Risk Factors Comparison 2024-03-06 to 2023-03-09 Form: 10-K

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You should carefully consider the risks and uncertainties described below and elsewhere in this Annual Report on Form 10- K. If any of these risks actually occur, our business, financial condition, liquidity and results of operations could be adversely affected. The risks and uncertainties described below constitute all of the material risks of the Company of which we are currently aware; however, the risks and uncertainties described below may not be the only risks the Company will face. Additional risks and uncertainties of which we are presently unaware, or that we do not currently deem to be material, may become important factors that affect us and could materially and adversely affect our business, financial condition, results of operations and the trading price of our securities. Investing in the Company' s securities involves risk and the following risk factors, together with the other information contained in this report and the other reports and documents filed by us with the SEC, including Forms ADV filed by CCFM and DCM, should be considered carefully. Summary of Risk Factors The following summary highlights some of the principal risks that could adversely affect our business, financial condition or results of operations. This summary is not complete and the risks summarized below are not the only risks we face. Risks Related to Our Business and Our Industry: ● Difficult market conditions have adversely affected our business and may continue to do so. ● Economic slowdown, market volatility, a recession and increasing interest rates may impair investments and operating results. ● We may experience write downs of financial instruments and other losses due to the volatile and illiquid market conditions. ● We have incurred losses for certain periods covered by this report and in the recent past and may incur losses in the future. ● Continued difficulties in our Capital Markets segment due to intense competition has resulted in significant strain on our administrative, operational and financial resources and these difficulties may continue in the future. ● The incurrence of additional debt could adversely effect on our financial condition and results of operation. ● Our gestation repo business serves a narrow market and is likely subject to highly volatile demand. ● Our mortgage group' s revenue is highly dependent on the U. S. housing market, generally ~~. ● Our matched book repo financing is facilitated through JVB which is subject to various broker-dealer regulations. ● We may not be successful in achieving our strategic goals with respect to our matched book repo business~~ . ● Our Capital Markets segment depends significantly on a limited group of customers. ● Failure to retain senior management and qualified personnel may result in our not being able to execute our business strategy. ● Payment of severance could strain our cash flow. ● If additional cash is not available, our business and financial performance will be significantly harmed. ● Failure to obtain or maintain adequate capital and funding would adversely affect the growth and results of our operations. ● The lack of liquidity in certain investments may adversely affect our business, financial condition and results of operations. ● If we are unable to manage the risks of international operations effectively, our business could be adversely affected. ● The securities settlement process exposes us to risks that may adversely affect our business. ● We are exposed to the risk that third parties that are indebted to us will not perform their obligations. ● We are exposed to various risks related to margin requirements under repurchase agreements and securities financing arrangements and are highly dependent on our clearing relationships. ● We have market risk exposure from unmatched principal transactions entered into by our brokerage desks. ● Pricing and other competitive pressures may impair the revenues and profitability of our brokerage business. ● Increase in capital commitments in our trading business increases the potential for significant losses. ● Our principal trading and investments expose us to risk of loss. ● Our principal investments are subject to various risks and expose us to a significant risk of capital loss. ● Transition away from LIBOR may adversely affect our business. ● Historical returns of our funds and managed accounts may not be indicative of their future results. ● There is increasing regulatory supervision of alternative asset management companies. ● Asset management clients generally may redeem their investments, which could reduce our asset management fee revenues. ● The investment management business is intensely competitive, which could have a material adverse impact on our business. ● Poor performance of our investment funds' and separately managed accounts' investments could result in a decline in our asset management revenue and earnings and investors terminating our management agreements. ● If the investments we have made on behalf of our CDOs perform poorly, we will suffer a decline in our asset management revenue and earnings and the investors in our CDOs may seek to terminate our management agreements. ● Our investments in SPAC Sponsor Entities are speculative, subject to total loss, and illiquid prior to business combination. ● Our investments in post- business combination SPACs are carried at fair value but are subject to sale restrictions which could result in significant losses to our business. ● Our strategic relationship with Cohen Circle, LLC (" Cohen Circle"), formerly Fintech Masala, LLC could result in conflicts of interest and a termination of such relationship could result in losses to our business. ● Our management may allocate some portion of their time to the business of the SPAC, which may create conflicts of interest. ● Any agreement to indemnify a SPAC against certain claims could negatively affect our financial results. ● We may make future loans to SPACs which may not be repaid. ● If our risk management systems for our businesses are ineffective, we may be exposed to material unanticipated losses. ● Failures in our information and communications systems could significantly disrupt our business. ● We may not be able to keep pace with continuing changes in technology. ● Failure to protect client data or prevent breaches of our information systems could expose us to liability / reputational damage. ● We are largely dependent on Pershing LLC to provide clearing services and margin financing. ● Our substantial level of indebtedness could adversely affect our financial health and ability to compete. ● Changes in accounting interpretations or assumptions could adversely impact our financial statements. ● Any change of our investment strategy, hedging strategy, asset allocation and operational policies may result in riskier investments and adversely affect the market value of our Common Stock. ● Maintenance of our Investment Company Act exemption imposes limits on our operations. ● The soundness of other financial institutions and intermediaries affects us. ● We operate in a highly regulated industry and may face increasing restrictions on, and examination of, the conduct of our operations. ● Substantial legal liability or significant regulatory action could materially affect our business. ● Highly competitive markets could have a material effect on our business. ● Employee misconduct or error could harm our business. ● We ~~operate in a highly regulated industry and~~ **receive financial instruments instead of cash as consideration for some of our services, which** may ~~face increasing restrictions~~ **be illiquid, and the price we ultimately realize may be materially lower than current fair value. ● SFA transactions may obligate us to make payments** on **certain payments upon** ~~, and examination of, the conduct of our~~ **or subsequent to maturity which may** ~~operations. ● Substantial legal liability or significant regulatory action could materially affect our business. ● Highly competitive markets could have a material adverse~~ **adversely impact** ~~effect on our business. ● Employee misconduct or~~ **our liquidity** ~~error could harm our business~~. Risks Related to Our Organizational Structure and Ownership of Our Common Stock: ● We are dependent on distributions from the Operating LLC as a holding company. ● Daniel G. Cohen' s significant ownership interests in the Operating LLC and other entities could create conflicts of interest. ● As a " controlled company, " our other stockholders may lose certain corporate governance protections. ● Redemptions of our outstanding LLC Units may cause substantial dilution to our existing stockholders. ● We may not fully realize our deferred tax asset. ● The Maryland General Corporation Law and our charter and bylaws may prevent potentially beneficial takeover attempts. Risks Related to General and Global Factors: ● The COVID- 19 pandemic has caused severe disruptions in the U. S. and global economy and is expected to continue to impact our business, financial condition and results of operations. ● We may incur losses as a result of unforeseen events, including further spread of the COVID- 19 pandemic, cybersecurity incidents and events, terrorist attacks, climate- related incidents, or other natural disasters. ● We are currently operating in a period of economic uncertainty and capital markets disruption, which has been significantly impacted by geopolitical instability due to the ongoing military ~~conflict~~ **conflicts in** ~~between Russia and~~ Ukraine **and in Israel and the surrounding areas** . Our business, financial condition and results of operations may be materially adversely affected by any negative impact on the global economy and capital markets resulting from the ~~conflict~~ **conflicts** in Ukraine **, Israel,** or any other geopolitical tensions. ● If we fail to maintain effective internal control over financial reporting and disclosure controls and procedures in the future, we may not be able to accurately report our financial results, which could have an adverse effect on our business. ● Future sales of our Common Stock could lower the price of our Common Stock and harm our future securities offerings. ● Our stockholders' percentage ownership in the Company may be diluted in the future. ● If we fail to control our costs effectively, our business could be disrupted and adversely affected. ● We may need to offer new investment strategies and products in order to continue to generate revenue. ● Our failure to deal appropriately with conflicts of interest could damage our reputation and adversely affect our business. ● Insurance may be inadequate to cover risks facing the Company. ● We depend on third- party software licenses and the loss of key licenses could adversely affect our brokerage