Date. To the extent the Restricted Stock Units that gave rise to any dividend equivalent rights are forfeited pursuant to this Award Agreement or the Plan, those dividend equivalent rights will also be forfeited. The aggregate dollar amount of dividend equivalent rights accumulated under this Section 4 and not forfeited shall be added to, and be settled at the same time as the related Restricted Stock Units pursuant to Section 5 below.

5. Settlement of Restricted Stock Units

This Award Agreement shall entitle the Grantee to receive one (1) Share in settlement of each vested Restricted Stock Unit on the first trading date following the applicable Vesting Date (each such date, the "Settlement Date"), less a number of Shares having an aggregate Fair Market Value equal to the withholding and employment taxes associated with the settlement of the PRSUs; provided that, if a "Qualified Change in Control" (as defined below) occurs prior to the settlement of any Restricted Stock Unit, settlement shall occur at the time(s) and in the same form of consideration as the consideration delivered to the Company's stockholders in connection with such transaction, to the extent permitted by Code Section 409A. For purposes of the foregoing, a "Qualified Change in Control" is a Change in Control that also constitutes a change of ownership or effective control of, or in the ownership of a substantial portion of the assets of, the Company for purposes of Code Section 409A. In addition, the Company shall deliver to the Grantee on the Settlement Date a number of Shares having an aggregate Fair Market Value on the Settlement Date equal to any dividend equivalent rights accrued pursuant to Section 4 hereof in respect of the Restricted Stock Units to be settled on the Settlement Date, less a number of Shares having an aggregate Fair Market Value equal to the withholding and employment taxes associated with the settlement of such dividend equivalent rights.

6. Restrictive Covenants

By signing the Notice, the Grantee acknowledges and reconfirms the covenants of confidentiality, non-competition and non-solicitation and other similar obligations of the Grantee set forth in the Grantee's employment agreement, all of which shall continue to apply to the Grantee in accordance with the terms thereof.

7. Prohibited Activities

(a) No Sale or Transfer. Unless otherwise required by law, the Restricted Stock Units shall not be (i) sold, transferred or otherwise disposed of, (ii) pledged or otherwise hypothecated or (iii) subject to attachment, execution or levy of any kind, other than by will or by the laws of descent or distribution; provided, however, that any transferred Restricted Stock Units will be subject to all of the same terms and conditions as provided in the Plan and this Award Agreement and the Grantee's estate or beneficiary appointed in accordance with the Plan will remain liable for any withholding tax that may be imposed by any federal, state or local tax authority.

(b) Right to Terminate Restricted Stock Units and Recovery. The Grantee understands and agrees that the Company has granted the Restricted Stock Units to the Grantee to reward the Grantee for the Grantee's future efforts and loyalty to the Company and its Affiliates by giving the Grantee the opportunity to participate in the potential future appreciation of the Company. Accordingly, if (a) the Grantee materially violates the Grantee's obligations relating to the non-disclosure or non-use of confidential or proprietary information under any Restrictive Agreement to which the Grantee is a party, or (b) the Grantee materially breaches or violates the Grantee's obligations relating to non-disparagement under any Restrictive Agreement to which the Grantee is a party, or (c) the Grantee engages in any activity prohibited by this Section 7 of this Award Agreement, or (d) the Grantee materially breaches or violates any non-solicitation obligations under any Restrictive Agreement to which the Grantee is a party, or (e) the Grantee is convicted of a felony against the Company or any of its Affiliates or (f) the Grantee breaches or violates any non-competition obligations under any Restrictive Agreement to which the Grantee is a party (as applicable), then, in addition to any other rights and remedies available to the Company, the Company shall be entitled, at its option, exercisable by written notice, to terminate the Restricted Stock Units (including the vested portion of the Restricted Stock Units) without consideration, which shall be of no further force and effect. "Restrictive Agreement" shall mean (i) for any Grantee who is not a resident of the State of California, any agreement between the Company or any Subsidiary and the Grantee that contains non-competition, non-solicitation, non-hire, non-disparagement, or confidentiality restrictions applicable to the Grantee and (ii) for any Grantee who is a resident of the State of California, any agreement between the Company or any Subsidiary and the Grantee that contains non-solicitation, non-hire, non-disparagement, or confidentiality restrictions applicable to the Grantee.

(c) Other Remedies. The Grantee specifically acknowledges and agrees that its remedies under this Section 7 shall not prevent the Company or any Subsidiary from seeking

injunctive or other equitable relief in connection with the Grantee's breach of any Restrictive Agreement. In the event that the provisions of this Section 7 should ever be deemed to exceed the limitation provided by applicable law, then the Grantee and the Company agree that such provisions shall be reformed to set forth the maximum limitations permitted.

8. No Rights as Stockholder

The Grantee shall have no rights as a stockholder with respect to the Shares covered by the Restricted Stock Units until the effective date of issuance of the Shares and the entry of the Grantee's name as a shareholder of record on the books of the Company following delivery of the Shares in settlement of the Restricted Stock Units.

9. Withholding

All payments made pursuant to this Award Agreement shall be subject to all applicable U.S. federal, state and local and applicable non-U.S. tax, social security and similar withholdings. The Grantee shall be solely responsible for the payment of all taxes relating to the payment or provision of any amounts or benefits hereunder. The Company shall have the right and is hereby authorized to withhold, any applicable withholding taxes in respect of the Restricted Stock Units, or any payment or transfer under, or with respect to, the Restricted Stock Units and to take such other action as may be necessary in the reasonable opinion of the Board to satisfy all obligations for the payment of such withholding taxes.

10. Securities Laws

Upon the acquisition of any Shares pursuant to the settlement of the Restricted Stock Units, the Grantee will make such written representations, warranties, and agreements as the Committee may reasonably request in order to comply with securities laws or with this Award Agreement. The Grantee hereby agrees not to offer, sell or otherwise attempt to dispose of any Shares issued to the Grantee upon settlement of the Restricted Stock Units in any way which would: (x) require the Company to file any registration statement with the Securities and Exchange Commission (or any similar filing under state law or the laws of any other county) or to amend or supplement any such filing or (y) violate or cause the Company to violate the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the rules and regulations promulgated thereunder, or any other Federal, state or local law, or the laws of any other country. The Company reserves the right to place restrictions on any Shares the Grantee may receive as a result of the settlement of the Restricted Stock Units.

11. Modification, Amendment, and Termination of Restricted Stock Units

Except as set forth in Section 13(b) hereof, this Award Agreement may not be modified, amended, terminated and no provision hereof may be waived in whole or in part except by a written agreement signed by the Company and the Grantee and no modification shall, without the consent of the Grantee, alter to the Grantee's material detriment or materially impair any rights of the Grantee under this Award Agreement except to the extent permitted under the Plan.

12. Notices

Unless otherwise provided herein, any notices or other communication given or made pursuant to the Notice, this Award Agreement or the Plan shall be in writing and shall be deemed to have been duly given (i) as of the date delivered, if personally delivered (including receipted courier service) or overnight delivery service, with confirmation of receipt; (ii) on the date of delivery by email to the address indicated or through an electronic administrative system designated by the Company; (iii) one (1) business day after being sent by reputable commercial overnight delivery service courier, with confirmation of receipt; or (iv) three (3) business days after being mailed by registered or certified mail, return receipt requested, postage prepaid and addressed to the intended recipient as set forth below:

- (a) If to the Company at the address below:

Tradeweb Markets Inc.
1177 Avenue of the Americas
New York, New York 10036
Attention: Douglas Friedman, General Counsel
Email: Douglas.Friedman@tradeweb.com

- (b) If to the Grantee, at the most recent address or email contained in the Company's records.

