

Solvency Report

Financial year 2024

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1 Introduction

Part Six of Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on prudential requirements for investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 (hereinafter "Regulation (EU) 2019/2033") provides for mandatory disclosure by investment firms to the market.

Article 46(1) of that Regulation details that investment firms that do not qualify as small and non-connected investment firms must make public information regarding their risk objectives and policies, governance, own funds, own funds requirements and remuneration policies on the same date as they publish their annual financial statements.

Similarly, article 174 of Law 6/2023 of 17 March on Securities Markets and Investment Services regulates the form of presentation of this information through the preparation and publication of an annual report with essential information and key business indicators.

This Solvency Report is prepared in compliance with these regulations and was approved by the Board of Directors of the Company on the 29th of April 2025.

2 Scope of application

This Solvency Report applies to European Digital Securities Exchange S.V., S.A. (hereinafter "the Company"), as an investment firm that does not meet the criteria set out in Article 12(1) of Regulation (EU) No 2019/2033 of the European Parliament and of the Council of 27 November 2019 to be considered a small, non-interconnected investment firm.

The Company provides the Investment Services indicated in this Section and set out in the programme of activities that the Company has filed and registered with the CNMV.

The following is a brief description of the Investment Services provided by the Company:

2.1 Managing a Multilateral Trading System

The Company operates its own Multilateral Trading Facility for the trading and contracting of Financial Instruments.

This activity is subject to operational risk.

2.2 Execution of Orders on behalf of Investors

The Company acts as a member of its own MTF, offering Investors the Order Execution Investment Service through its membership.

Through the Private Area of the Web-Platform, Investors may enter and execute Orders directly in Financial Instruments through the relevant Member. The Private Area of the Web-Platform shall be the only means available for entering and executing Orders. Under no circumstances is the manual entry of Orders by the Company's Employees or the receipt of Orders from Investors by any other means of communication other than the Private Area of the Web-Platform permitted.

This activity is subject to operational risk.

2.3 Placement of Financial Instruments without a Firm Commitment Basis

The Company provides the Investment Service of placing financial instruments without firm commitment, in relation to those Financial Instruments issued in the primary market of the MTF.

By means of this Service, the Company makes available to the Investors through the Private Area of the Web Platform the information and tools necessary for them to decide whether to subscribe to the aforementioned financial instruments.

The Company does not provide an Investment Service of investment advice, but merely informs the Investors of the existence of a new issue of a Financial Instrument and the Issuer's intention to make an issue in the primary market. The Investors are the ones who access the documentation relating to the Issuer and the Financial Instruments and decide whether to subscribe for the Financial Instruments if they deem it appropriate. Under no circumstances does the Company communicate with the Investors individually by telephone or using other means to encourage the subscription of Financial Instruments.

In addition, Issuers may contact their existing Investors through the Web Platform to notify them of the issuance of Financial Instruments in the primary market. Under no circumstances does the Issuer have access to the personal information of Investors who are not holders of Financial Instruments issued by them.

In no case does the Company place financial instruments on a firm commitment basis. Therefore, the Company does not subscribe any amount in its own name for subsequent distribution to the Investors.

As part of this Investment Service, the Company provides the necessary tools to the Issuer and Investors to facilitate their syndication for the subscription of the Financial Instruments.

This activity is subject to operational risk.

2.4 Custody and Administration Service on behalf of Investors of Financial Instruments

The Company provides the Investment Service of custody and administration on behalf of Investors of Financial Instruments and transitory cash balances

This activity is subject to operational risk.

3 Risk management objectives and policies

3.1 Description of the risk strategy

The Company's risk profile is determined by its main activity as manager of the MTF, where it acts as a member of the market itself, and the ancillary or complementary activities that support it: execution of orders on behalf of clients, placement of financial instruments without a firm commitment and custody and administration of financial instruments on behalf of clients, among others.

The Company has a risk management and control model defined in the Risk Policy, based on the definition of the following pillars detailed in the aforementioned Policy and set out below:

- a) Segregation of duties.
- b) Proper organisation of the risk function.
- c) A clearly defined risk management policy.
- d) A risk measurement system with methodologies and tools appropriate to the nature of the Company's risks being measured.
- e) Risk control systems that make it possible to limit and, where appropriate, monitor the Company's exposure to the different types of risk.
- f) An information reporting system that provides the Board of Directors and senior management with an overview of the risks to which the company is exposed.

One of the fundamental pillars of the risk management model is an appropriate organisation that involves all levels of responsibility within the Company in the identification and management of risk, from the Board of Directors and its delegated committees to the operating, administration and control areas. They are all highly involved in risk-related processes, and are frequently informed of the analyses and quantification of the different types of risk carried out by the control units.