services. ● Failure to maintain effective internal control over financial reporting and disclosure controls could harm our business. ● The market price of our Common Stock may be volatile and may be affected by market conditions beyond our control. ● Our Common Stock may be delisted, which may have a material adverse effect on the liquidity and our Common Stock value. Difficult market conditions have adversely affected our business in many ways and may continue to adversely affect our business in a manner which could materially reduce our revenues. Our business has been and may continue to be materially affected by conditions in the global financial markets and economic conditions. The financial markets continue to be volatile and continue to present many challenges such as the level and volatility of interest rates, investor sentiment, the availability and cost of credit, the status of the U. S. mortgage and real estate markets, consumer confidence, unemployment and geopolitical issues. Global economic conditions and global financial markets remain vulnerable to the potential risks posed by certain events, which could include, among other things, level and volatility of interest rates, economic growth or its sustainability, unforeseen changes to gross domestic product, inflation, fluctuations or other changes in both debt and equity capital markets and currencies, political and financial uncertainty in the United States and the European Union, ongoing concern about Asia' s economies, global supply disruptions, complications involving terrorism and armed conflicts around the world (including the conflict between Russia and Ukraine **and in Israel and the surrounding areas**), or other challenges to global trade or travel, such as those that have occurred due to the COVID- 19 pandemic. More generally, because our business is closely correlated to the general economic outlook, a significant deterioration in that outlook or realization of certain events would likely have an immediate and significant negative impact on our business and overall results of operations. A prolonged economic slowdown, volatility in the markets, a recession, and increasing interest rates could impair our investments and harm our operating results. Our investments are, and will continue to be, susceptible to economic slowdowns, recessions and rising interest rates, which may lead to financial losses in our investments and a decrease in revenues, net income and asset values. These events may reduce the value of our investments, reduce the number of attractive investment opportunities available to us and harm our operating results, which, in turn, may adversely affect our cash flow from operations. Our ability to raise capital in the long- term or short- term debt capital markets or the equity markets, or to access secured lending markets, has been and could continue to be adversely affected by conditions in the U. S. and international markets and the economy. Global market and economic conditions have been, and continue to be, disrupted and volatile. In particular, the cost and availability of funding have been and may continue to be adversely affected by illiquid credit markets and wider credit spreads and volatility of interest rates (including overnight repo). As a result of concern about the stability of the markets generally and the strength of counterparties specifically, many lenders and institutional investors have reduced and, in some cases, ceased to provide funding to borrowers. Continued turbulence in the U. S. and international markets and economy may adversely affect our liquidity and financial condition and the willingness of certain counterparties to do business with us. In addition, global macroeconomic conditions and U. S. financial markets remain vulnerable to the potential risks posed by exogenous shocks, which could include, among other things, political and financial uncertainty in the U. S. and the European Union (the " EU "), continued spread of the global novel coronavirus (" COVID- 19 ") pandemic, renewed concern about China' s economy, cybersecurity incidents and events, climate- related incidents, complications involving terrorism and armed conflicts around the world, or other challenges to global trade or travel. More generally, because our business is closely correlated to the macroeconomic outlook, a significant deterioration in that outlook or an exogenous shock would likely have an immediate negative impact on our overall results of operations. We may experience write downs of financial instruments and other losses related to the volatile and illiquid market conditions. The credit markets in the U. S. experienced significant disruption and volatility from mid- 2007 through early 2009, and challenging conditions have continued since that time. Although financial markets have become more stable, there remains a certain degree of uncertainty about a global economic recovery. Available liquidity also declined precipitously during the credit crisis and remains significantly depressed. The disruption in these markets generally, and in the U. S. and European markets in particular, impacted and may continue to impact our business. We have exposure to these markets and products, and if market conditions continue to worsen, the fair value of our investments and our management fees could further deteriorate. In addition, market volatility, illiquid market conditions and disruptions in the global credit markets have made it extremely difficult to value certain of our securities. Subsequent valuations, in light of factors then prevailing, may result in significant changes in the values of these securities, and when such securities are sold, it may be at a price materially lower than the current fair value. Any of these factors could require us to take further write downs in the fair value of our investment portfolio or cause our management fees to decline, which may have an adverse effect on our results of operations in future periods. ~~The~~ **Although the** Company **recorded net income of $ 10. 4 million for the year ended December 31, 2023, it** recorded net loss of $ 58. 7 million for the year ended December 31, 2022. We may incur additional losses in future periods. If we are unable to finance future losses, those losses may have a significant effect on our liquidity as well as our ability to operate our business. In addition, the Company has incurred and may continue to incur significant expenses in connection with initiating new business activities or in connection with any expansion or reorganization of our businesses. We may also engage in strategic acquisitions and investments for which we may incur significant expenses. Accordingly, we may need to increase our revenue at a rate greater than our expenses in order to achieve and maintain our profitability. If our revenue does not increase sufficiently, or even if our revenue does increase but we are unable to manage our expenses, we will not achieve and maintain profitability in future periods. We have experienced difficulties in our Capital Markets segment over the past several years due to intense competition in our industry, which has resulted in significant strain on our administrative, operational and financial resources. These difficulties may continue in the future. The financial services industry and all of our businesses are intensely competitive, and we expect them to remain so. We compete with commercial banks, brokerage firms, insurance companies, sponsors of mutual funds, hedge funds and other companies offering financial services in the U. S., globally, and through the internet. We compete on the basis of several factors, including transaction execution, capital or access to capital, products and services, innovation, reputation, risk appetite and price. Over time, certain sectors of the financial services industry have become more concentrated as institutions involved in a broad range of financial services have been acquired by or merged into other firms or have declared bankruptcy. These developments could result in our competitors gaining greater capital and other resources such as a broader range of products and services and geographic diversity. We have experienced and may continue to experience pricing pressures in our Capital Markets segment as a result of these factors and as some of our competitors may seek to increase market share by reducing prices. Both margins and volumes in certain products and markets within the fixed income brokerage business have decreased materially as competition has increased and general market activity has declined. Further, we expect that competition will increase over time, resulting in continued margin pressure. These challenges have materially adversely affected our Capital Markets segment' s results of operations and may continue to do so. We intend to focus on improving the performance of our Capital Markets segment, which could place additional demands on our resources and increase our expenses. Improving the performance of our Capital Markets segment will depend on, among other things, our ability to successfully identify groups and individuals to join our firm and our ability to successfully grow our existing business lines and platforms and opportunistically expand into other complementary business areas. It may take more than a year for us to determine whether we have successfully integrated new individuals, **and** lines of business and capabilities into our operations. During that time, we may incur significant expenses and expend significant time and resources toward training, integration and business development. If we are unable to hire and retain senior management or other qualified personnel, such as salespeople and traders, we will not be able to grow our business and our financial results may be materially and adversely affected. There can be no assurance that we will be able to successfully improve the operations of our Capital Markets segment, and any failure to do so could have a material adverse effect on our ability to generate revenue and control expenses. We operate a matched gestation repo program. Gestation repo involves entering into repo and reverse repo **transactions** where the underlying collateral security represents a pool of newly issued mortgages. Our reverse repo counterparties are mortgage originators. This type of financing would only be of interest to mortgage originators. Therefore, demand for gestation repo financing is narrow and volumes will therefore be more volatile. Mortgage and U. S. Housing Market- Related Risks In recent years, our mortgage group has become an increasingly important component of our Capital Markets segment and the Company overall. The mortgage group primarily earns revenue by providing hedging execution, securities financing, and trade execution services to mortgage originators and other investors in mortgage backed securities. Therefore, this