13. Award Agreement Subject to Plan and Applicable Law

(a) This Award Agreement is made pursuant to the Plan and shall be interpreted to comply therewith. Any provision of this Award Agreement inconsistent with the Plan shall be considered void and replaced with the applicable provision of the Plan. The Plan shall control in the event there shall be any conflict between the Plan, the Notice, and this Award Agreement, and it shall control as to any matters not contained in this Award Agreement. The Committee shall have authority to construe this Award Agreement, and to correct any defect or supply any omission or reconcile any inconsistency in this Award Agreement, and to prescribe rules and regulations relating to the administration of this Award.

(b) For the avoidance of doubt, with respect to any Grantee resident outside of the U.S., if the application of the vesting provisions as set forth in Section 3 hereof are invalid or impracticable under applicable local law, the terms of Section 3 hereof shall either be amended or be deemed not to apply to such Grantee, as determined in the sole discretion of the Committee. All determinations made and actions taken with respect to this Section 13(b) shall be made in the sole discretion of the Committee.

(c) This Award Agreement shall be governed by the laws of the State of Delaware, without regard to the conflicts of law principles thereof, and subject to the exclusive jurisdiction of the courts therein. The Grantee hereby consents to personal jurisdiction in any action brought in any court, federal or state, within the State of Delaware having subject matter jurisdiction in the matter.

14. Section 409A

The Restricted Stock Units are intended to be compliant with Section 409A of the Code and, accordingly, to the maximum extent permitted, this Award Agreement shall be interpreted in a manner consistent therewith. Nothing contained herein shall constitute any representation or warranty by the Company regarding compliance with Section 409A of the Code. The Company shall have no obligation to take any action to prevent the assessment of any additional income tax, interest or penalties under Section 409A of the Code on any Person and none of the Company, its Subsidiaries or Affiliates, nor any of their respective employees or representatives, shall have any liability to the Grantee with respect thereto.

15. Headings and Capitalized Terms

Unless otherwise provided herein, capitalized terms used herein that are defined in the Plan and not defined herein shall have the meanings set forth in the Plan. Headings are for convenience only and are not deemed to be part of this Award Agreement. Unless otherwise indicated, any reference to a Section herein is a reference to a Section of this Award Agreement.

16. Severability and Reformation

If any provision of this Award Agreement shall be determined by a court of law of competent jurisdiction to be unenforceable for any reason, such unenforceability shall not affect the enforceability of any of the remaining provisions hereof. In that case, this Award Agreement, to the fullest extent lawful, shall be reformed and construed as if such unenforceable provision, or part thereof, had never been contained herein, and such provision or part thereof shall be reformed or construed so that it would be enforceable to the maximum extent legally possible.

17. Binding Effect

This Award Agreement shall be binding upon the parties hereto, together with their personal executors, administrator, successors, personal representatives, heirs and permitted assigns.

18. Entire Agreement

This Award Agreement, together with the Plan, supersedes all prior written and oral agreements and understandings among the parties as to its subject matter and constitutes the entire agreement of the parties with respect to the subject matter hereof. If there is any conflict between the Notice, this Award Agreement and the Plan, then the applicable terms of the Plan shall govern.

19. Waiver

Waiver by any party of any breach of this Award Agreement or failure to exercise any right hereunder shall not be deemed to be a waiver of any other breach or right whether or not of the same or a similar nature. The failure of any party to take action by reason of such breach or to

exercise any such right shall not deprive the party of the right to take action at any time while or after such breach or condition giving rise to such rights continues.

**TRADEWEB MARKETS INC.
2019 OMNIBUS EQUITY INCENTIVE PLAN
RESTRICTED STOCK UNIT - NOTICE OF GRANT**

(Version 2020)

Tradeweb Markets Inc. (the “Company”), a Delaware corporation, hereby grants to the Grantee set forth below (the “Grantee”) Restricted Stock Units (the “Restricted Stock Units”), pursuant to the terms and conditions of this Notice of Grant (the “Notice”), the Restricted Stock Unit Award Agreement attached hereto as Exhibit A (the “Award Agreement”), and the Tradeweb Markets Inc. 2019 Omnibus Equity Incentive Plan (the “Plan”). Capitalized terms used but not defined herein shall have the meaning attributed to such terms in the Award Agreement or, if not defined therein, in the Plan, unless the context requires otherwise. Each Restricted Stock Unit represents the right to receive one (1) Share at the time and in the manner set forth in Section 5 of the Award Agreement.

Date of Grant:

Name of Grantee:

**Number of
Restricted Stock Units:**

Vesting: The Restricted Stock Units shall vest pursuant to the terms and conditions set forth in Section 3 of the Award Agreement.

Vesting Start Date:

The Restricted Stock Units shall be subject to the execution and return of this Notice by the Grantee to the Company within 15 days of the Grantee’s receipt of this Notice (including by utilizing an electronic signature and/or web-based approval and notice process or any other process as may be authorized by the Company). By executing this Notice, the Grantee acknowledges that his or her agreement to the covenants set forth in the Restrictive Covenant Agreement entered into by and between the Grantee and the Company on or about the date hereof is a material inducement to the Company in granting this Award to the Grantee.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Notice of Grant as of the Date of Grant set forth above.

TRADEWEB MARKETS INC.

By: _____
Name:
Title:

GRANTEE

By: _____
Name: []

[SIGNATURE PAGE TO NOTICE OF RESTRICTED STOCK UNIT GRANT FOR TRADEWEB MARKETS INC. 2019 OMNIBUS EQUITY INCENTIVE PLAN]

TRADEWEB MARKETS INC.
2019 OMNIBUS EQUITY INCENTIVE PLAN
RESTRICTED STOCK UNIT
AWARD AGREEMENT

(Version 2020)

THIS RESTRICTED STOCK UNIT AWARD AGREEMENT (this "Award Agreement") is entered into by and among Tradeweb Markets Inc. (the "Company") and the individual set forth on the signature page to that certain Notice of Grant (the "Notice") to which this Award Agreement is attached. The terms and conditions of the Restricted Stock Units granted hereby, to the extent not controlled by the terms and conditions contained in the Plan, shall be as set forth in the Notice and this Award Agreement. Capitalized terms used but not defined herein shall have the meaning attributed to such terms in the Notice or, if not defined therein, in the Plan.

1. No Right to Continued Employee Status or Consultant Service

Nothing contained in this Award Agreement shall confer upon the Grantee the right to the continuation of his or her employment, or, in the case of a Consultant or Director, to the continuation of his or her service arrangement, nor shall anything herein interfere with the right of the Company or any of its Subsidiaries or other Affiliates to Terminate the Grantee.

2. Term of Restricted Stock Units

This Award Agreement shall remain in effect until the Restricted Stock Units have fully vested and been settled or been forfeited by the Grantee as provided in this Award Agreement.

3. Vesting of Restricted Stock Units

(a) Vesting Schedule. Subject to the Grantee's not having Terminated, except as specifically provided herein or in the Plan, one-third (1/3) of the Restricted Stock Units shall vest on each of the first, second, and third anniversaries of the Vesting Start Date (each, a "Vesting Date"), subject to the Grantee not having Terminated prior to such anniversary.

(b) Change in Control. Notwithstanding the foregoing, in the event of a Change in Control, the portion of the Award that has not vested as of the date of the Change in Control shall become fully vested as of the date of the Change in Control, subject to the Grantee not having Terminated prior to the closing of such Change in Control.