3.2 Risk typology

3.2.1 Risk to customers

The Company provides the Investment Service of custody and administration on behalf of Investors of Financial Instruments and transitory cash balances, at all times in the best interest of the Investor.

The Company shall generally perform such acts as may be necessary or desirable for the preservation of the rights attaching to the Financial Instruments administered in accordance with the details set out in the General Terms and Conditions for Investors prepared by the Company.

The securities held in custody for clients are deposited with the central securities depository "Euroclear France", whose parent company has an AA rating.

The cash deposited by customers on a temporary basis for the execution of purchase orders, or as a record of income in their cash accounts in Portfolio Stock Exchange for securities sales transactions, is deposited with the Bank of Spain and residually with first level banks, with a rating higher than A3 or A-, in accounts segregated from the Company's own operating accounts.

This service is subject to operational risk and therefore to capital requirements based on K-Factors that are calculated in accordance with Articles 18 and 19 of Regulation (EU) 2019/2033.

3.2.2 Market risk

The Company does not invest in financial assets for its own account, and all its activities are carried out in Euro currency, so it has no exposure to this type of risk.

3.2.3 Risk to the company

Credit risk

Based on Article 24 of Regulation (EU) 2019/2033, the Company's exposure to credit risk shall be that arising from positions recorded in the trading book resulting from transactions conducted on own account, either for itself or for a client.

The Company does not engage in investment transactions for its own account.

Purchase transactions executed by clients through Portfolio Stock Exchange as a member of its own market require pre-funding. The Company does not engage in securities lending, and in order to engage in securities sales transactions, clients must hold the securities in their portfolio.

The Company's cash is deposited in current accounts with first class banks with a rating above A3 or A-.

Concentration risk

To the extent that the Company may be subject to credit risk exposure, the following internal limits are set based on Article 37 of Regulation (EU) 2019/2033 so as not to result in excessive concentrations with respect to a single counterparty or group of connected customers:

- a) Financial sector entities: limit of 100% of the Company's eligible own funds.
- b) Non-financial companies: limit of 25% of the company's equity.

3.2.4 Liquidity risk

Based on Article 43 of Regulation 2019/2033, the Company must have liquid assets of an amount equal to at least 1/3 of 25% of the fixed overheads of the previous financial year.

In general terms, the Company only has basic liquidity, and its exposure to this type of risk is insignificant, as it largely consists of deposits in current accounts at , although regular bank reconciliations and monitoring of possible sources of risk are carried out to anticipate cash gaps.

4 Governance

4.1 Corporate governance

The Board of Directors approves the risk assumption policies and the mechanisms for their measurement and control, being informed in a timely manner of the evolution of the business, the risks assumed and compliance with the regulatory ratios and limits established.

At the date of preparation of this report, the Board of Directors is composed of three independent directors, four members of the management body with executive functions, three proprietary directors, a secretary and a deputy secretary.

The Audit and Risk Committee, by direct delegation of the Board of Directors, is responsible for informing, advising and proposing to the Board of Directors on risk management and control. The Committee meets at least twice a year and as often as necessary to perform its duties.

The Risk Control Department is responsible for implementing the procedures and controls set out in the Risk Policy and this Recovery Plan.

The Legal and Compliance Department is responsible for advising and assisting the Company's employees and governing bodies in order to avoid legal risks arising from non-compliance with regulations and, in particular, to support and advise the risk function from a regulatory point of view.

The Company's Internal Audit function is responsible for reviewing the internal procedures, policies and control systems established by the Company in order to detect inefficiencies or shortcomings and to propose any necessary modifications.

4.2 Diversity policy

The Company has a Code of Ethics and Conduct to which its employees are subject, which establishes that all employees shall act in their daily activities in such a way as to avoid any type of discriminatory action against other employees on the grounds of their ideology, religion or beliefs, family situation, membership of an ethnic group, race or nation, national origin, sex, age, sexual or gender orientation or identity, reasons of gender, aporophobia or social exclusion, illness or disability, or because they are legal or trade union representatives, or because they represent a legal or trade union representative, national origin, sex, age, sexual or gender orientation or identity, reasons of gender, aporophobia or social exclusion, illness or disability, legal or trade union representation of employees, kinship with other employees of the Company or the use of any of the official languages of the Spanish State.

This obligation extends to staff selection criteria, so that they are based only on the candidate's knowledge, experience and good repute, avoiding discriminatory bias for any of the reasons listed above.

