

DRW Execution Services, LLC

Financial Report
December 31, 2023

This report is deemed CONFIDENTIAL in accordance with Rule 17a-5(e)(3) under the Securities Exchange Act of 1934 and in accordance with Regulation 1.10(g) under the Commodity Exchange act. A statement of financial condition bound separately has been filed with the Securities and Exchange Commission simultaneously herewith as a PUBLIC document.

CONFIDENTIAL

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

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ANNUAL REPORTS
FORM X-17A-5
PART III

FACING PAGE

Information Required Pursuant to Rules 17a-5, 17a-12, and 18a-7 under the Securities Exchange Act of 1934

FILING FOR THE PERIOD BEGINNING 01/01/23 AND ENDING 12/31/23
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF FIRM: DRW Execution Services LLC

TYPE OF REGISTRANT (check all applicable boxes):

- Broker-dealer Security-based swap dealer Major security-based swap participant
 Check here if respondent is also an OTC derivatives dealer

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use a P.O. box no.)

540 W Madison, Suite 2500

(No. and Street)

Chicago

IL

60661

(City)

(State)

(Zip Code)

PERSON TO CONTACT WITH REGARD TO THIS FILING

Scott Fowler

512-807-5564

sfowler@drw.com

(Name)

(Area Code – Telephone Number)

(Email Address)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose reports are contained in this filing*

RSM US LLP

(Name – if individual, state last, first, and middle name)

30 S Wacker, Suite 3300

Chicago

IL

60606

(Address)

(City)

(State)

(Zip Code)

9/23/2003

49

(Date of Registration with PCAOB)(if applicable)

(PCAOB Registration Number, if applicable)

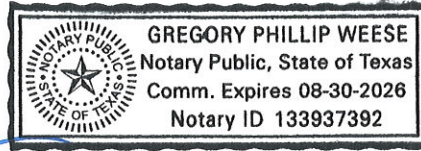
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* Claims for exemption from the requirement that the annual reports be covered by the reports of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis of the exemption. See 17 CFR 240.17a-5(e)(1)(ii), if applicable.

Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, Scott Fowler, swear (or affirm) that, to the best of my knowledge and belief, the financial report pertaining to the firm of DRW Execution Services LLC, as of 12/31, 2023, is true and correct. I further swear (or affirm) that neither the company nor any partner, officer, director, or equivalent person, as the case may be, has any proprietary interest in any account classified solely as that of a customer.



Signature: Scott Fowler

Title:

Director of Regulated Entities & FinOp

[Signature]
Notary Public

This filing** contains (check all applicable boxes):