(c) Termination. Except as set forth in the remainder of this Section 3(c), if the Grantee incurs a Termination for any reason, whether voluntarily or involuntarily, then the portion of the Restricted Stock Units that have not previously vested shall terminate as of the date of the Grantee's Termination. If the Grantee incurs a Termination for Cause, then the Restricted Stock Units (including, for the avoidance of doubt, Restricted Stock Units that are

unvested and vested but not yet settled) shall be forfeited and terminate immediately without consideration upon the effective date of such Termination for Cause.

If the Grantee incurs a Termination (i) without Cause, (ii) due to death or Disability, or (iii) due to his or her Retirement (as defined below), the portion of the Grantee's Restricted Stock Units that have not previously vested shall continue to vest following the date of the Grantee's death or Termination in accordance with Section 3(a) hereof. For purposes of this Award Agreement, "Retirement" means a Grantee's voluntary resignation upon six months' notice to the Company for any reason after attaining a combination of (A) age 55 with at least 10 years of credited service or (B) age 65 with at least 5 years of credited service.

4. Dividend Equivalent Rights

The Restricted Stock Units granted hereunder will accumulate dividend equivalent rights in respect of any dividends paid on Shares (on a one Share to one Restricted Stock Unit basis) from the Date of Grant through each Vesting Date. To the extent the Restricted Stock Units that gave rise to any dividend equivalent rights are forfeited pursuant to this Award Agreement or the Plan, those dividend equivalent rights will also be forfeited. The aggregate dollar amount of dividend equivalent rights accumulated under this Section 4 and not forfeited shall be added to, and be settled at the same time as the related Restricted Stock Units pursuant to Section 5 below.

5. Settlement of Restricted Stock Units

This Award Agreement shall entitle the Grantee to receive one (1) Share in settlement of each vested Restricted Stock Unit on the first trading date following the applicable Vesting Date (each such date, the "Settlement Date"), less a number of Shares having an aggregate Fair Market Value equal to the withholding and employment taxes associated with the settlement of the PRSUs; provided that, if a "Qualified Change in Control" (as defined below) occurs prior to the settlement of any Restricted Stock Unit, settlement shall occur at the time(s) and in the same form of consideration as the consideration delivered to the Company's stockholders in connection with such transaction, to the extent permitted by Code Section 409A. For purposes of the foregoing, a "Qualified Change in Control" is a Change in Control that also constitutes a change of ownership or effective control of, or in the ownership of a substantial portion of the assets of, the Company for purposes of Code Section 409A. In addition, the Company shall deliver to the Grantee on the Settlement Date a number of Shares having an aggregate Fair Market Value on the Settlement Date equal to any dividend equivalent rights accrued pursuant to Section 4 hereof in respect of the Restricted Stock Units to be settled on the Settlement Date, less a number of Shares having an aggregate Fair Market Value equal to the withholding and employment taxes associated with the settlement of such dividend equivalent rights.

6. Restrictive Covenants

By signing the Notice, the Grantee acknowledges that he or she has entered into a Restricted Covenant Agreement with the Company on or about the date hereof which supersedes any prior restrictive covenant agreements entered into by the Grantee and the Company (if any).

7. Prohibited Activities

(a) No Sale or Transfer. Unless otherwise required by law, the Restricted Stock Units shall not be (i) sold, transferred or otherwise disposed of, (ii) pledged or otherwise hypothecated or (iii) subject to attachment, execution or levy of any kind, other than by will or by the laws of descent or distribution; provided, however, that any transferred Restricted Stock Units will be subject to all of the same terms and conditions as provided in the Plan and this Award Agreement and the Grantee's estate or beneficiary appointed in accordance with the Plan will remain liable for any withholding tax that may be imposed by any federal, state or local tax authority.

(b) Right to Terminate Restricted Stock Units and Recovery. The Grantee understands and agrees that the Company has granted the Restricted Stock Units to the Grantee to reward the Grantee for the Grantee's future efforts and loyalty to the Company and its Affiliates by giving the Grantee the opportunity to participate in the potential future appreciation of the Company. Accordingly, if (a) the Grantee materially violates the Grantee's obligations relating to the non-disclosure or non-use of confidential or proprietary information under any Restrictive Agreement to which the Grantee is a party, or (b) the Grantee materially breaches or violates the Grantee's obligations relating to non-disparagement under any Restrictive Agreement to which the Grantee is a party, or (c) the Grantee engages in any activity prohibited by this Section 7 of this Award Agreement, or (d) the Grantee materially breaches or violates any non-solicitation obligations under any Restrictive Agreement to which the Grantee is a party, or (e) the Grantee is convicted of a felony against the Company or any of its Affiliates or (f) the Grantee breaches or violates any non-competition obligations under any Restrictive Agreement to which the Grantee is a party (as applicable), then, in addition to any other rights and remedies available to the Company, the Company shall be entitled, at its option, exercisable by written notice, to terminate the Restricted Stock Units (including the vested portion of the Restricted Stock Units) without consideration, which shall be of no further force and effect. "Restrictive Agreement" shall mean (i) for any Grantee who is not a resident of the State of California, any agreement between the Company or any Subsidiary and the Grantee that contains non-competition, non-solicitation, non-hire, non-disparagement, or confidentiality restrictions applicable to the Grantee and (ii) for any Grantee who is a resident of the State of California, any agreement between the Company or any Subsidiary and the Grantee that contains non-solicitation, non-hire, non-disparagement, or confidentiality restrictions applicable to the Grantee.

(c) Other Remedies. The Grantee specifically acknowledges and agrees that its remedies under this Section 7 shall not prevent the Company or any Subsidiary from seeking injunctive or other equitable relief in connection with the Grantee's breach of any Restrictive Agreement. In the event that the provisions of this Section 7 should ever be deemed to exceed

the limitation provided by applicable law, then the Grantee and the Company agree that such provisions shall be reformed to set forth the maximum limitations permitted.

8. No Rights as Stockholder

The Grantee shall have no rights as a stockholder with respect to the Shares covered by the Restricted Stock Units until the effective date of issuance of the Shares and the entry of the Grantee's name as a shareholder of record on the books of the Company following delivery of the Shares in settlement of the Restricted Stock Units.

9. Withholding

All payments made pursuant to this Award Agreement shall be subject to all applicable U.S. federal, state and local and applicable non-U.S. tax, social security and similar withholdings. The Grantee shall be solely responsible for the payment of all taxes relating to the payment or provision of any amounts or benefits hereunder. The Company shall have the right and is hereby authorized to withhold, any applicable withholding taxes in respect of the Restricted Stock Units, or any payment or transfer under, or with respect to, the Restricted Stock Units and to take such other action as may be necessary in the reasonable opinion of the Board to satisfy all obligations for the payment of such withholding taxes.

10. Securities Laws

Upon the acquisition of any Shares pursuant to the settlement of the Restricted Stock Units, the Grantee will make such written representations, warranties, and agreements as the Committee may reasonably request in order to comply with securities laws or with this Award Agreement. The Grantee hereby agrees not to offer, sell or otherwise attempt to dispose of any Shares issued to the Grantee upon settlement of the Restricted Stock Units in any way which would: (x) require the Company to file any registration statement with the Securities and Exchange Commission (or any similar filing under state law or the laws of any other county) or to amend or supplement any such filing or (y) violate or cause the Company to violate the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the rules and regulations promulgated thereunder, or any other Federal, state or local law, or the laws of any other country. The Company reserves the right to place restrictions on any Shares the Grantee may receive as a result of the settlement of the Restricted Stock Units.