5 Own funds

5.1 Composition of regulatory own funds

At year-end 2024, the Company's equity consisted entirely of Common Equity Tier 1 elements

The composition of these own funds is detailed below with reference to the balance sheet headings included in the audited financial statements (figures in € thousands), in accordance with the EU IF template CC1.01:

		(a)	(b)
		Amounts	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	OWN FUNDS	2.010	
2	TIER 1 CAPITAL	2.010	
3	COMMON EQUITY TIER 1 CAPITAL	2.010	
4	Fully paid up capital instruments	2.182	A)Patrimonio Neto-I
5	Share premium	2.495	A)Patrimonio Neto-II
6	Retained earnings	0	A)Patrimonio Neto-VII-The positive results of the year are not taken into account because they are not audited as of Dec 31
7	Accumulated other comprehensive income	-1.994	A)Patrimonio Neto-V
8	Other reserves		
9	Minority interest given recognition in CET1 capital		
10	Adjustments to CET1 due to prudential filters		
11	Other funds	2.050	A)Patrimonio Neto-VI
12	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	-2.723	
13	(-) Own CET1 instruments		
14	(-) Direct holdings of CET1 instruments		
15	(-) Indirect holdings of CET1 instruments		
16	(-) Synthetic holdings of CET1 instruments		
17	(-) Losses for the current financial year		
18	(-) Goodwill		
19	(-) Other intangible assets	-1.656	A)Activo no corriente-I.2
20	(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	-1.067	A)Activo no corriente-VI-Taxes on profits for the year are not taken into account because they are not audited as of Dec 31
21	(-) Qualifying holding outside the financial sector which exceeds 15% of own funds		
22	(-) Total qualifying holdings in undertaking other than financial sector entities which exceeds 60% of its own funds		
23	(-) CET1 instruments of financial sector entities where the institution does not have a significant investment		
24	(-) CET1 instruments of financial sector entities where the institution has a significant investment		
25	(-)Defined benefit pension fund assets		
26	(-) Other deductions		
27	CET1: Other capital elements, deductions and adjustments	0	

The Company had a positive result during the year of 579 thousand euros before taxes, which have not been taken into account in the composition of the Own Funds as they were not audited at 31 December.

There are no restrictions on the disposal of the Company's own funds.

5.2 Reconciliation of regulatory own funds with the balance sheet of the audited financial statements

The following EU IF CC2 template details the reconciliation of regulatory own funds to the balance sheet of the audited statements (figures in € thousands). The data in column b are omitted as European Digital Securities Exchange S.V., S.A. does not consolidate with other entities:

		Balance sheet as in published/audited financial statements	Under regulatory scope of consolidation	Cross reference to EU IF CC1
		As at period end	As at period end	
Assets - Breakdown by asset classes according to the balance sheet in the published/audited financial statements				
1	Other intangible assets	1.656		19
2	Deferred tax assets	922		20
3	Other assets	4.390		
xxx	Total Assets	6.969		
Liabilities - Breakdown by liability classes according to the balance sheet in the published/audited financial statements				
1		0		
2		1.802		
xxx	Total Liabilities	1.802		
Shareholders' Equity				
1	Capital	2.182		4
2	Share premium	2.495		5
3	P&L for previous financial years	-1.994		6
4	Other partners contributions	2.050		11
5	P&L for the current financial year	435		17
xxx	Total Shareholders' equity	5.166		

5.3 EU Template I CCA: Own funds: main characteristics of own instruments issued by the Company

A description of the main features of the ordinary Tier 1 instruments issued by the Company is set out below.

1	Issuer	European Digital Securities Exchange S.V., S.A.
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	LEI 959800UP9ANDBHTKJ408
3	Public or private placement	Private
4	Governing law(s) of the instrument	Real Decreto Legislativo 1/2010, 2 de julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital
5	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
6	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	2,182
7	Nominal amount of instrument	2,03440235
8	Issue price	N/A
9	Redemption price	N/A
10	Accounting classification	Equity
11	Original date of issuance	16/09/2019
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	<i>Coupons / dividends</i>	
17	Fixed or floating dividend/coupon	Dividend
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
21	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
22	Existence of step up or other incentive to redeem	N/A
23	Noncumulative or cumulative	N/A
24	Convertible or non-convertible	N/A
25	If convertible, conversion trigger(s)	N/A
26	If convertible, fully or partially	N/A
27	If convertible, conversion rate	N/A
28	If convertible, mandatory or optional conversion	N/A
29	If convertible, specify instrument type convertible into	N/A
30	If convertible, specify issuer of instrument it converts into	N/A
31	Write-down features	N/A
32	If write-down, write-down trigger(s)	N/A
33	If write-down, full or partial	N/A
34	If write-down, permanent or temporary	N/A
35	If temporary write-down, description of write-up mechanism	N/A
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A
38	Link to the full term and conditions of the instrument (signposting)	N/A