group' s revenue is highly dependent on the volume of mortgage originations in the U. S. Origination activity is highly sensitive to interest rates, the U. S. job market, housing starts, sale activity of existing housing stock, as well as the general health of the U. S. economy. In addition, any new regulation that impacts U. S. government agency mortgage backed security issuance activity, residential mortgage underwriting standards, or otherwise impacts mortgage originators will impact our business. We have no control over these external factors and there is no effective way for us to hedge against these risks. Our mortgage group' s volumes and profitability will be highly impacted by these external factors. From time to time, based on market conditions, a small number of our customers may account for a significant portion of the revenues earned in our Capital Markets segment. None of our customers ~~is~~ **are** obligated contractually to use our services. Accordingly, these customers may direct their activities to other firms at any time. The loss of or a significant reduction in demand for our services from any of these customers could have a material adverse effect on our business, financial condition and operating results. If we do not retain our senior management and continue to attract and retain qualified personnel, we may not be able to execute our business strategy. The members of our senior management team have extensive experience in the financial services industry. Their reputations and relationships with investors, financing sources and members of the business community in our industry, among others, are critical elements in operating and expanding our business. As a result, the loss of the services of one or more members of our senior management team could impair our ability to execute our business strategies, which could hinder our ability to achieve and sustain profitability. The Company has various employment arrangements with the members of its senior management team, but there can be no assurance that the terms of these employment arrangements will provide sufficient incentives for each of the members of the senior management team to continue employment with us. We depend on the diligence, experience, skill and network of business contacts of our senior management team and our employees in connection with (1) our Capital Markets segment, (2) our asset management operations, (3) our investment activities, (4) the evaluation, negotiation, structuring and management of new business opportunities, and (5) our SPAC franchise, including our investments in SPACs and SPAC sponsors and our serving as the asset manager for certain SPAC Funds. Our business depends on the expertise of our personnel and their ability to work together as an effective team and our success depends substantially on our ability to attract and retain qualified personnel. Competition for employees with the necessary qualifications is intense, and we may not be successful in our efforts to recruit and retain the required personnel. The inability to recruit and retain qualified personnel could affect our ability to provide an acceptable level of service to our clients and funds, attract new clients, and develop new lines of business, each of which could have a material adverse effect on our business. Certain members of our senior management team have agreements that provide for substantial severance payments. Should several of these senior managers leave our employ under circumstances entitling them to severance, or become disabled or die, the need to pay these severance benefits could put a strain on our cash flow. Our business will require a significant amount of cash, and if it is not available, our business and financial performance will be significantly harmed. We require a substantial amount of cash to fund our investments, pay our expenses and hold our assets. More specifically, we require cash to: • meet our working capital requirements and debt service obligations; • make incremental investments in our Capital Markets segment; • make investments in our growing asset management business; • make investments supporting our SPAC franchise, including in pre- and post-business combination SPAC public companies and in SPAC sponsor entities; • hire new employees; and • meet other needs. Our primary sources of working capital and cash are expected to consist of: • revenue from operations, including net trading revenue, asset management revenue, new issue and advisory revenue, interest income and dividends from our investment portfolio and potential monetization of principal investments; • interest income from temporary investments and cash equivalents; • sales of assets; and • proceeds from future borrowings or any offerings of our equity or debt securities. We may not be able to generate a sufficient amount of cash from operations and investing and financing activities in order to successfully execute our business strategy. Failure to obtain or maintain adequate capital and funding would adversely affect the growth and results of our operations and may, in turn, negatively affect the market price of our Common Stock. Liquidity is essential to our businesses. We depend upon the availability of adequate funding and capital for our operations. In particular, we may need to raise additional capital in order to significantly grow our business. In recent years, we have engaged in a number of capital raising transactions with Daniel G. Cohen, the Executive Chairman of the Board, and / or persons or entities controlled by or close to Mr. Cohen because the terms of such transactions have been more favorable than terms available from unrelated third parties. Our liquidity could be substantially adversely affected by our inability to raise funding in the long- term or short- term debt capital markets or the equity capital markets or our inability to access the secured lending markets. Factors that we cannot control, such as continued or additional disruption of the financial markets, or negative views about the financial services industry generally, have limited and may continue to limit our ability to raise capital. In addition, our ability to raise capital could be impaired if lenders develop a negative perception of our long- term or short- term financial prospects or if Mr. Cohen becomes unwilling to continue to fund the Company’ s operations. Lenders could develop negative perceptions if we incur large trading losses, we suffer a decline in the level of our business activity, we suffer material litigation losses, regulatory authorities take significant action against us, or we discover significant employee misconduct or illegal activity, among other reasons. Sufficient funding or capital may not be available to us in the future on terms that are acceptable, or at all. If we are unable to raise funding using the methods described above, we would likely need to finance or liquidate unencumbered assets, such as our investment and trading portfolios, in order to meet our maturing liabilities. We may be unable to sell some of our assets, or we may have to sell assets at a discount from market value, either of which could adversely affect our results of operations and cash flows. If we are unable to meet our funding needs on a timely basis, our business would be adversely affected and there may be a negative impact on the market price of our Common Stock. Our investments in the equity interests of SPACs and SPAC Sponsor Entities may expose us to increased risks and liabilities. We have and may continue to invest in the equity interests of SPACs and SPAC sponsor entities, including SPACs sponsored by us, our affiliates, and third parties. There are numerous risks associated with investing in the equity interests of SPACs and SPAC sponsor entities, including: (i) because a SPAC is raised without a specifically- identified acquisition target, it may never, or only after an extended period of time, be able to find and execute a suitable business combination, during which period the capital which we have invested in or committed to the SPAC will not be available to us for other uses; (ii) investments made by us in a SPAC and SPAC sponsor entities may be entirely lost or otherwise decline in value if the SPAC does not timely execute a business combination; (iii) SPACs typically invest in single assets and not diversified portfolios, and investments therein are therefore subject to significant concentration risk; (iv) SPACs incur substantial fees, costs and expenses related to their initial public offerings, being a public company and in connection with pursuing a business combination (in some cases, regardless of whether, or when, the SPAC ultimately consummates a business transaction); and (v) there remains substantial uncertainty regarding the viability of SPAC investing on a large scale, the supply of desirable transactions and whether regulatory, tax or other authorities will implement additional or adverse policies relating to

SPACs and SPAC investing. We expect regulatory scrutiny of SPACs and other blank check companies to continue to increase and the regulations regarding SPACs may change. Our investments in the equity interests of SPACs and SPAC sponsor entities may also subject us to the risk of litigation by third parties, including fund investors dissatisfied with the performance or management of SPAC Funds, public investors in SPACs and a variety of other potential litigants. Any losses relating to these developments could adversely impact our business, results of operations and financial condition, as well as harm our professional reputation. Our investments in SPAC Sponsor Entities are highly speculative, subject to total loss, and completely illiquid prior to business combination. The Company has invested in the sponsor entities of SPACs and these investments are highly speculative. Generally, SPAC sponsor entities are LLC' s that pool their members' interests and invest in the private placement of a SPAC. The SPAC will also raise funds in a public offering and seek to complete a business combination within an agreed upon timeframe. The SPAC will use the proceeds of the private placement to pay transaction and operating expenses during the period it is seeking a business combination. The proceeds of the public offering are placed in an interest- bearing trust and can only be used to complete the business combination. Typically, the public investors must approve any business combination prior to its effectiveness. If a business combination is not completed within the agreed upon timeframe, the SPAC will liquidate and return the funds to the public investors. If there are funds remaining after liquidation, the sponsor entities may receive some portion of their investment back, but will likely suffer a total loss of investment. Accordingly, our investments in SPAC sponsor entities is subject to a total loss of our investment and such losses may adversely affect our business, financial condition and results of operations. During the period prior to the distribution of our interests in the SPAC sponsor entity, the Company includes its investment as a component of investment in equity method affiliates. As of December 31, ~~2022~~ **2023** , of the Company' s $ ~~8~~ **14** . ~~9~~ **2** million balance of investment in equity method affiliates, $ ~~3~~ **8** . 