11. Modification, Amendment, and Termination of Restricted Stock Units

Except as set forth in Section 13(b) hereof, this Award Agreement may not be modified, amended, terminated and no provision hereof may be waived in whole or in part except by a written agreement signed by the Company and the Grantee and no modification shall, without the consent of the Grantee, alter to the Grantee's material detriment or materially impair any rights of the Grantee under this Award Agreement except to the extent permitted under the Plan.

12. Notices

Unless otherwise provided herein, any notices or other communication given or made pursuant to the Notice, this Award Agreement or the Plan shall be in writing and shall be deemed to have been duly given (i) as of the date delivered, if personally delivered (including receipted courier service) or overnight delivery service, with confirmation of receipt; (ii) on the date of delivery by email to the address indicated or through an electronic administrative system designated by the Company; (iii) one (1) business day after being sent by reputable commercial overnight delivery service courier, with confirmation of receipt; or (iv) three (3) business days after being mailed by registered or certified mail, return receipt requested, postage prepaid and addressed to the intended recipient as set forth below:

- (a) If to the Company at the address below:

Tradeweb Markets Inc.
1177 Avenue of the Americas
New York, New York 10036
Attention: Douglas Friedman, General Counsel
Email: Douglas.Friedman@tradeweb.com

- (b) If to the Grantee, at the most recent address or email contained in the Company's records.

13. Award Agreement Subject to Plan and Applicable Law

(a) This Award Agreement is made pursuant to the Plan and shall be interpreted to comply therewith. Any provision of this Award Agreement inconsistent with the Plan shall be considered void and replaced with the applicable provision of the Plan. The Plan shall control in the event there shall be any conflict between the Plan, the Notice, and this Award Agreement, and it shall control as to any matters not contained in this Award Agreement. The Committee shall have authority to construe this Award Agreement, and to correct any defect or supply any omission or reconcile any inconsistency in this Award Agreement, and to prescribe rules and regulations relating to the administration of this Award.

(b) For the avoidance of doubt, with respect to any Grantee resident outside of the U.S., if the application of the vesting provisions as set forth in Section 3 hereof are invalid or impracticable under applicable local law, the terms of Section 3 hereof shall either be amended or be deemed not to apply to such Grantee, as determined in the sole discretion of the Committee. All determinations made and actions taken with respect to this Section 13(b) shall be made in the sole discretion of the Committee.

(c) This Award Agreement shall be governed by the laws of the State of Delaware, without regard to the conflicts of law principles thereof, and subject to the exclusive jurisdiction of the courts therein. The Grantee hereby consents to personal jurisdiction in any action brought in any court, federal or state, within the State of Delaware having subject matter jurisdiction in the matter.

14. Section 409A

The Restricted Stock Units are intended to be compliant with Section 409A of the Code and, accordingly, to the maximum extent permitted, this Award Agreement shall be interpreted in a manner consistent therewith. Nothing contained herein shall constitute any representation or warranty by the Company regarding compliance with Section 409A of the Code. The Company shall have no obligation to take any action to prevent the assessment of any additional income tax, interest or penalties under Section 409A of the Code on any Person and none of the Company, its Subsidiaries or Affiliates, nor any of their respective employees or representatives, shall have any liability to the Grantee with respect thereto.

15. Headings and Capitalized Terms

Unless otherwise provided herein, capitalized terms used herein that are defined in the Plan and not defined herein shall have the meanings set forth in the Plan. Headings are for convenience only and are not deemed to be part of this Award Agreement. Unless otherwise indicated, any reference to a Section herein is a reference to a Section of this Award Agreement.

16. Severability and Reformation

If any provision of this Award Agreement shall be determined by a court of law of competent jurisdiction to be unenforceable for any reason, such unenforceability shall not affect the enforceability of any of the remaining provisions hereof. In that case, this Award Agreement, to the fullest extent lawful, shall be reformed and construed as if such unenforceable provision, or part thereof, had never been contained herein, and such provision or part thereof shall be reformed or construed so that it would be enforceable to the maximum extent legally possible.

17. Binding Effect

This Award Agreement shall be binding upon the parties hereto, together with their personal executors, administrator, successors, personal representatives, heirs and permitted assigns.

18. Entire Agreement

This Award Agreement, together with the Plan, supersedes all prior written and oral agreements and understandings among the parties as to its subject matter and constitutes the entire agreement of the parties with respect to the subject matter hereof. If there is any conflict between the Notice, this Award Agreement and the Plan, then the applicable terms of the Plan shall govern.

19. Waiver

Waiver by any party of any breach of this Award Agreement or failure to exercise any right hereunder shall not be deemed to be a waiver of any other breach or right whether or not of the same or a similar nature. The failure of any party to take action by reason of such breach or to

exercise any such right shall not deprive the party of the right to take action at any time while or after such breach or condition giving rise to such rights continues.

**TRADEWEB MARKETS INC.
2019 OMNIBUS EQUITY INCENTIVE PLAN
PRSU - NOTICE OF GRANT**

(Version 2020)

Tradeweb Markets Inc. (the "Company"), a Delaware corporation, hereby grants to the Grantee set forth below (the "Grantee") Performance Restricted Stock Units (the "PRSUs"), pursuant to the terms and conditions of this Notice of Grant (the "Notice"), the PRSU Award Agreement attached hereto as Exhibit A (the "Award Agreement"), and the Tradeweb Markets Inc. 2019 Omnibus Equity Incentive Plan (the "Plan"). Capitalized terms used but not defined herein shall have the meaning attributed to such terms in the Award Agreement or, if not defined therein, in the Plan, unless the context requires otherwise. Each PRSU represents the right to receive one (1) Share at the time and in the manner set forth in Section 5 of the Award Agreement.

Date of Grant:

Name of Grantee:

Number of PRSUs:

Vesting: The PRSUs shall vest pursuant to the terms and conditions set forth in Section 3 of the Award Agreement.

The PRSUs shall be subject to the execution and return of this Notice by the Grantee to the Company within 15 days of the Grantee's receipt of this Notice (including by utilizing an electronic signature and/or web-based approval and notice process or any other process as may be authorized by the Company).

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Notice of Grant as of the Date of Grant set forth above.

TRADEWEB MARKETS INC.

By: _____

Name:

Title:

GRANTEE

By: _____

Name: []

TRADEWEB MARKETS INC.
2019 OMNIBUS EQUITY INCENTIVE PLAN
PRSU AWARD AGREEMENT

(Version 2020)

THIS PRSU AWARD AGREEMENT (this “Award Agreement”) is entered into by and among Tradeweb Markets Inc. (the “Company”) and the individual set forth on the signature page to that certain Notice of Grant (the “Notice”) to which this Award Agreement is attached. The terms and conditions of the PRSUs granted hereby, to the extent not controlled by the terms and conditions contained in the Plan, shall be as set forth in the Notice and this Award Agreement. Capitalized terms used but not defined herein shall have the meaning attributed to such terms in the Notice or, if not defined therein, in the Plan.

1. No Right to Continued Employee Status or Consultant Service

Nothing contained in this Award Agreement shall confer upon the Grantee the right to the continuation of his or her employment, or, in the case of a Consultant or Director, to the continuation of his or her service arrangement, nor shall anything herein interfere with the right of the Company or any of its Subsidiaries or other Affiliates to Terminate the Grantee.

2. Term of PRSUs

This Award Agreement shall remain in effect until the PRSUs have fully vested and been settled or been forfeited by the Grantee as provided in this Award Agreement.