- (a) Statement of financial condition.
- (b) Notes to consolidated statement of financial condition.
- (c) Statement of income (loss) or, if there is other comprehensive income in the period(s) presented, a statement of comprehensive income (as defined in § 210.1-02 of Regulation S-X).
- (d) Statement of cash flows.
- (e) Statement of changes in stockholders' or partners' or sole proprietor's equity.
- (f) Statement of changes in liabilities subordinated to claims of creditors.
- (g) Notes to consolidated financial statements.
- (h) Computation of net capital under 17 CFR 240.15c3-1 or 17 CFR 240.18a-1, as applicable.
- (i) Computation of tangible net worth under 17 CFR 240.18a-2.
- (j) Computation for determination of customer reserve requirements pursuant to Exhibit A to 17 CFR 240.15c3-3.
- (k) Computation for determination of security-based swap reserve requirements pursuant to Exhibit B to 17 CFR 240.15c3-3 or Exhibit A to 17 CFR 240.18a-4, as applicable.
- (l) Computation for Determination of PAB Requirements under Exhibit A to § 240.15c3-3.
- (m) Information relating to possession or control requirements for customers under 17 CFR 240.15c3-3.
- (n) Information relating to possession or control requirements for security-based swap customers under 17 CFR 240.15c3-3(p)(2) or 17 CFR 240.18a-4, as applicable.
- (o) Reconciliations, including appropriate explanations, of the FOCUS Report with computation of net capital or tangible net worth under 17 CFR 240.15c3-1, 17 CFR 240.18a-1, or 17 CFR 240.18a-2, as applicable, and the reserve requirements under 17 CFR 240.15c3-3 or 17 CFR 240.18a-4, as applicable, if material differences exist, or a statement that no material differences exist.
- (p) Summary of financial data for subsidiaries not consolidated in the statement of financial condition.
- (q) Oath or affirmation in accordance with 17 CFR 240.17a-5, 17 CFR 240.17a-12, or 17 CFR 240.18a-7, as applicable.
- (r) Compliance report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (s) Exemption report in accordance with 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (t) Independent public accountant's report based on an examination of the statement of financial condition.
- (u) Independent public accountant's report based on an examination of the financial report or financial statements under 17 CFR 240.17a-5, 17 CFR 240.18a-7, or 17 CFR 240.17a-12, as applicable.
- (v) Independent public accountant's report based on an examination of certain statements in the compliance report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (w) Independent public accountant's report based on a review of the exemption report under 17 CFR 240.17a-5 or 17 CFR 240.18a-7, as applicable.
- (x) Supplemental reports on applying agreed-upon procedures, in accordance with 17 CFR 240.15c3-1e or 17 CFR 240.17a-12, as applicable.
- (y) Report describing any material inadequacies found to exist or found to have existed since the date of the previous audit, or a statement that no material inadequacies exist, under 17 CFR 240.17a-12(k).
- (z) Other: _____

**To request confidential treatment of certain portions of this filing, see 17 CFR 240.17a-5(e)(3) or 17 CFR 240.18a-7(d)(2), as applicable.

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Report of Independent Registered Public Accounting Firm

Managers and Members
DRW Execution Services, LLC

Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of DRW Execution Services, LLC (the Company) as of December 31, 2023, the related statements of operations, changes in subordinated claims to affiliates and subordinated borrowings, changes in member's equity, and cash flows for the year then ended, and the related notes to the financial statements (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Supplemental Information

The supplementary information contained in Schedules I, II and III (the Supplemental Information) has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The Supplemental Information is the responsibility of the Company's management. Our audit procedures included determining whether the Supplemental Information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the Supplemental Information. In forming our opinion on the Supplemental Information, we evaluated whether the Supplemental Information, including its form and content, is presented in conformity with 17 C.F.R. § 240.17a-5 and 17 C.F.R. § 1.10. In our opinion, the supplementary information contained in Schedules I, II and III is fairly stated, in all material respects, in relation to the financial statements as a whole.

RSM VS LLP

We have served as the Company's auditor since 2018.

Chicago, Illinois
February 26, 2024

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DRW Execution Services, LLC

Statement of Financial Condition

December 31, 2023

Assets

Cash	\$	71,814,841
Securities purchased under agreements to resell		6,772,738,718
Receivables from brokers and clearing organizations		65,095,320
Receivables from affiliated companies		204,864
Other assets		59,935

Total assets

\$ 6,909,913,678

Liabilities and Member's Equity

Liabilities

Securities sold under agreements to repurchase	\$	6,772,738,718
Subordinated claims to affiliates		40,932,934
Subordinated borrowings		30,000,000
Accrued expenses		502,632
Payables to affiliated companies		308,922

Total liabilities

6,844,483,206

Member's Equity

65,430,472

Total liabilities and member's equity

\$ 6,909,913,678

See Notes to Financial Statements.

DRW Execution Services, LLC

Statement of Operations
Year Ended December 31, 2023

Revenue:	
Market Access	\$ 3,650,197
Interest, net	213,050
	<hr/>
Total revenue	3,863,247
	<hr/>
Operating expenses:	
Commissions, trade execution and related fees	1,092,026
Networking, data and technology costs	1,056,544
Interest	537,212
Bank service charges	367,449
Employee compensation and benefits	170,966
Other	133,523
Professional fees	61,491
Regulatory fees	43,003
	<hr/>
Total operating expenses	3,462,214
	<hr/>
Net income before income tax	401,032
Income tax	118,575
	<hr/>
Net income after income tax	\$ 282,457

See Notes to Financial Statements.