4 million represents direct or indirect investments in SPAC sponsor entities. These investments are subject to transfer restrictions (as described in greater detail below), are completely illiquid and could be worthless if the underlying sponsor entities liquidate without completing a business combination. We hold securities in public companies that were merger partners with the SPACs in which we invested or sponsored and we intend to continue to invest in SPACs and SPAC sponsor entities in the future. A significant portion of the securities in the post- business combination SPACs are and will be restricted for sale and may require the securities to trade above a certain price level for a certain period of time prior to becoming transferable. It is possible that the securities which we hold in post- business combination SPACs never trade at the applicable price levels for the requisite period of time and, in turn, the transfer restrictions thereon are never lifted. In such event, such restricted securities may be completely illiquid and this could significantly reduce their value, if not render them completely worthless. Further, investments in post- business combination SPAC securities may not be transferable until such securities are registered for sale with the SEC. The Company could suffer significant mark- to- market losses on these restricted securities prior to being able to sell them. In some cases, we hedge these positions by entering into short options trades on the underlying unrestricted equity. However, we are limited in our ability to enter into these because of capital and financing requirements associated with such trades. As of December 31, ~~2022~~ **2023** , of our $ ~~28~~ **72** . ~~0~~ **2** million reported as other investments, at fair value, $ ~~3~~ **12** . ~~1~~ **5** million represented restricted shares of post- business combination SPACs that were subject to transfer restrictions and could not be sold **and $ 23. 6 million related to interest in SPVs and other receivables which have no ready market** . If these securities do not trade at the applicable per share price levels for the requisite periods of time and, in turn, the transfer restrictions thereon are never lifted, we could suffer significant losses and these securities could be rendered illiquid and even worthless, which could result in significant harm to our business and results of operations. Our strategic relationship with Cohen Circle, LLC (" Cohen Circle ") could terminate, which could adversely affect the growth and viability of our SPAC franchise, which, in turn would negatively affect our results of our operations, and our strategic relationship with Cohen Circle could also result in conflicts of interest which could negatively affect our SPAC franchise and our business. Cohen Circle, an entity of which Daniel G. Cohen and his mother, Betsy Cohen, are members, is a fintech investing platform and the sponsor of third party SPACs. We have entered into consulting agreements with Cohen Circle pursuant to which Betsy Cohen and other Cohen Circle representatives have provided and will continue to provide consulting services to us regarding our SPAC franchise and the SPAC entities of which we are sponsors. We anticipate that we will continue to enter into consulting arrangements with Cohen Circle in connection with the SPACs which we sponsor in the future. In the event that our strategic relationship with Cohen Circle is terminated, the loss of the services of Cohen Circle' s personnel could significantly impair our SPAC franchise' s ability to continue to succeed, which could hinder our ability to achieve and sustain profitability. In addition, certain of our employees also provide consulting and other SPAC- related services to Cohen Circle pursuant to contractual arrangements with the SPACs of which Cohen Circle is a sponsor. Pursuant to these contractual relationships, our employees may be incentivized to identify and consummate potential SPAC business combinations on behalf of Cohen Circle rather than for us. Further, these contractual relationships could result in our competing with Cohen Circle for potential SPAC business combination targets and other opportunities. All of the foregoing could result in lost opportunities for our SPAC franchise, which could have negative impacts on our SPAC franchise and business as a whole. We currently provide services and products to clients in Europe, through offices in Dublin and Paris. There are certain additional risks inherent in doing business in international markets, particularly in the regulated brokerage and asset management industries. These risks include: • additional regulatory requirements; • difficulties in recruiting and retaining personnel and managing the international operations; • potentially adverse tax consequences, tariffs and other trade barriers; • adverse labor laws; and • reduced protection for intellectual property rights. If we are unable to manage any of these risks effectively, our business could be adversely affected. In addition, our current international operations expose us to the risk of fluctuations in currency exchange rates generally and fluctuations in the exchange rates for the Euro ~~and the British Pound Sterling~~ in particular. Although we may hedge our foreign currency risk, we may not be able to do so successfully and may incur losses that could adversely affect our financial condition or results of operations. The securities settlement process exposes us to risks that may adversely affect our business, financial condition and results of operations. We provide brokerage services to our clients in the form of “ matched principal transactions ” or by providing liquidity by purchasing securities from them on a principal basis. In “ matched principal transactions ” we act as a “ middleman ” by serving as a counterparty to both a buyer and a seller in matching reciprocal back- to- back trades. These transactions, which generally involve bonds, are then settled through clearing institutions with which we have a contractual relationship. There is no guarantee that we will be able to maintain existing contractual relationships with clearing institutions on favorable terms or that we will be able to establish relationships with new clearing institutions on favorable terms, or at all. In executing matched principal transactions, we are exposed to the risk that one of the counterparties to a transaction may fail to fulfill its obligations, either because it is not matched immediately or, even if matched, one party fails to deliver the cash or securities it is obligated to deliver upon settlement. In addition, some of the products we trade or may trade in the future are in less commoditized markets which may exacerbate this risk because transactions in such markets may not settle on a timely basis. Adverse movements in the prices of securities that are the subject of these transactions can increase our risk. In addition, widespread technological or communication failures, as well as actual or perceived credit difficulties, or the insolvency of one or more large or visible market participants, could cause market- wide credit difficulties or other market disruptions. These failures, difficulties or disruptions could result in a large number of market participants not settling transactions or otherwise not performing their obligations. We are subject to financing risk in these circumstances because if a transaction does not settle on a timely basis, the resulting unmatched position may need to be financed, either directly by us or through one of our clearing organizations at our expense. These charges may not be recoverable from the failing counterparty. Finally, in instances where the unmatched position or failure to deliver is prolonged or widespread due to rapid or widespread declines in liquidity for an instrument, there may also be regulatory capital charges required to be taken by us which, depending on their size and duration, could limit our business flexibility or even force the curtailment of those portions of our business requiring higher levels of capital. Credit or settlement losses of this nature could adversely affect our financial condition or results of operations. In the process of executing matched principal transactions, miscommunications and other errors by our clients or by us can arise whereby a transaction is not completed with one or more counterparties to the transaction, leaving us with either a long or short unmatched position. If the unmatched position is promptly discovered and there is a prompt disposition of the unmatched position, the risk to us is usually limited. If the discovery of an out trade is delayed, the risk is heightened by the increased possibility of intervening market movements prior to disposition. Although out trades usually become known at the time of, or later on the day of, the trade, it is possible that they may not be discovered until later in the settlement process. When out trades are discovered, our policy will generally be to have the unmatched position disposed of promptly, whether or not this disposition would result in a loss to us. The occurrence of unmatched positions generally rises with increases in the volatility of the market and, depending on their number and amount, such out trades have the potential to have a material adverse effect on our financial condition and results of operations. From time to time, we may also provide brokerage services in the form of agency transactions. In agency transactions, we charge a commission for connecting buyers and sellers and assisting in the negotiation of the price and other material terms of the transaction. After all material terms of a transaction are agreed upon, we identify the buyer and seller to each other and leave them to settle the trade directly. We are exposed to credit risk for commissions we bill to clients for agency brokerage services. Participation in matched principal, principal, or agency transactions subjects us to disputes, counterparty credit risk, lack of liquidity, operational failure or other market wide or counterparty specific risks. Any losses arising from such risks could adversely affect our financial condition or results of operations. In addition, the failure of a significant number of counterparties or a counterparty that holds a significant amount of derivatives exposure, or that has significant financial exposure to, or reliance on, the