3. Vesting of PRSUs

(a) Subject to the Grantee’s not having Terminated, except as specifically provided herein or in the Plan, the PRSUs granted hereunder will fully vest on the earliest to occur of (i) January 1, 2023, (ii) the Grantee’s Retirement and (iii) the occurrence of a Change in Control (such applicable date, the “Vesting Date”). For purposes of this Award Agreement, “Retirement” means a Grantee’s voluntary resignation upon six months’ notice to the Company for any reason after attaining a combination of (A) age 55 with at least 10 years of credited service or (B) age 65 with at least 5 years of credited service. PRSUs that have vested as described herein are referred to as “Vested PRSUs.”

(b) If the Grantee Terminates before the Vesting Date (other than on account of Retirement), no amounts will be payable hereunder unless the Grantee is Terminated by the Company without Cause within 180 days before the “Settlement Date” (as defined below), or on account of his or her death or Disability, in which case the Grantee or the Grantee’s estate will be entitled to retain a pro rated number of PRSUs, which shall remain eligible for settlement in accordance with Section 5 below (including application of any “Performance Modifier,” as defined below). For purposes of the foregoing, the pro rated number of PRSUs the Grantee or the Grantee’s estate shall be entitled to retain shall be calculated by multiplying the total number

of PRSUs awarded hereunder by a fraction, the numerator of which is the number of days worked since January 1, 2020 and the denominator of which is the total number of days in the normal vesting period (i.e., the number of days between January 1, 2020 and January 1, 2023).

(c) Notwithstanding anything herein, if a Grantee is Terminated by the Company for Cause at any time prior to the Settlement Date, the Grantee shall forfeit all rights hereunder (including with respect to Vested PRSUs).

4. Dividend Equivalent Rights

The PRSUs granted hereunder will accumulate dividend equivalent rights in respect of any dividends paid on Shares (on a one Share to one PRSU basis) from January 1, 2020 through the Settlement Date (as defined below). To the extent the PRSUs that gave rise to any dividend equivalent rights are forfeited pursuant to this Award or the Plan, those dividend equivalent rights will also be forfeited. The aggregate dollar amount of dividend equivalent rights accumulated under this Section 4 and not forfeited shall be added to, and be settled at the same time as the related PRSUs pursuant to Section 5 below.

5. Settlement of PRSUs

(a) This Award shall entitle the Grantee to receive a number of Shares equal to the Settlement Number (as defined below), less a number of Shares having an aggregate Fair Market Value equal to the withholding and employment taxes associated with the settlement of the PRSUs. The “Settlement Number” is equal to the sum of (i) the product of the number of Vested PRSUs multiplied by the Performance Modifier plus (ii) the number of Shares that results from the quotient of (a) the product of any dividend equivalent rights payable pursuant to Section 4 above multiplied by the Performance Modifier, divided by (b) the Fair Market Value as of the Settlement Date. As used in this Award Agreement, “Performance Modifier” means that certain percentage range established by the Board in the calendar year following the calendar year in which the Date of Grant occurs, after consultation with the Company’s Chief Executive Officer, to be based on the Company’s EPS calculation (or other performance metrics approved by the Board) applicable to the year in which the Date of Grant occurs; provided, however, that if a Change in Control occurs prior to the establishment of the Performance Modifier, the Performance Modifier shall be 100%.

(b) The settlement described in this Section 5 shall occur on the Settlement Date. For purposes of this Award Agreement, the “Settlement Date” means January 2, 2023; provided, however, that if a “Qualified Change in Control” (as defined below) occurs prior to such date, settlement shall occur at the time(s) and in the same form of consideration as the consideration delivered to the Company’s stockholders in connection with such transaction, to the extent permitted by Code Section 409A. For purposes of the foregoing, a “Qualified Change in Control” is a Change in Control that also constitutes a change of ownership or effective control of, or in the ownership of a substantial portion of the assets of, the Company for purposes of Code Section 409A.

6. Restrictive Covenants

By signing the Notice, the Grantee acknowledges and reconfirms the covenants of confidentiality, non-competition and non-solicitation and other similar obligations of the Grantee set forth in the Grantee's employment agreement, all of which shall continue to apply to the Grantee in accordance with the terms thereof.

7. Prohibited Activities

(a) No Sale or Transfer. Unless otherwise required by law, the PRSUs shall not be (i) sold, transferred or otherwise disposed of, (ii) pledged or otherwise hypothecated or (iii) subject to attachment, execution or levy of any kind, other than by will or by the laws of descent or distribution; provided, however, that any transferred PRSUs will be subject to all of the same terms and conditions as provided in the Plan and this Award Agreement and the Grantee's estate or beneficiary appointed in accordance with the Plan will remain liable for any withholding tax that may be imposed by any federal, state or local tax authority.

(b) Right to Terminate PRSUs and Recovery. The Grantee understands and agrees that the Company has granted the PRSUs to the Grantee to reward the Grantee for the Grantee's future efforts and loyalty to the Company and its Affiliates by giving the Grantee the opportunity to participate in the potential future appreciation of the Company. Accordingly, if (a) the Grantee materially violates the Grantee's obligations relating to the non-disclosure or non-use of confidential or proprietary information under any Restrictive Agreement to which the Grantee is a party, or (b) the Grantee materially breaches or violates the Grantee's obligations relating to non-disparagement under any Restrictive Agreement to which the Grantee is a party, or (c) the Grantee engages in any activity prohibited by this Section 7 of this Award Agreement, or (d) the Grantee materially breaches or violates any non-solicitation obligations under any Restrictive Agreement to which the Grantee is a party, or (e) the Grantee is convicted of a felony against the Company or any of its Affiliates or (f) the Grantee breaches or violates any non-competition obligations under any Restrictive Agreement to which the Grantee is a party (as applicable), then, in addition to any other rights and remedies available to the Company, the Company shall be entitled, at its option, exercisable by written notice, to terminate the PRSUs (including the Vested PRSUs) without consideration, which shall be of no further force and effect. "Restrictive Agreement" shall mean (i) for any Grantee who is not a resident of the State of California, any agreement between the Company or any Subsidiary and the Grantee that contains non-competition, non-solicitation, non-hire, non-disparagement, or confidentiality restrictions applicable to the Grantee and (ii) for any Grantee who is a resident of the State of California, any agreement between the Company or any Subsidiary and the Grantee that contains non-solicitation, non-hire, non-disparagement, or confidentiality restrictions applicable to the Grantee.

(c) Other Remedies. The Grantee specifically acknowledges and agrees that its remedies under this Section 7 shall not prevent the Company or any Subsidiary from seeking injunctive or other equitable relief in connection with the Grantee's breach of any Restrictive Agreement. In the event that the provisions of this Section 7 should ever be deemed to exceed

the limitation provided by applicable law, then the Grantee and the Company agree that such provisions shall be reformed to set forth the maximum limitations permitted.

8. No Rights as Stockholder

The Grantee shall have no rights as a stockholder with respect to the Shares covered by the PRSUs until the effective date of issuance of the Shares and the entry of the Grantee's name as a shareholder of record on the books of the Company following delivery of the Shares in settlement of the PRSUs.

9. Withholding

All payments made pursuant to this Award Agreement shall be subject to all applicable U.S. federal, state and local and applicable non-U.S. tax, social security and similar withholdings. The Grantee shall be solely responsible for the payment of all taxes relating to the payment or provision of any amounts or benefits hereunder. The Company shall have the right and is hereby authorized to withhold, any applicable withholding taxes in respect of the PRSUs, or any payment or transfer under, or with respect to, the PRSUs and to take such other action as may be necessary in the reasonable opinion of the Board to satisfy all obligations for the payment of such withholding taxes.