DRW Execution Services, LLC

**Statement of Changes in Subordinated
Claims to Affiliates and Subordinated Borrowings
Year Ended December 31, 2023**

Subordinated Claims to Affiliates:

Balance, beginning of year	\$	2,883,296
Borrowings		949,677,015
Repayments		(911,627,377)
Balance, end of year	\$	40,932,934

Subordinated Borrowings:

Balance, beginning of year	\$	-
Borrowings		120,000,000
Repayments		(90,000,000)
Balance, end of year	\$	30,000,000

See Notes to Financial Statements.

DRW Execution Services, LLC

**Statement of Changes in Member's Equity
Year Ended December 31, 2023**

Balance, beginning of year	\$	56,148,015
Capital contributions		9,000,000
Net income		<u>282,457</u>
Balance, end of year	\$	<u>65,430,472</u>

See Notes to Financial Statements.

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DRW Execution Services, LLC

Statement of Cash Flows
Year Ended December 31, 2023

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Cash Flows from Operating Activities	
Net income	\$ 282,457
Adjustments to reconcile net income to net cash used in operating activities:	
Changes in assets and liabilities:	
Securities purchased under agreements to resell	(6,770,103,070)
Receivables from brokers and clearing organizations	(53,861,662)
Receivables from affiliated companies	34,559
Other assets	84,415
Securities sold under agreements to repurchase	6,770,103,070
Accrued expenses	206,772
Payables to affiliated companies	12,873
Net cash used in operating activities	<u>(53,240,586)</u>
Cash Flows from Financing Activities	
Proceeds received from subordinated claims to affiliates	949,677,015
Repayments of subordinated claims to affiliates	(911,627,377)
Proceeds received from subordinated loan	120,000,000
Repayments of subordinated loan	(90,000,000)
Capital contributions	9,000,000
Net cash provided by financing activities	<u>77,049,638</u>
Net increase in cash	23,809,052
Cash:	
Beginning of year	<u>48,005,789</u>
End of year	<u>\$ 71,814,841</u>

See Notes to Financial Statements.

DRW Execution Services, LLC

Notes to Financial Statements

Note 1. Nature of Business and Significant Accounting Policies

Nature of business: DRW Execution Services, LLC (the Company) is a Delaware limited liability company and a wholly-owned subsidiary of DRW Holdings, LLC (DRWH). The Company is a broker-dealer registered with the Securities and Exchange Commission (SEC), an Institutional Broker Participant on the Chicago Stock Exchange (CHX), a member of the National Futures Association (NFA), a Government Securities Division (GSD) full netting member of the Fixed Income Clearing Corporation (FICC), and a clearing member of the Chicago Mercantile Exchange (CME). The Company has several exchange memberships, including memberships with Cboe Global Markets, Nasdaq, and NYSE Group. The Company's principal operations are to act as an executing broker, provide market access to various U.S. trading venues, provide futures clearing, and engage in financing transactions for its affiliates.

Although the Company is not exempt from Rule 15c3-3, it does not hold funds or securities for customers and does not carry margin accounts, credit balances or securities for any person defined as a customer under Rule 17a-5(c)(4).

The following is a summary of the Company's significant accounting policies:

The Company follows United States Generally Accepted Accounting Principles (GAAP), as established by the Financial Accounting Standards Board (the FASB), to ensure consistent reporting of financial condition, results of operation and cash flows.

Use of estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Receivables from brokers and clearing organizations: Receivables relating to cash held at clearing brokers and clearing organizations is reported in the statement of financial condition. No credit loss has been recorded due to the short duration of the receivable and the credit worthiness of the clearing brokers and clearing organizations.