mortgage, asset- backed or related markets, could have a material adverse effect on the trading volume and liquidity in a particular market for which we provide brokerage services or on the broader financial markets. We have policies and procedures to identify, monitor and manage these risks, through reporting and control procedures and by monitoring credit standards applicable to our clients. These policies and procedures, however, may not be fully effective. Some of our risk management methods will depend upon the evaluation of information regarding markets, clients or other matters that are publicly available or otherwise accessible by us. That information may not, in all cases, be accurate, complete, up- to- date or properly evaluated. If our policies and procedures are not fully effective or we are not always successful in monitoring or evaluating the risks to which we may be exposed, our financial condition or results of operations could be adversely affected. In addition, we may not be able to obtain insurance to cover all of the types of risks we face and any insurance policies we do obtain may not provide adequate coverage for covered risks. Credit risk refers to the risk of loss arising from borrower, counterparty or obligor default when a borrower, counterparty or obligor does not meet its obligations. We incur significant credit risk exposure through our Capital Markets segment. This risk may arise from a variety of business activities, including but not limited to extending credit to clients through various lending commitments; providing short or long- term funding that is secured by physical or financial collateral whose value may at times be insufficient to fully cover the loan repayment amount; entering into swap or other derivative contracts under which counterparties have obligations to make payments to us; and posting margin and / or collateral to clearing houses, clearing agencies, exchanges, banks, securities firms and other financial counterparties. We incur credit risk in traded securities and loan pools whereby the value of these assets may fluctuate based on realized or expected defaults on the underlying obligations or loans. There is a possibility that continued difficult economic conditions may further negatively impact our clients and our current credit exposures. Although we regularly review our credit exposures, default risk may arise from events or circumstances that are difficult to detect or foresee. We are exposed to various risks related to margin requirements under repurchase agreements and securities financing arrangements and are highly dependent on our clearing relationships. We maintain repurchase agreements with various third- party financial institutions and other counterparties. Under those repurchase agreements we act as both a buyer and a seller of the subject securities. Our business related to these repurchase agreements is predominantly matched, meaning that we do not purchase or sell securities unless there is another institution prepared to simultaneously purchase or sell securities to or from us, as applicable. There are limits to the amount of securities that may be transferred pursuant to these agreements, and available lines both for us and our counterparties for whom we purchase securities are approved on a case- by- case basis after each counterparty has gone through a credit review process. The repurchase agreements we execute with our counterparties include substantive provisions other than those covenants and other customary provisions contained in standard master repurchase agreements. However, while these additional provisions may work to mitigate some of the risks related to repurchase agreement transactions, these additional substantive provisions do not guarantee the performance of a counterparty or alleviate all of the potential risks we could face from entering into repurchase agreement transactions. The repurchase agreements generally require a seller under a repurchase agreement to transfer additional securities to the counterparty who is acting as the buyer under the repurchase agreement in the event that the value of the securities then held by the buyer falls below specified levels. Each repurchase agreement contains events of default in cases where a counterparty breaches its obligations under the agreement. When we are acting in the capacity of a seller under these agreements, we receive margin calls from time to time in the ordinary course of business, and no assurance can be given that we will be able to satisfy requests from our counterparties to post additional collateral in the future. Similarly, when we are acting in the capacity of a buyer under these agreements **,** we make margin calls from time to time to our seller counterparties in the ordinary course of business and no assurance can be given that our counterparties will have adequate funds or collateral to satisfy such margin call requirements. Generally, if there was an event of default under a repurchase agreement, such event of default would provide the non- defaulting counterparty with the option to terminate all outstanding repurchase transactions with us and make all amounts due from the defaulting counterparty immediately payable. However, there can be no assurance that any such defaulting counterparty will have the funds or collateral needed to fully satisfy any such margin call or other amount due. Generally, repurchase obligations are full recourse obligations and if we were to default under a repurchase obligation, the counterparty would have recourse to our other assets if the collateral was insufficient to satisfy our obligation in full. In addition, our clearing brokers provide securities financing arrangements including margin arrangements and securities borrowing and lending arrangements. These arrangements generally require us to **(i)** transfer additional securities or cash to the clearing broker in the event that the value of the securities then held by the clearing broker in the margin account falls below specified levels and **(ii)** contain events of default that would be triggered if we were to breach our obligations under such agreements. An event of default under a clearing agreement would give the clearing broker the option to terminate the clearing arrangement and any amounts owed to the clearing broker would be immediately due and payable. These obligations are full recourse to us. Furthermore, we are highly dependent on our relationships with our clearing brokers. Any termination of our clearing arrangements whether due to a breach of the agreement by us or a default, bankruptcy or reorganization of a clearing broker would result in a significant disruption to our business as we clear all trades through these entities. Any such termination would have a significant negative impact on our dealings and ~~relationship~~ **relationships** with our customers and there is no guarantee we would be able to replace any such clearing broker on similar terms. We have market risk exposure from unmatched principal transactions entered into by our brokerage desks, which could result in substantial losses to us and adversely affect our financial condition and results of operations. We allow certain of our brokerage desks access to limited amounts of capital to enter into unmatched principal transactions in the ordinary course of business for the purpose of facilitating clients' execution needs for transactions initiated by such clients or to add liquidity to certain illiquid markets. As a result, we have market risk exposure on these unmatched principal transactions. Our exposure will vary based on the size of the overall positions, the terms and liquidity of the instruments brokered, and the amount of time the positions will be held before we dispose of the positions. We do not track our exposure to unmatched positions on an intra- day basis. These unmatched positions are intended to be held short- term, however, due to a number of factors, including the nature of a position and access to the market on which we trade, we may not be able to match each position or effectively hedge our exposure and often may be forced to hold a position overnight that has not been hedged. To the extent any unmatched positions are not disposed of intra-day, we mark those positions to market. Adverse movements in the securities underlying the positions or a downturn or disruption in the markets for the positions could result in our sustaining a substantial loss. In addition, any principal gains and losses resulting from these positions could, from time to time, have a disproportionate positive or negative effect on our financial condition and results of operations for a particular reporting period. In recent years, we have experienced significant pricing pressures on trading margins and commissions, primarily in debt trading. In the fixed income market, regulatory requirements have resulted in greater price transparency, leading to increased price competition and decreased trading margins. The trend toward using alternative trading systems is continuing to grow, which may result in decreased commission and trading revenue, reduce our participation in the trading markets and our ability to access market information, and lead to the creation of new and stronger competitors. Additional pressure on sales and trading revenue may impair the profitability of our brokerage business. We believe that price competition and pricing pressures in these and other areas will continue as institutional investors continue to reduce the amounts they are willing to pay, including reducing the number of brokerage firms they use, and some of our competitors seek to obtain market share by reducing fees, commissions or margins. We may enter into transactions in which we commit our own capital as part of our trading business. The number and size of these transactions may materially affect our results of operations in a given period. We may also incur significant losses from our trading activities due to market fluctuations and volatility from quarter to quarter. We maintain trading positions in the fixed income markets to facilitate client **-** trading activities. To the extent that we own security positions, in any of those markets, a downturn in the value of those securities or in those markets could result in losses from a decline in value. Conversely, to the extent that we have sold securities we do not own in any of those markets, an upturn in those markets could expose us to potentially unlimited losses as we attempt to acquire the securities in a rising market. Moreover, taking such positions in times of significant volatility can lead to significant unrealized losses, which further impact our ability to borrow to finance such activities. A significant portion of our revenue is derived from trading in which we act as principal. The Company may incur trading losses relating to the