10. Securities Laws

Upon the acquisition of any Shares pursuant to the settlement of the PRSUs, the Grantee will make such written representations, warranties, and agreements as the Committee may reasonably request in order to comply with securities laws or with this Award Agreement. The Grantee hereby agrees not to offer, sell or otherwise attempt to dispose of any Shares issued to the Grantee upon settlement of the PRSUs in any way which would: (x) require the Company to file any registration statement with the Securities and Exchange Commission (or any similar filing under state law or the laws of any other county) or to amend or supplement any such filing or (y) violate or cause the Company to violate the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the rules and regulations promulgated thereunder, or any other Federal, state or local law, or the laws of any other country. The Company reserves the right to place restrictions on any Shares the Grantee may receive as a result of the settlement of the PRSUs.

11. Modification, Amendment, and Termination of PRSUs

Except as set forth in Section 13(b) hereof, this Award Agreement may not be modified, amended, terminated and no provision hereof may be waived in whole or in part except by a written agreement signed by the Company and the Grantee and no modification shall, without the consent of the Grantee, alter to the Grantee's material detriment or materially impair any rights of the Grantee under this Award Agreement except to the extent permitted under the Plan.

12. Notices

Unless otherwise provided herein, any notices or other communication given or made pursuant to the Notice, this Award Agreement or the Plan shall be in writing and shall be deemed to have been duly given (i) as of the date delivered, if personally delivered (including receipted courier service) or overnight delivery service, with confirmation of receipt; (ii) on the date of delivery by email to the address indicated or through an electronic administrative system designated by the Company; (iii) one (1) business day after being sent by reputable commercial overnight delivery service courier, with confirmation of receipt; or (iv) three (3) business days after being mailed by registered or certified mail, return receipt requested, postage prepaid and addressed to the intended recipient as set forth below:

- (a) If to the Company at the address below:

Tradeweb Markets Inc.
1177 Avenue of the Americas
New York, New York 10036
Attention: Douglas Friedman, General Counsel
Email: Douglas.Friedman@tradeweb.com

- (b) If to the Grantee, at the most recent address or email contained in the Company's records.

13. Award Agreement Subject to Plan and Applicable Law

(a) This Award Agreement is made pursuant to the Plan and shall be interpreted to comply therewith. Any provision of this Award Agreement inconsistent with the Plan shall be considered void and replaced with the applicable provision of the Plan. The Plan shall control in the event there shall be any conflict between the Plan, the Notice, and this Award Agreement, and it shall control as to any matters not contained in this Award Agreement. The Committee shall have authority to construe this Award Agreement, and to correct any defect or supply any omission or reconcile any inconsistency in this Award Agreement, and to prescribe rules and regulations relating to the administration of this Award.

(b) For the avoidance of doubt, with respect to any Grantee resident outside of the U.S., if the application of the vesting provisions as set forth in Section 3 hereof are invalid or impracticable under applicable local law, the terms of Section 3 hereof shall either be amended or be deemed not to apply to such Grantee, as determined in the sole discretion of the Committee. All determinations made and actions taken with respect to this Section 13(b) shall be made in the sole discretion of the Committee.

(c) This Award Agreement shall be governed by the laws of the State of Delaware, without regard to the conflicts of law principles thereof, and subject to the exclusive jurisdiction of the courts therein. The Grantee hereby consents to personal jurisdiction in any action brought in any court, federal or state, within the State of Delaware having subject matter jurisdiction in the matter.

14. Section 409A

The PRSUs are intended to be compliant with Section 409A of the Code and, accordingly, to the maximum extent permitted, this Award Agreement shall be interpreted in a manner consistent therewith. Nothing contained herein shall constitute any representation or warranty by the Company regarding compliance with Section 409A of the Code. The Company shall have no obligation to take any action to prevent the assessment of any additional income tax, interest or penalties under Section 409A of the Code on any Person and none of the Company, its Subsidiaries or Affiliates, nor any of their respective employees or representatives, shall have any liability to the Grantee with respect thereto.

15. Headings and Capitalized Terms

Unless otherwise provided herein, capitalized terms used herein that are defined in the Plan and not defined herein shall have the meanings set forth in the Plan. Headings are for convenience only and are not deemed to be part of this Award Agreement. Unless otherwise indicated, any reference to a Section herein is a reference to a Section of this Award Agreement.

16. Severability and Reformation

If any provision of this Award Agreement shall be determined by a court of law of competent jurisdiction to be unenforceable for any reason, such unenforceability shall not affect the enforceability of any of the remaining provisions hereof. In that case, this Award Agreement, to the fullest extent lawful, shall be reformed and construed as if such unenforceable provision, or part thereof, had never been contained herein, and such provision or part thereof shall be reformed or construed so that it would be enforceable to the maximum extent legally possible.

17. Binding Effect

This Award Agreement shall be binding upon the parties hereto, together with their personal executors, administrator, successors, personal representatives, heirs and permitted assigns.

18. Entire Agreement

This Award Agreement, together with the Plan, supersedes all prior written and oral agreements and understandings among the parties as to its subject matter and constitutes the entire agreement of the parties with respect to the subject matter hereof. If there is any conflict between the Notice, this Award Agreement and the Plan, then the applicable terms of the Plan shall govern.

19. Waiver

Waiver by any party of any breach of this Award Agreement or failure to exercise any right hereunder shall not be deemed to be a waiver of any other breach or right whether or not of the same or a similar nature. The failure of any party to take action by reason of such breach or to

exercise any such right shall not deprive the party of the right to take action at any time while or after such breach or condition giving rise to such rights continues.

**TRADEWEB MARKETS INC.
2019 OMNIBUS EQUITY INCENTIVE PLAN
PRSU - NOTICE OF GRANT**

(Version 2020)

Tradeweb Markets Inc. (the "Company"), a Delaware corporation, hereby grants to the Grantee set forth below (the "Grantee") Performance Restricted Stock Units (the "PRSUs"), pursuant to the terms and conditions of this Notice of Grant (the "Notice"), the PRSU Award Agreement attached hereto as Exhibit A (the "Award Agreement"), and the Tradeweb Markets Inc. 2019 Omnibus Equity Incentive Plan (the "Plan"). Capitalized terms used but not defined herein shall have the meaning attributed to such terms in the Award Agreement or, if not defined therein, in the Plan, unless the context requires otherwise. Each PRSU represents the right to receive one (1) Share at the time and in the manner set forth in Section 5 of the Award Agreement.

Date of Grant:

Name of Grantee:

Number of PRSUs:

Vesting: The PRSUs shall vest pursuant to the terms and conditions set forth in Section 3 of the Award Agreement.

The PRSUs shall be subject to the execution and return of this Notice by the Grantee to the Company within 15 days of the Grantee's receipt of this Notice (including by utilizing an electronic signature and/or web-based approval and notice process or any other process as may be authorized by the Company). By executing this Notice, the Grantee acknowledges that his or her agreement to the covenants set forth in the Restrictive Covenant Agreement entered into by and between the Grantee and the Company on or about the date hereof is a material inducement to the Company in granting this Award to the Grantee.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Notice of Grant as of the Date of Grant set forth above.

TRADEWEB MARKETS INC.

By: _____
Name:
Title:

GRANTEE

By: _____
Name: []

TRADEWEB MARKETS INC.
2019 OMNIBUS EQUITY INCENTIVE PLAN
PRSU AWARD AGREEMENT

(Version 2020)

THIS PRSU AWARD AGREEMENT (this "Award Agreement") is entered into by and among Tradeweb Markets Inc. (the "Company") and the individual set forth on the signature page to that certain Notice of Grant (the "Notice") to which this Award Agreement is attached. The terms and conditions of the PRSUs granted hereby, to the extent not controlled by the terms and conditions contained in the Plan, shall be as set forth in the Notice and this Award Agreement. Capitalized terms used but not defined herein shall have the meaning attributed to such terms in the Notice or, if not defined therein, in the Plan.