Repurchase and reverse repurchase agreements: Transactions involving securities sold under agreements to repurchase (repurchase agreements) or securities purchased under agreements to resell (reverse repurchase agreements) are accounted for as collateralized financing transactions and are carried at contract value plus accrued interest. Collateral provided by or given to a counterparty is valued on a daily basis and monitored to ensure collateral is sufficient. The Company may require the counterparty, or be required by the counterparty, to deposit additional collateral or return collateral pledged when appropriate. In consideration of the Current Expected Credit Losses (CECL) model, the Company requires the borrower to continually adjust the amount of collateral securing the financial asset(s) as a result of fair value changes in collateral. In those situations, the Company, as a practical expedient, compares the amortized cost basis with the fair value of collateral at the reporting date to measure the estimate of expected credit losses. The Company has determined that the expectation of nonpayment is zero as the borrower continually replenishes the collateral securing the financial asset such that the fair value of the collateral is equal to or exceeds the amortized cost basis of the financial asset. Reverse repurchase and repurchase agreements are generally transacted under master netting agreements, which allows for the Company, in the event of a default by a counterparty or affiliates, to liquidate all collateral. The counterparties to all reverse repurchase and repurchase transactions at December 31, 2023 are with FICC and an affiliate of the Company.

Interest earned on reverse repurchase agreements is approximately \$110,708,000 and interest paid on repurchase agreements is approximately \$110,708,000 as of December 31, 2023, and is netted in the statement of operations.

DRW Execution Services, LLC

Notes to Financial Statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Offsetting: As of December 31, 2023, the Company holds repurchase and reverse repurchase agreements that are eligible for offset in the statement of financial condition and/or are subject to master netting arrangements and, as such, is displayed net on the statement of financial condition. Master netting arrangements allow the counterparty to net applicable collateral held on behalf of the Company against applicable liabilities or payment obligations.

Income taxes: The Company is taxed as a corporation and records income taxes using the asset and liability method. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in which those temporary differences are expected to be reversed or settled. To the extent that the Company is required to record related interest and penalties, they would be included in income tax expense on the statement of operations. The Company's effective income tax rate, which does not differ from the U.S. federal statutory income tax rate, for the year ended December 31, 2023 is 21 percent. The Company is also subject to state and local taxes at various rates. For the year ended December 31, 2023, the company has a deferred tax asset and liability balance of \$0. The net total income tax expense for the year ended December 31, 2023 is \$118,575. Included in the statement of operations is income tax expense of \$79,057 and state income tax of \$39,518, recorded as a reduction to net income. As of December 31, 2023, the Company has a prepaid tax asset of \$24,400, included in other assets on the statement of financial condition.

Accounting Standards Codification Topic 740 -- Income Taxes (ASC Topic 740) provides guidelines for how uncertain tax positions should be recognized, measured, presented and disclosed in financial statements. ASC Topic 740 requires the evaluation of tax positions taken in the course of preparing the tax returns to determine whether the tax positions are "more-likely-than-not" to be sustained by the applicable tax authority. Tax benefits of positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense in the current year. The Company is generally not subject to examination by U.S. federal or state tax authorities for tax years before 2020. There are no material uncertain tax positions as of December 31, 2023.

Revenue recognition: In accordance with ASC 606, the Company recognizes revenue from contracts with customers for providing affiliates market access to certain designated electronic communication networks, securities exchanges and alternative trading systems. The transaction price includes all commissions and exchange-related fees, both transactional and non-transactional, associated with individual affiliate market access plus a fixed mark-up, and an allocation of the Company's overhead expenses based on affiliate trading volume plus a fixed mark-up. Transactional fees, commissions, and the related fixed mark-up are recognized on the trade date and recorded as market access revenue on the statement of operations. Affiliates are generally invoiced monthly and payment is generally received by the Company within the same month they are invoiced. Receivables from market access revenue were approximately \$189,000 at January 1, 2023, and approximately \$205,000 at December 31, 2023, reported within receivables from affiliates on the statement of financial condition.