purchase, sale or short sale of corporate and asset- backed fixed income securities and other securities for our own account and from other principal trading. In any period, we may experience losses as a result of price declines, lack of trading volume, general market conditions, employee inexperience, errors or misconduct, or illiquidity. From time to time, we may engage in a large block trade in a single security or maintain large position concentrations in a single security, securities of a single issuer, or securities of issuers engaged in a specific industry. In general, any downward price movement in these securities could result in a reduction of our revenues and profits. In addition, we may engage in hedging transactions and strategies that may not properly mitigate losses in our principal positions. If the transactions and strategies are not successful, we could suffer significant losses. Our principal investments are subject to various risks and expose us to a significant risk of capital loss, which may materially and adversely affect our results of operations and cash flows. We use a portion of our own capital in a variety of principal investment activities, each of which involves risks of illiquidity, loss of principal and revaluation of assets. As of December 31, ~~2022~~ **2023** , we had $ ~~28~~ **72** . ~~0~~ **2** million in other investments, at fair value. We may use our capital, including on a leveraged basis, for principal investments in both private and public company securities that may be illiquid and volatile. The equity securities of any privately held entity in which we make a principal investment are likely to be restricted as to resale and may otherwise be highly illiquid. In the case of ~~fund,~~ SPAC- related or similar investments, our investments may be illiquid until such investment vehicles are liquidated. We expect that there will be restrictions on our ability to resell any such securities that we acquire for a period of time after we acquire such securities. Thereafter, a public market sale may be subject to volume limitations or be dependent upon securing a registration statement for an initial, and potentially secondary, public offering of the securities. Even if we make an appropriate investment decision, we cannot be assured that general market conditions will not cause the market value of our investments to decline. For example, an increase in interest rates, a general decline in the equity markets, or other market and industry conditions adverse to the type of investments we make and intend to make could result in a decline in the value of our investments or a total loss of our investment. There are no regularly quoted market prices for **some** ~~a number~~ of the investments we make. The value of our investments is determined using fair value methodologies described in **our** valuation policies, which may take into consideration, among other things, the nature of the investment, the expected cash flows from the investment, bid or ask prices provided by third parties for the investment, the trading price of recent sales of securities (in the case of publicly traded securities), restrictions on transfer, and other recognized valuation methodologies. The methodologies we use in valuing individual investments are based on estimates and assumptions specific to the particular investments. Therefore, the value of our investments does not necessarily reflect the prices that would actually be obtained by us when such investments are sold. Realizations at values significantly lower than the values at which investments have been previously held would result in ~~loses~~ **losses** of potential incentive income and principal investments. In addition, in our principal investment activities, our concentrated holdings, illiquidity and market volatility may make it difficult to value certain of our investment securities. Subsequent valuations, in light of factors then prevailing, may result in significant changes in the values of these securities in future periods. In addition, at the time of any sales and settlements of these securities, the price we ultimately realize will depend on the demand and liquidity in the market at that time and may be materially lower than current fair value of such securities. Any of these factors could require us to take write- downs in the value of our investment and securities portfolio, which may have an adverse effect on our results of operations in future periods. If we are unable to manage any of these risks effectively, our results of operations and cash flows could be materially and adversely affected ~~. Transition away from LIBOR as a benchmark reference for interest rates may affect the cost of capital and may require amending or restructuring existing debt instruments and related hedging arrangements for us, our investment funds and our separately managed accounts, and may impact the value of floating rate securities based on LIBOR we, our investment funds or our separately managed accounts hold or may hold in the future, which may result in additional costs or adversely affect our, our funds' or our separately managed accounts' liquidity, results of operations and financial condition. We currently have $ 48, 125 of par value debt which incurs interest based on the London interbank offered rate (" LIBOR "). The U. K. Financial Conduct Authority (the authority that regulates LIBOR) announced that it will cease publication of the most commonly used U. S. dollar LIBOR tenors after June 30, 2023, though the less commonly used tenors ceased publication after December 31, 2021. U. S. federal banking agencies have issued guidance to strongly encourage institutions to cease entering into contracts that reference LIBOR by December 31, 2021. Central banks and regulators in the U. S. and other jurisdictions are working to implement the transition to suitable replacements for LIBOR. As an alternative to LIBOR, for example, the U. S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U. S. financial institutions, has recommended replacing U. S. dollar LIBOR with the Secured Overnight Financing Rate (" SOFR "), a new index calculated based on short- term repurchase agreements, backed by Treasury securities. Although there have been a number of issuances utilizing different variants of SOFR, or the Sterling Over Night Index Average, an alternative reference rate that is used for transactions based on Pounds Sterling, many existing loans based on LIBOR remain to be transitioned to a replacement rate, and market participants are still working to develop workable transition mechanisms, including coordination with related hedging arrangements. As such, it is not possible to predict all potential effects of these changes on U. S. and global credit markets. The administrator of LIBOR announced its intention to extend the publication of U. S. dollar LIBOR (except for the one- week and two- month tenors) until June 30, 2023, subject to a consultation process, and the Federal Reserve Board, the Alternative Reference Rates Committee and the International Swaps and Derivatives Association also issued concurrent statements agreeing with such announcement. Our investments funds and our separately managed accounts may need to amend or restructure our existing LIBOR- based debt instruments and any related hedging arrangements that extend beyond June 30, 2023, which may be difficult, costly and time consuming. In addition, from time to time our investment funds and separately managed accounts invest in floating rate loans and investment securities whose interest rates are indexed to LIBOR. Uncertainty as to the nature of alternative reference rates and as to potential changes or other reforms to LIBOR, or any changes announced with respect to such reforms, may result in a sudden or prolonged increase or decrease in the reported LIBOR rates and the value of LIBOR- based loans and securities, including those of other issuers we or our funds currently own or may in the future own,~~

~~and may impact the availability and cost of hedging instruments and borrowings, including potentially, an increase to our and our funds' and separately managed accounts' interest expense and cost of capital. Any increased costs or reduced profits as a result of the foregoing may adversely affect our liquidity, results of operations and financial condition~~ . The historical returns of our funds and managed accounts may not be indicative of the future results of our funds and managed accounts. The historical returns of our funds and managed accounts should not be considered indicative of future results expected from such fund and managed accounts or from any future funds we may raise or managed accounts we may open. Our rates of return reflect unrealized gains, as of the applicable measurement date, which may never be realized due to changes in market and other conditions not in our control that may adversely affect the ultimate valuation of the investments in a fund. The returns of our funds may have also benefited from investment opportunities and general market conditions that may not repeat themselves, and there can be no assurance that our current or future funds will be able to avail themselves of profitable investment opportunities. Furthermore, the historical and potential future returns of the funds we manage also may not necessarily bear any relationship to potential returns on our shares. In the past several years, the financial services industry has been the subject of heightened scrutiny by regulators around the globe. In particular, the SEC and its staff have focused more narrowly on issues relevant to alternative asset management firms, forming specialized units devoted to examining such firms and, in certain cases, bringing enforcement actions against the firms, their principals and employees. In the last few years, there were a number of enforcement actions within the industry. The SEC announced that the 2020 examination priorities for the Office of Compliance Inspections and Examinations include such items as market infrastructure, information security, and anti- money laundering programs, but the SEC also signaled its intention to examine firms in emerging risk areas, such as robo- advice, digital assets, cybersecurity, SPACs, and new rules under the Investment Advisers Act of 1940, as amended and interpretations on standards of care. It is unclear, however, whether the SEC and its staff will increase the level of enforcement if, in the future, there is an effort on the part of the federal government to increase restrictions on business conduct, which could result in significant changes in, and uncertainty with respect to, legislation, regulation and government policy. Some of our asset management clients generally may redeem their investments, which could reduce our asset management fee revenues. Our asset management fund agreements generally permit investors