1. No Right to Continued Employee Status or Consultant Service

Nothing contained in this Award Agreement shall confer upon the Grantee the right to the continuation of his or her employment, or, in the case of a Consultant or Director, to the continuation of his or her service arrangement, nor shall anything herein interfere with the right of the Company or any of its Subsidiaries or other Affiliates to Terminate the Grantee.

2. Term of PRSUs

This Award Agreement shall remain in effect until the PRSUs have fully vested and been settled or been forfeited by the Grantee as provided in this Award Agreement.

3. Vesting of PRSUs

(a) Subject to the Grantee's not having Terminated, except as specifically provided herein or in the Plan, the PRSUs granted hereunder will fully vest on the earliest to occur of (i) January 1, 2023, (ii) the Grantee's Retirement and (iii) the occurrence of a Change in Control (such applicable date, the "Vesting Date"). For purposes of this Award Agreement, "Retirement" means a Grantee's voluntary resignation upon six months' notice to the Company for any reason after attaining a combination of (A) age 55 with at least 10 years of credited service or (B) age 65 with at least 5 years of credited service. PRSUs that have vested as described herein are referred to as "Vested PRSUs."

(b) If the Grantee Terminates before the Vesting Date (other than on account of Retirement), no amounts will be payable hereunder unless the Grantee is Terminated by the Company without Cause within 180 days before the "Settlement Date" (as defined below), or on account of his or her death or Disability, in which case the Grantee or the Grantee's estate will be entitled to retain a pro rated number of PRSUs, which shall remain eligible for settlement in accordance with Section 5 below (including application of any "Performance Modifier," as defined below). For purposes of the foregoing, the pro rated number of PRSUs the Grantee or the Grantee's estate shall be entitled to retain shall be calculated by multiplying the total number

of PRSUs awarded hereunder by a fraction, the numerator of which is the number of days worked since January 1, 2020 and the denominator of which is the total number of days in the normal vesting period (i.e., the number of days between January 1, 2020 and January 1, 2023).

(c) Notwithstanding anything herein, if a Grantee is Terminated by the Company for Cause at any time prior to the Settlement Date, the Grantee shall forfeit all rights hereunder (including with respect to Vested PRSUs).

4. Dividend Equivalent Rights

The PRSUs granted hereunder will accumulate dividend equivalent rights in respect of any dividends paid on Shares (on a one Share to one PRSU basis) from January 1, 2020 through the Settlement Date (as defined below). To the extent the PRSUs that gave rise to any dividend equivalent rights are forfeited pursuant to this Award or the Plan, those dividend equivalent rights will also be forfeited. The aggregate dollar amount of dividend equivalent rights accumulated under this Section 4 and not forfeited shall be added to, and be settled at the same time as the related PRSUs pursuant to Section 5 below.

5. Settlement of PRSUs

(a) This Award shall entitle the Grantee to receive a number of Shares equal to the Settlement Number (as defined below), less a number of Shares having an aggregate Fair Market Value equal to the withholding and employment taxes associated with the settlement of the PRSUs. The “Settlement Number” is equal to the sum of (i) the product of the number of Vested PRSUs multiplied by the Performance Modifier plus (ii) the number of Shares that results from the quotient of (a) the product of any dividend equivalent rights payable pursuant to Section 4 above multiplied by the Performance Modifier, divided by (b) the Fair Market Value as of the Settlement Date. As used in this Award Agreement, “Performance Modifier” means that certain percentage range established by the Board in the calendar year following the calendar year in which the Date of Grant occurs, after consultation with the Company’s Chief Executive Officer, to be based on the Company’s EPS calculation (or other performance metrics approved by the Board) applicable to the year in which the Date of Grant occurs; provided, however, that if a Change in Control occurs prior to the establishment of the Performance Modifier, the Performance Modifier shall be 100%.

(b) The settlement described in this Section 5 shall occur on the Settlement Date. For purposes of this Award Agreement, the “Settlement Date” means January 2, 2023; provided, however, that if a “Qualified Change in Control” (as defined below) occurs prior to such date, settlement shall occur at the time(s) and in the same form of consideration as the consideration delivered to the Company’s stockholders in connection with such transaction, to the extent permitted by Code Section 409A. For purposes of the foregoing, a “Qualified Change in Control” is a Change in Control that also constitutes a change of ownership or effective control of, or in the ownership of a substantial portion of the assets of, the Company for purposes of Code Section 409A.

6. Restrictive Covenants

By signing the Notice, the Grantee acknowledges that he or she has entered into a Restricted Covenant Agreement with the Company on or about the date hereof which supersedes any prior restrictive covenant agreements entered into by the Grantee and the Company (if any).

7. Prohibited Activities

(a) No Sale or Transfer. Unless otherwise required by law, the PRSUs shall not be (i) sold, transferred or otherwise disposed of, (ii) pledged or otherwise hypothecated or (iii) subject to attachment, execution or levy of any kind, other than by will or by the laws of descent or distribution; provided, however, that any transferred PRSUs will be subject to all of the same terms and conditions as provided in the Plan and this Award Agreement and the Grantee's estate or beneficiary appointed in accordance with the Plan will remain liable for any withholding tax that may be imposed by any federal, state or local tax authority.

(b) Right to Terminate PRSUs and Recovery. The Grantee understands and agrees that the Company has granted the PRSUs to the Grantee to reward the Grantee for the Grantee's future efforts and loyalty to the Company and its Affiliates by giving the Grantee the opportunity to participate in the potential future appreciation of the Company. Accordingly, if (a) the Grantee materially violates the Grantee's obligations relating to the non-disclosure or non-use of confidential or proprietary information under any Restrictive Agreement to which the Grantee is a party, or (b) the Grantee materially breaches or violates the Grantee's obligations relating to non-disparagement under any Restrictive Agreement to which the Grantee is a party, or (c) the Grantee engages in any activity prohibited by this Section 7 of this Award Agreement, or (d) the Grantee materially breaches or violates any non-solicitation obligations under any Restrictive Agreement to which the Grantee is a party, or (e) the Grantee is convicted of a felony against the Company or any of its Affiliates or (f) the Grantee breaches or violates any non-competition obligations under any Restrictive Agreement to which the Grantee is a party (as applicable), then, in addition to any other rights and remedies available to the Company, the Company shall be entitled, at its option, exercisable by written notice, to terminate the PRSUs (including the Vested PRSUs) without consideration, which shall be of no further force and effect. "Restrictive Agreement" shall mean (i) for any Grantee who is not a resident of the State of California, any agreement between the Company or any Subsidiary and the Grantee that contains non-competition, non-solicitation, non-hire, non-disparagement, or confidentiality restrictions applicable to the Grantee and (ii) for any Grantee who is a resident of the State of California, any agreement between the Company or any Subsidiary and the Grantee that contains non-solicitation, non-hire, non-disparagement, or confidentiality restrictions applicable to the Grantee.

(c) Other Remedies. The Grantee specifically acknowledges and agrees that its remedies under this Section 7 shall not prevent the Company or any Subsidiary from seeking injunctive or other equitable relief in connection with the Grantee's breach of any Restrictive Agreement. In the event that the provisions of this Section 7 should ever be deemed to exceed

the limitation provided by applicable law, then the Grantee and the Company agree that such provisions shall be reformed to set forth the maximum limitations permitted.