The Company recognizes interest while acting as agent for its financing activities on an accrual basis with related interest recorded net in the statement of operations.

Recently issued accounting pronouncements: In November 2023, the FASB issued ASU No. 2023-07 ("ASU 2023-07"), Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023 on a retrospective basis. Early adoption is permitted. The Company is currently evaluating the impact of this accounting standard update on its financial statements and related disclosures.

DRW Execution Services, LLC

Notes to Financial Statements

Note 2. Receivables from Brokers and Clearing Organizations

Receivables from brokers and clearing organizations consist solely of cash and deposits at December 31, 2023.

Note 3. Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset and paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company utilizes valuation techniques to maximize the use of observable inputs and minimize the use of unobservable inputs. Assets and liabilities recorded at fair value are categorized based upon the level of judgment associated with the inputs used to measure their value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

Level 1. Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2. Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly; and fair value is determined through the use of models or other valuation methodologies. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3. Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

The Company held no Level 1, Level 2 or Level 3 instruments at December 31, 2023.

The Company assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that cause the transfer in accordance with the Company's accounting policy. There were no transfers among Levels 1, 2 and 3 during the year.

Note 4. Subordinated Claims to Affiliates and Subordinated Borrowings

The Company entered into subordination agreements with affiliates to allow the affiliates to trade through the Company. The affiliates agreed that due to the subordination agreement they are not treated as a customer by the Company for the purpose of, among other things, Rule 8c-1 and 15c3-3. Liabilities subordinated to claims of affiliates on the statement of financial condition of approximately \$40,933,000 is related to these subordination agreements.

The Company has a subordinated borrowing agreement with a lender up to \$40,000,000 which matures on January 24, 2025. The revolving note accrues interest at the rate per annum equal to the greater of 4% or SOFR plus 3.5% for the first \$30,000,000 borrowed, and the greater of 2% or SOFR plus 1.5% for the remaining amounts borrowed. DRWH has provided a guarantee to the lender on behalf of the Company. As of December 31, 2023, the Company had drawn \$30,000,000 on the subordinated borrowing. The Company had accrued interest of \$39,000 on this subordinated borrowing as of December 31, 2023, reported within accrued expenses on the statement of financial condition. The Company renewed the subordinated borrowing agreement with the lender on January 24, 2024, to extend the maturity date to January 24, 2027.

DRW Execution Services, LLC

Notes to Financial Statements

Note 5. Borrowings

The Company has a revolving credit agreement with a lender in the amount of \$25,000,000 which matures on May 15, 2024. The Company has the right to terminate the agreement before the maturity date upon 5 days' prior written notice. The revolving note accrues interest at the rate per annum equal to the Overnight Base Rate, as defined. The borrowing is secured by assets of an affiliate that are on deposit with the lender. As of December 31, 2023, the Company had not drawn on the revolver and there were no amounts due of principal or interest outstanding.

Note 6. Related Party Transactions

The Company pays all direct expenses associated with its execution services. The Company has entered into an agreement with DRWH whereby certain operating expenses were paid by DRWH and charged to the Company based on a series of usage factors. Included throughout the statement of operations is approximately \$1,548,000 related to this activity for the year ended December 31, 2023. Within payable to affiliated companies on the statement of financial condition is approximately \$152,000 related to these activities.

The Company has entered into contracts with affiliated companies whereby revenue from market access, approximately \$3,650,198, was charged to the affiliates based on the Company's revenue recognition policies. Of this amount, two affiliates account for 57% and 40% of the revenue, respectively. At December 31, 2023, receivables from affiliated companies and payables to affiliates companies on the statement of financial condition of approximately \$205,000 and \$157,000, respectively, are related to these activities.