to redeem their investments with us after an initial " lockup " period, during which redemptions are restricted or penalized. However, any such restrictions may be waived by us. Thereafter, redemptions are permitted at quarterly or annual intervals. If the return on the assets under our management does not meet investors' expectations, investors may elect to redeem their investments and invest their assets elsewhere, including with our competitors. Our management fee revenues correlate directly with the amount of assets under our management; therefore, redemptions may cause our fee revenues to decrease. Investors may decide to reallocate their capital away from us and to other asset managers for a number of reasons, including poor relative investment performance, changes in prevailing interest rates that make other investments more attractive, changes in investor perception regarding our focus or alignment of interest, dissatisfaction with changes in or a broadening of a fund' s investment strategy, changes in our reputation, and departures or changes in responsibilities of key investment professionals. For these and other reasons, the pace of redemptions and corresponding reduction in our assets under management could accelerate. In the future, redemptions could require us to liquidate assets under unfavorable circumstances, which would further harm our reputation and results of operations. We have been working to grow our asset management business and we compete as an investment manager for both fund investors and investment opportunities. The investment management business is highly fragmented, with our competitors consisting primarily of sponsors of public and private investment funds, real estate development companies, SPACs, business development companies, investment banks, commercial finance companies and operating companies acting as strategic buyers of businesses. We believe that competition for fund investors is based primarily on: • investment performance; • investor liquidity and willingness to invest; • investor perception of investment managers' drive, focus and alignment of interest; • business reputation; • the quality of services provided to fund investors; • pricing; • fund terms (including fees); and • the relative attractiveness of the types of investments that have been or will be made. We believe that competition for investment opportunities is based primarily on the pricing, terms and structure of a proposed investment and certainty of execution. A number of factors serve to increase our competitive risks: • our competitors may have greater financial, technical, marketing and other resources and more personnel than we do, and, in the case of some asset classes or geographic regions, longer operating histories, more established relationships, greater expertise or a better reputation; • fund investors may materially decrease their allocations in new funds due to their experiences following an economic downturn, the limited availability of capital, regulatory requirements or a desire to consolidate their relationships with investment firms; • certain of our competitors may have agreed to terms with respect to their investment funds or products that are more favorable to investors than our funds or products, such as lower management fees, greater fee sharing or higher performance hurdles for carried interest and, therefore, we may be forced to match or otherwise revise our terms to be less favorable to us than they have been in the past; • certain of our funds may not perform as well as competitors' funds or other available investment products; • our competitors have raised or may raise significant amounts of capital, and many of them have similar investment objectives and strategies to our funds, which may create additional competition for investment opportunities and may reduce the size and duration of pricing inefficiencies that many alternative investment strategies seek to exploit; • certain of our competitors may have a lower cost of capital and access to funding sources that are not available to us, which may create competitive disadvantages for us with respect to investment opportunities; • certain of our competitors may have higher risk tolerances, different risk assessments or lower return thresholds, which could allow them to consider a wider variety of investments and to bid more aggressively than us for investments; • certain of our competitors may be subject to less regulation or less regulatory scrutiny and accordingly, may have more flexibility to undertake and execute certain businesses or investments than we do and / or bear less expense to comply with such regulations than we do; • there are relatively few barriers to entry impeding the formation of new funds, including a relatively low cost of entering these businesses, and the successful efforts of new entrants into our various lines of business, including major commercial and investment banks and other financial institutions, have resulted in increased competition; • certain fund investors may prefer to invest with an investment manager that is not publicly traded, is larger or manages more investment products; and • other industry participants will from time to time seek to recruit our investment professionals and other employees away from us. We may lose investment opportunities in the future if we do not match investment prices, structures and terms offered by competitors. Our competitors that are corporate buyers may be able to achieve synergistic cost savings in respect of an investment, which may provide them with a competitive advantage in bidding for an investment. Alternatively, we may experience decreased investment returns and increased risks of loss if we match investment prices, structures and terms offered by competitors. Moreover, as a result, if we are forced to compete with other investment firms on the basis of price, we may not be able to maintain our current fund fee, carried interest or other terms. There is a risk that fees and carried interest in the alternative investment management industry will decline, without regard to the historical performance of a manager. Fee or carried interest income reductions on existing or future funds, without corresponding decreases in our cost structure, could materially and adversely affect our revenues and profitability. In addition, if interest rates were to rise or if market conditions for competing investment products become or are more favorable and such products begin to offer rates of return superior to those achieved by our funds, the attractiveness of our funds relative to investments in other investment products could decrease. This competitive pressure could materially and adversely affect our ability to make successful investments and limit our ability to raise future funds, either of which could adversely impact our business, results of operations and cash flow. If the investments we have made or make on behalf of our investment funds and separately managed accounts perform poorly, we will suffer a decline in our asset management revenue and earnings because some of our fees are subject to the credit performance of the portfolios of assets. In addition, the investors in our investment funds and our separately managed accounts may seek to terminate our management agreements based on poor performance. Any of these results could adversely affect our results of operations and our ability to raise capital for future investment funds and separately managed accounts. Our revenue from our asset management business is partially derived from management fees paid by the investment funds and separate accounts we manage. In the case of the investment funds and separately managed accounts, our management fees are based on the equity of and net income earned by the vehicles, which is substantially based on the performance of the securities in which they invest. In addition, investment performance is one of the most important factors in retaining existing investors and competing for new asset management business. Investment performance may be poor as a result of current or future difficult market or economic conditions, including changes to interest rates or inflation, terrorism or political uncertainty, our investment style, the particular investments that we make, and other factors beyond our control. In the event that our investment funds or separately managed accounts perform poorly, our asset management revenues and earnings will suffer a decline. We may be unable to raise capital for new investment funds or separately managed accounts to offset any losses we may experience. In addition, our management contracts may be terminated for various reasons. Any agreement to indemnify a SPAC against certain claims could negatively affect our financial results. In connection with our investments in SPACs in which we sponsor, we have agreed to and may continue to agree in the future to, indemnify ~~the~~ **a** SPAC for all claims by third parties for services rendered or products sold to the SPAC, or claims by any prospective target business with which the SPAC discusses entering into a transaction agreement, subject to certain limitations. Our indemnification of ~~the~~ **a** SPAC with respect to any such claims could negatively affect our financial results. In addition, if the SPAC liquidates, we may be liable to ~~the~~ **a** SPAC under these indemnification obligations. We may in the future make loans to the SPACs in which we sponsor, which may not be repaid, in which event our financial results could be adversely affected. We have made loans to the SPACs in which we have sponsored to fund the SPAC' s operating expenses following its IPO and may continue to do so in the future. These loans generally bear no interest and, if a SPAC consummates a business combination in the required time frame, we would expect the loan to be repaid from the funds held in the SPAC' s trust account. If a SPAC to which we have loaned funds does not consummate a business combination in the required time frame, no funds from the SPAC' s trust account will be available to repay any loan we have made to such SPAC. If these loans are not repaid, our financial results could be adversely affected. Our executive officers and members of our senior management team may allocate some portion of their time to the business of the SPACs of which we are a sponsor and to the SPACs of third party entities, which may create conflicts of interest in their determination as to how much time to devote to our affairs and may have a negative impact on our business. Our executive officers and members of our senior management team **have** ~~serve~~ **served** key roles in the SPACs of which we are a sponsor. **Our** ~~For example, John Butler, our Managing Director of U. S. Insurance Strategy, serves as the Chief Executive Officer and President of the Insurance SPAC III and Joseph Pooler, our Chief