8. No Rights as Stockholder

The Grantee shall have no rights as a stockholder with respect to the Shares covered by the PRSUs until the effective date of issuance of the Shares and the entry of the Grantee's name as a shareholder of record on the books of the Company following delivery of the Shares in settlement of the PRSUs.

9. Withholding

All payments made pursuant to this Award Agreement shall be subject to all applicable U.S. federal, state and local and applicable non-U.S. tax, social security and similar withholdings. The Grantee shall be solely responsible for the payment of all taxes relating to the payment or provision of any amounts or benefits hereunder. The Company shall have the right and is hereby authorized to withhold, any applicable withholding taxes in respect of the PRSUs, or any payment or transfer under, or with respect to, the PRSUs and to take such other action as may be necessary in the reasonable opinion of the Board to satisfy all obligations for the payment of such withholding taxes.

10. Securities Laws

Upon the acquisition of any Shares pursuant to the settlement of the PRSUs, the Grantee will make such written representations, warranties, and agreements as the Committee may reasonably request in order to comply with securities laws or with this Award Agreement. The Grantee hereby agrees not to offer, sell or otherwise attempt to dispose of any Shares issued to the Grantee upon settlement of the PRSUs in any way which would: (x) require the Company to file any registration statement with the Securities and Exchange Commission (or any similar filing under state law or the laws of any other county) or to amend or supplement any such filing or (y) violate or cause the Company to violate the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the rules and regulations promulgated thereunder, or any other Federal, state or local law, or the laws of any other country. The Company reserves the right to place restrictions on any Shares the Grantee may receive as a result of the settlement of the PRSUs.

11. Modification, Amendment, and Termination of PRSUs

Except as set forth in Section 13(b) hereof, this Award Agreement may not be modified, amended, terminated and no provision hereof may be waived in whole or in part except by a written agreement signed by the Company and the Grantee and no modification shall, without the consent of the Grantee, alter to the Grantee's material detriment or materially impair any rights of the Grantee under this Award Agreement except to the extent permitted under the Plan.

12. Notices

Unless otherwise provided herein, any notices or other communication given or made pursuant to the Notice, this Award Agreement or the Plan shall be in writing and shall be deemed to have been duly given (i) as of the date delivered, if personally delivered (including receipted courier service) or overnight delivery service, with confirmation of receipt; (ii) on the date of delivery by email to the address indicated or through an electronic administrative system designated by the Company; (iii) one (1) business day after being sent by reputable commercial overnight delivery service courier, with confirmation of receipt; or (iv) three (3) business days after being mailed by registered or certified mail, return receipt requested, postage prepaid and addressed to the intended recipient as set forth below:

- (a) If to the Company at the address below:

Tradeweb Markets Inc.
1177 Avenue of the Americas
New York, New York 10036
Attention: Douglas Friedman, General Counsel
Email: Douglas.Friedman@tradeweb.com

- (b) If to the Grantee, at the most recent address or email contained in the Company's records.

13. Award Agreement Subject to Plan and Applicable Law

(a) This Award Agreement is made pursuant to the Plan and shall be interpreted to comply therewith. Any provision of this Award Agreement inconsistent with the Plan shall be considered void and replaced with the applicable provision of the Plan. The Plan shall control in the event there shall be any conflict between the Plan, the Notice, and this Award Agreement, and it shall control as to any matters not contained in this Award Agreement. The Committee shall have authority to construe this Award Agreement, and to correct any defect or supply any omission or reconcile any inconsistency in this Award Agreement, and to prescribe rules and regulations relating to the administration of this Award.

(b) For the avoidance of doubt, with respect to any Grantee resident outside of the U.S., if the application of the vesting provisions as set forth in Section 3 hereof are invalid or impracticable under applicable local law, the terms of Section 3 hereof shall either be amended or be deemed not to apply to such Grantee, as determined in the sole discretion of the Committee. All determinations made and actions taken with respect to this Section 13(b) shall be made in the sole discretion of the Committee.

(c) This Award Agreement shall be governed by the laws of the State of Delaware, without regard to the conflicts of law principles thereof, and subject to the exclusive jurisdiction of the courts therein. The Grantee hereby consents to personal jurisdiction in any action brought in any court, federal or state, within the State of Delaware having subject matter jurisdiction in the matter.

14. Section 409A

The PRSUs are intended to be compliant with Section 409A of the Code and, accordingly, to the maximum extent permitted, this Award Agreement shall be interpreted in a manner consistent therewith. Nothing contained herein shall constitute any representation or warranty by the Company regarding compliance with Section 409A of the Code. The Company shall have no obligation to take any action to prevent the assessment of any additional income tax, interest or penalties under Section 409A of the Code on any Person and none of the Company, its Subsidiaries or Affiliates, nor any of their respective employees or representatives, shall have any liability to the Grantee with respect thereto.

15. Headings and Capitalized Terms

Unless otherwise provided herein, capitalized terms used herein that are defined in the Plan and not defined herein shall have the meanings set forth in the Plan. Headings are for convenience only and are not deemed to be part of this Award Agreement. Unless otherwise indicated, any reference to a Section herein is a reference to a Section of this Award Agreement.

16. Severability and Reformation

If any provision of this Award Agreement shall be determined by a court of law of competent jurisdiction to be unenforceable for any reason, such unenforceability shall not affect the enforceability of any of the remaining provisions hereof. In that case, this Award Agreement, to the fullest extent lawful, shall be reformed and construed as if such unenforceable provision, or part thereof, had never been contained herein, and such provision or part thereof shall be reformed or construed so that it would be enforceable to the maximum extent legally possible.

17. Binding Effect

This Award Agreement shall be binding upon the parties hereto, together with their personal executors, administrator, successors, personal representatives, heirs and permitted assigns.

18. Entire Agreement

This Award Agreement, together with the Plan, supersedes all prior written and oral agreements and understandings among the parties as to its subject matter and constitutes the entire agreement of the parties with respect to the subject matter hereof. If there is any conflict between the Notice, this Award Agreement and the Plan, then the applicable terms of the Plan shall govern.

19. Waiver

Waiver by any party of any breach of this Award Agreement or failure to exercise any right hereunder shall not be deemed to be a waiver of any other breach or right whether or not of the same or a similar nature. The failure of any party to take action by reason of such breach or to

exercise any such right shall not deprive the party of the right to take action at any time while or after such breach or condition giving rise to such rights continues.

**CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lee Olesky, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the fiscal quarter ended March 31, 2020 of Tradeweb Markets Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. [Omitted pursuant to Exchange Act Rules 13a-14(a) and 15d-15(a)];
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 12, 2020

/s/ Lee Olesky

Lee Olesky
Chief Executive Officer

**CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Robert Warshaw, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the fiscal quarter ended March 31, 2020 of Tradeweb Markets Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. [Omitted pursuant to Exchange Act Rules 13a-14(a) and 15d-15(a)];
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 12, 2020

/s/ Robert Warshaw

Robert Warshaw
Chief Financial Officer

CERTIFICATION PURSUANT TO**18 U.S.C. SECTION 1350****AS ADOPTED PURSUANT TO****SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Tradeweb Markets Inc. (the "Company") for the fiscal quarter ended March 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Lee Olesky, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 12, 2020

/s/ Lee Olesky

Lee Olesky

Chief Executive Officer

CERTIFICATION PURSUANT TO**18 U.S.C. SECTION 1350****AS ADOPTED PURSUANT TO****SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Tradeweb Markets Inc. (the "Company") for the fiscal quarter ended March 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Robert Warsaw, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 12, 2020

/s/ Robert Warsaw

Robert Warsaw
Chief Financial Officer