The Company has master repurchase agreements with affiliates. At December 31, 2023, the Company had reverse repurchase agreements of approximately \$7,354,469,000 and repurchase agreements of approximately \$598,312,000 with one of its affiliates. Interest received on reverse repurchase agreements with affiliates is approximately \$101,418,000 and interest paid on repurchase agreements with affiliates is approximately \$9,290,000 as of December 31, 2023. Interest is reported net on the statement of operations.

Note 7. Secured Financing

Reverse repurchase and repurchase agreements are collateralized by receiving or pledging securities. Typically, the Company has rights to re-pledge the securities collateral received under reverse repurchase agreements. As of December 31, 2023, all securities collateral received under reverse repurchase agreements has been repledged in connection with repurchase agreements.

The following table presents the gross carrying value of repurchase agreements by remaining contractual maturity as of December 31, 2023.

		Repurchase Agreements
Overnight and open	\$	4,877,593,750
2-30 days		1,301,375,000
31-90 days		1,773,812,500
Total		7,952,781,250
Financing interest payable		22,688,095
Gross amounts	\$	7,975,469,345

DRW Execution Services, LLC

Notes to Financial Statements

Note 7. Secured Financing (Continued)

All reverse repurchase agreements and repurchase agreements included in the statement of financial condition as of December 31, 2023 are collateralized by U.S. government bonds. At December 31, 2023, the fair value of assets pledged as collateral under agreements to repurchase is approximately \$7,943,097,000 and the fair value of assets obtained from securities purchased under agreements to resell is approximately \$7,943,097,000.

The following table provides information about the offsetting of these instruments as of December 31, 2023, inclusive of accrued interest related to these transactions. Amounts offset relate to legally enforceable master netting agreements or similar arrangements, and, as such, is displayed net on the statement of financial condition.

	Gross Amounts Recognized	Gross Amounts Offset in the Statement of Financial Condition	Net Amounts Offset in the Statement of Financial Condition
Assets			
Securities purchased under agreements to resell	\$ 7,975,469,345	\$ (1,202,730,627)	\$ 6,772,738,718
Liabilities			
Securities sold under agreements to repurchase	\$ 7,975,469,345	\$ (1,202,730,627)	\$ 6,772,738,718

Note 8. Risks and Guarantees

The Company maintains certain cash deposits with a financial institution. On occasion, these deposits may exceed the maximum insurance level provided by the Federal Deposit Insurance Corporation. The Company monitors such credit risks and has not experienced any losses related to such risks.

Since one of the Company's principal operations is to provide its affiliates with market access to various trading venues, it has established accounts with certain clearing brokers for this purpose. This can result in a concentration of credit risk with these brokers. Such risk, however, is mitigated by the clearing brokers' obligation to comply with rules and regulations governing clearing brokers in the United States, as well as the Company's periodic monitoring of the clearing brokers' creditworthiness.

In accordance with GAAP, a company is required to disclose information about its obligations under certain guarantee arrangements. Guarantees are also defined as contracts that contingently require the guarantor to make payments to the guaranteed party based on another entity's failure to perform under an agreement as well as indirect guarantees of the indebtedness of others. DRWH has provided a guarantee to a clearing organization on behalf of the Company. DRWH guarantees the obligations of the Company as it relates to the clearing organization. The guarantee will continue in effect until terminated, provided that all obligations have been satisfied, and is limited by the terms of the agreement.

The Company has two major customers responsible for 97% of market access revenue in the statement of operations.

Note 9. Indemnifications

In the normal course of its business, the Company indemnifies certain service providers, such as clearing brokers, against specified potential losses in connection with their acting as an agent of, or providing services to, the Company. The maximum potential amount of future payments that the Company could be required to make under these indemnifications cannot be estimated. However, the Company believes that it is unlikely it will have to make material payments under these arrangements and has not recorded any contingent liability in the financial statements for these indemnifications.