6 Own funds requirements

6.1 Internal capital assessment method

Article 172 of Law 6/2023 of 17 March on Securities Markets and Investment Services provides that investment firms (ESIs) that do not meet the conditions set out in Article 12(1) of Regulation (EU) No 2019/2033 of the European Parliament and of the Council of November 2019 (IFR) to be considered as small and non-networked ESIs shall have robust, effective and comprehensive systems, strategies and procedures in place that are in accordance with the requirements of Article 12(1) of Regulation (EU) No 2019/2033. No 2019/2033 of the European Parliament and of the Council of 27 November 2019 (IFR) to be considered small and non-networked ESIs shall have in place robust, effective and comprehensive systems, strategies and procedures to assess and maintain on an ongoing basis the amounts, types and distribution of internal capital and liquid assets that they deem appropriate to cover the nature and level of risks that such ESIs may pose to third parties to which they themselves are or may be exposed.

Royal Decree 813/2023 of 8 November on the legal regime for ESIs and other entities providing investment services provides, in Article 67, that the self-assessment strategies and procedures shall be summarised in a Capital Self-Assessment Report to be submitted to the Regulator.

The Company prepares this report in accordance with the criteria published by the CNMV in its ESI Capital Self-Assessment Guide.

6.2 K-factor own funds requirements and requirements based on fixed overheads

The K-factor own funds requirements calculated, pursuant to Article 15 of Regulation 2019/2033, on an aggregate basis for RtM, RtF and RtC, according to the sum of the applicable K-factors, as well as the requirement based on fixed overheads, determined in accordance with Article 13 of the same Regulation, are detailed below.

Concepto	Amount (Thousand €)
Fixed overhead requirement	497
Total K-Factor Requirement	283

Taking into account these requirements, as well as the own funds available at year-end as shown in section 5, there was a capital surplus of € 1,513 thousand (€ 2,093 thousand taking into account the positive result for the year).

7 Remuneration policy and practices

In general, the Company sets the following Remuneration criteria when remunerating its employees:

- a) Offer fixed remuneration to attract, retain and motivate the most outstanding professionals in order to enable the Company to develop its business successfully and meet its strategic objectives, and which are competitive with those offered by comparable entities;
- b) Offer variable remuneration that serves to enhance and incentivise the achievement of the Company's strategic objectives; and
- c) Design variable Remuneration so that it can be assessed on the basis of objective criteria in relation to the individual performance of the person concerned and the achievement of the Company's business objectives.

In any event, the Company shall monitor and establish variable remuneration policies for senior management and employees whose activities have a significant impact on the Company's risk profile, so as not to encourage unjustified risk-taking by them. Specifically, the general principles to be applied in determining and shaping the variable remuneration of the aforementioned Company personnel are:

- Where remuneration is performance-linked, the total amount of remuneration will be based on an assessment combining the performance of the individual, measured against both financial and non-financial criteria; the performance of the business unit concerned; and finally, the overall performance of the Company. The performance evaluation will be embedded in a multi-year framework to ensure that the evaluation process is based on the Company's long-

term performance, and that the actual payment of performance-based remuneration components is spread over a period that takes into account the underlying business cycle of the Company and its business risks.

- The total variable remuneration shall not limit the Company's ability to reinforce the strength of its capital base.
- Guaranteed variable remuneration will be exceptional and will only be made when new staff are recruited, the Company has a healthy and solid capital base, and will be limited to the first year of employment.
- In the total remuneration, the fixed and variable components shall be appropriately balanced. The fixed component shall constitute a sufficiently large part of the total remuneration so that a fully flexible policy can be applied with regard to the variable components of the remuneration, to the extent that it is possible not to pay these components.
- The variable component shall not exceed one hundred percent of the fixed component of the total Remuneration of each individual calculated per calendar year. However, the General Meeting of Shareholders of the Company may approve a higher level, provided that it does not exceed two hundred percent of the fixed component and is duly justified.

Aggregated quantitative information on remuneration, broken down by senior management and employees whose activities have a material impact on the Company's risk profile, is set out below:

Amounts in thousands €				
	No. of employees identified (1)	Fixed	Variable	% Fix./Var.
Senior Managers	13	657	0	--
Other employees	0	--	--	--
Total	13	657	0	--

Remarks:

(1) Number of employees whose activities have a significant impact on the Company's risk profile

During the reporting period, the Company paid severance indemnities amounting to EUR 8.7 thousand to a single beneficiary.

Furthermore, the Company did not benefit from any of the exemptions provided for Article 32(4) of Directive (EU) 2019/2034.