DRW Execution Services, LLC

Notes to Financial Statements

Note 9. Indemnifications (Continued)

Additionally, the Company enters into contracts and agreements that contain a variety of representations and warranties. The Company's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company that have not yet occurred. The Company expects the risk of any future obligations under these representations and warranties to be remote.

Note 10. Regulatory Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1) which requires the maintenance of minimum net capital. The Company has elected to use the alternative method permitted by the rule, which requires the Company to maintain net capital, equal to the greater of \$250,000 or 2 percent of aggregate debit balances arising from customer transactions, as defined. The rule also provides that equity capital may not be withdrawn if the resulting net capital would be less than 5 percent of aggregate debit arising from customer transactions.

The Company is subject to the Commodities Exchange Act (Regulation 1.17) which requires the maintenance of minimum net capital. In accordance with Regulation 1.17 the Company is required to maintain a minimum net capital level equivalent to the greater of \$45,000 or CFTC minimum risk-based capital requirement. At December 31, 2023 the CFTC minimum risk-based capital requirement was \$4,733,462 and the Commodities Exchange Act minimum capital requirement was \$45,000. At December 31, 2023, the Company had net capital of \$95,165,673, which was \$90,432,211 in excess of the CFTC minimum risk-based capital requirement of 4,733,462.

Note 11. Subsequent Events

The Company has evaluated subsequent events for potential recognition and/or disclosure through the date these financial statements were issued. The Company has not identified any subsequent events that require disclosure through the date of this audit report.

DRW Execution Services, LLC

**Computation of Net Capital Under Rule 15c3-1
December 31, 2023**

Schedule I

Total members' equity	\$ 65,430,472
Add:	
Liabilities subordinated to claims of creditors allowable:	
Subordinated borrowings	30,000,000
Total capital and allowable subordinated liabilities	<u>95,430,472</u>
Deductions and/or charges:	
Non-allowable assets from statement of financial condition:	
Receivables from affiliated companies	204,864
Other assets	59,935
Net capital	<u>95,165,673</u>
Calculation of minimum net capital requirement:	
Minimum CFTC net capital requirement	4,733,462
Fixed-dollar minimum net capital requirement	250,000
Minimum net capital requirement	<u>4,733,462</u>
Excess net capital	<u>\$ 90,432,211</u>
Percentage of debt-to-equity total	<u>31.44</u>

Note: There are no material differences between the above computation and the Company's corresponding unaudited Form X-17A-5 as of December 31, 2023.

Although the Company is not exempt from Rule 15c3-3, it does transact business as an executing broker for affiliates but it does not carry margin accounts, credit balances or securities for any person defined as a customer under Rule 17a-5(c)(4). Accordingly, there are no amounts reportable under these sections.

CONFIDENTIAL

DRW Execution Services, LLC

**Information Relating to Possession or Control Requirements Under Rule 15c3-3
December 31, 2023**

Schedule III

Although the Company is not exempt from Rule 15c3-3, it does transact business as an executing broker for affiliates but it does not carry margin accounts, credit balances or securities for any person defined as a customer under Rule 17a-5(c)(4). Accordingly, there are no amounts reportable under these sections.

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**Report of Independent Registered Public Accounting Firm on
Internal Control Pursuant to Commodity Futures
Trading Commission Regulation 1.16**

Managers and Members
DRW Execution Services, LLC

In planning and performing our audit of the financial statements of DRW Execution Services, LLC (the Company) as of and for the year ended December 31, 2023, in accordance with the standards of the Public Company Accounting Oversight Board (United States), we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Regulation 1.16 of the Commodity Futures Trading Commission (CFTC), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding firm assets. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Regulation 1.16 in making the periodic computations of minimum financial requirements pursuant to Regulation 1.17. Because the Company is an introducing broker (as defined by CFTC Regulation 1.3(mm)), we did not review the practices and procedures followed by the Company in making the following:

1. The daily computations of the segregation requirements of Sections 4d(a)(2) and 4d(f)(2) of the Commodity Exchange Act and the regulations thereunder, and the segregation of the funds based on such computations.
2. The daily computations of the foreign futures and foreign options secured amount requirements pursuant to Regulation 30.7 of the CFTC.

The management of the Company is responsible for establishing and maintaining internal controls and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls, and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the CFTC's previously mentioned objectives. Two of the objectives of internal controls, and the practices and procedures, are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Regulation 1.16(d)(2) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the preceding paragraphs and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit, we did not identify any deficiencies in internal control and control activities for safeguarding firm assets that we consider to be material weaknesses.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the CFTC to be adequate for their purposes in accordance with the Commodity Exchange Act and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2023, to meet the CFTC's objectives.

This report is intended solely for the information and use of the Managers, Members, management, the CFTC, the National Futures Association, and other regulatory agencies that rely on Regulation 1.16 of the CFTC in their regulation of registered introducing brokers, and is not intended to be, and should not be, used by anyone other than these specified parties.

RSM US LLP

Chicago, Illinois
February 26, 2024

DRW Execution Services, LLC's Exemption Report

DRW Execution Services, LLC (the "Company") is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. §240.17a-5, "Reports to be made by certain brokers and dealers"). This Exemption Report was prepared as required by 17 C.F.R. §240.17a-5(d)(1) and (4). To the best of its knowledge and belief, the Company states the following:

- (1) The Company does not claim an exemption under paragraph (k) of 17 C.F.R. § 240. 15c3-3.
- (2) The Company is filing this Exemption Report relying on Footnote 74 of the SEC Release No. 34-70073 adopting amendments to 17 C.F.R. § 240.17a-5 because the Company limits its business activities exclusively to providing market access to various trading venues as an executing broker and the Company did not directly or indirectly receive, hold, or otherwise owe funds or securities for or to anyone defined as a customer under Rule 17a-5(c)(4), did not carry accounts of or for anyone defined as a customers under 17a-5(c)(4) , and did not carry PAB accounts (as defined in Rule 15c3-3) throughout the most recent fiscal year without exception.

DRW Execution Services, LLC

I, Scott Fowler, swear (or affirm) that, to my best knowledge and belief, this Exemption Report is true and correct.

DocuSigned by:
By: Scott Fowler
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Title: Director of Regulated Entities/FinOp

February 26, 2024

Report of Independent Registered Public Accounting Firm

Managers & Members
DRW Execution Services, LLC

We have reviewed management's statements, included in the accompanying Exemption Report, in which DRW Execution Services, LLC (the Company) stated that:

1. The Company does not claim an exemption under paragraph (k) of 17 C.F.R. § 240.15c3-3;
2. The Company is filing an Exemption Report relying on Footnote 74 of the SEC Release No. 34-70073 adopting amendments to 17 C.F.R. § 240.17a-5 because the Company limits its business activities exclusively to providing market access to various trading venues as an executing broker; and
3. The Company (1) did not directly or indirectly receive, hold, or otherwise owe funds or securities for or to customers as defined as a customer under Rule 17a-5(c)(4); (2) did not carry accounts of or for customers as defined as a customer under Rule 17a-5(c)(4); and (3) did not carry proprietary accounts of broker-dealers (as defined in 17 C.F.R. § 240.15c3-3) throughout the most recent fiscal year without exception.

The Company's management is responsible for its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence that the Company limited its business activities exclusively to providing market access to various trading venues as an executing broker; and (1) did not directly or indirectly receive, hold, or otherwise owe funds or securities for or to customers as defined as a customer under Rule 17a-5(c)(4); (2) did not carry accounts of or for customers as defined as a customer under Rule 17a-5(c)(4); and (3) did not carry proprietary accounts of broker-dealers (as defined in 17 C.F.R. § 240.15c3-3) throughout the most recent fiscal year without exception. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in 17 C.F.R. § 240.17a-5.

RSM US LLP

Chicago, Illinois
February 26, 2024