Financial Officer, serves as the Chief Financial Officer of the Insurance SPAC III. We also anticipate that our~~ executive officers and members of our senior management team ~~will~~ **may** serve as key employees for future SPACs of which we are the sponsors. If our executive officers' and members of our senior management team' s involvement in the business affairs of the SPACs of which we are a sponsor require any of them to devote substantial amounts of time to such affairs, it could limit their ability to devote time to our business affairs, which may have a negative impact on our business. Daniel G. Cohen is a member of Cohen Circle, a fintech investing platform and the sponsor of third party SPACs. Mr. Cohen' s involvement in Cohen Circle could also limit his ability to devote time to our business affairs, which may have a negative impact on our business. In addition, Joseph Pooler, our Chief Financial Officer and Douglas Listman, our Chief Accounting Officer serve as Chief Financial Officer of certain SPACs sponsored by Cohen Circle. We seek to manage, monitor, and control our operational, legal and regulatory risk through operational and compliance reporting systems, internal controls, management review processes and other mechanisms, and may not fully mitigate the risk exposure of our businesses in all economic or market environments or protect against all types of risk. Further, our risk management methods may not effectively predict future risk exposures, which could be significantly greater than the historical measures indicate. In addition, some of our risk management methods are based on an evaluation of information regarding markets, clients, and other matters that are based on assumptions that may no longer be accurate. A failure to adequately manage our growth, or to effectively manage our risk, could materially and adversely affect our business and financial condition. In addition, we are deploying our own capital in our funds and in principal investments, and limitations on our ability to withdraw some or all of our investments in these funds or liquidate our investment positions, whether for legal, reputational, illiquidity or other reasons, may make it more difficult for us to control the risk exposures relating to these investments. We are highly dependent on information and communications systems. Systems failures could significantly disrupt our business, which may, in turn, negatively affect our operating results. Our business will depend, to a substantial degree, on the proper functioning of our information and communications systems and our ability to retain the employees and consultants who operate and maintain these systems. Any failure or interruption of our systems, due to systems failures, staff departures or otherwise, could result in delays, increased costs or other problems which could have a material adverse effect on our operating results. A disaster, such as water damage to an office, an explosion or a prolonged loss of electrical power, could materially interrupt our business operations and cause material financial loss, regulatory actions, reputational harm or legal liability. In addition, if security measures contained in our systems are breached as a result of third- party action, employee error, malfeasance or otherwise, our reputation may be damaged, and our business could suffer. We have developed a business continuity plan, however, there are no assurances that such plan will be successful in preventing, timely and adequately addressing, or mitigating the negative effects of any failure or interruption. There can be no assurance that our information systems and other technology will continue to be able to accommodate our operations, or that the cost of maintaining the systems and technology will not materially increase from the current level. A failure to accommodate our operations, or a material increase in costs related to information systems and technology, could have a material adverse effect on our business. Our market is characterized by rapidly changing technology. To be successful, we must adapt to this rapidly changing environment by continually improving the performance, features, and reliability of our services. We could incur substantial costs if we need to modify our services or infrastructure or adapt our technology to respond to these changes **(including in response to artificial intelligence or other emerging technologies)** . A delay or failure to address technological advances and developments or an increase in costs resulting from these changes could have a material and adverse effect on our business, financial condition and results of operations. Failure to protect client data or prevent breaches of our information systems could expose us to liability or reputational damage. The secure transmission of confidential information over public networks is a critical element of our operations. We are dependent on information technology networks and systems to securely process, transmit and store electronic information and to communicate among our locations and with our clients and vendors. As the breadth and complexity of this infrastructure continue to grow, the potential risk of security breaches and cyber- attacks increases. As a financial services company, we may be subject to cyber- attacks and phishing scams by third parties. In addition, vulnerabilities of our external service providers and other third parties could pose security risks to client information. Such breaches could lead to shutdowns or disruptions of our systems and potential unauthorized disclosure of confidential information and violations of privacy laws and regulations. In providing services to clients, we manage, utilize and store sensitive and confidential client data, including personal data. As a result, we are subject to numerous laws and regulations designed to protect this information, such as U. S. federal and state laws and foreign regulations governing the protection of personally identifiable information. These laws and regulations are increasing in complexity and number, change frequently and sometimes conflict. If any person, including any of our employees, negligently disregards or intentionally breaches our established controls with respect to client data, or otherwise mismanages or misappropriates that data, we could be subject to significant monetary damages, regulatory enforcement actions, fines and / or criminal prosecution in one or more jurisdictions. Unauthorized disclosure of sensitive or confidential client data, whether through systems failure, employee negligence, fraud or misappropriation, could damage our reputation and cause us to lose clients. Similarly, unauthorized access to or through our information systems, whether by our employees or third parties, including a cyber- attack by computer programmers and hackers who may deploy viruses, worms or other malicious software programs, could result in negative publicity, significant remediation costs, legal liability, financial responsibility under our security guarantee to reimburse clients for losses resulting from unauthorized activity in their accounts and damage to our reputation and could have a material adverse effect on our results of operations. Further, the General Data Protection Regulation (“ GDPR ”) requires entities processing the personal data of individuals in the European Union to meet certain requirements regarding the handling of that data. Failure to meet GDPR requirements could result in substantial penalties and materially adversely impact our financial results. The occurrence of any of these incidents could result in reputational damage, adverse publicity, loss of consumer confidence, reduced sales and profits, complications in executing our growth initiatives and regulatory and legal risk, including criminal penalties or civil liabilities. In addition, our liability insurance might not be sufficient in type or amount to cover us against claims related to security breaches, cyber- attacks, phishing scams and other related breaches. Our broker- dealer relies on Pershing LLC to provide clearing services, as well as other operational and support functions that cannot be provided for internally. In addition, currently all of our margin financing is obtained from Pershing LLC. As of December 31, ~~2022~~ **2023** , our total margin loan payable to Pershing LLC is $ ~~135~~ **111** . ~~0~~ **1** million. If our relationship with Pershing LLC is terminated, there can be no assurance that the functions and margin loan financing previously provided could be replaced on comparable economic terms. Our substantial level of indebtedness could adversely affect our financial health and ability to compete. In addition, our failure to satisfy the financial covenants in our debt agreements could result in a default and acceleration of repayment of the indebtedness thereunder. Our balance sheet includes approximately $ 52. 6 million par value of recourse indebtedness. Our indebtedness could have important consequences to our stockholders. For example, our indebtedness could: • make it more difficult for us to pay our debts as they become due during general adverse economic and market industry conditions because any related decrease in revenues could cause our cash flows from operations to decrease and make it difficult for us to make our scheduled debt payments; • limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate and consequently, place us at a competitive disadvantage to our competitors with less debt; • require a substantial portion of our cash flow from operations to be used for debt service payments, thereby reducing the availability of our cash flow to fund working capital,

capital expenditures, acquisitions and other general corporate purposes; • limit our ability to borrow additional funds to expand our business or alleviate liquidity constraints, as a result of financial and other restrictive covenants in our indebtedness; and • result in higher interest expense in the event of increases in interest rates since some of our borrowings are and will continue to be, at variable rates of interest. Under the junior subordinated notes related to the Alesco Capital Trust, we are required to maintain a total debt to capitalization ratio of less than 0. 95 to 1. 0. Also, because the aggregate amount of our outstanding subordinated debt exceeds 25 % of our net worth, we are unable to issue any further subordinated debt. As of December 31, ~~2022~~ **2023**, we have a substantial amount of debt with variable interest rates. We may experience material increases in our interest expense as a result of increases in general interest rate levels. In addition, our indebtedness imposes restrictions that limit our discretion with regard to certain business matters, including our ability to engage in consolidations and mergers and our ability to transfer and lease certain of our properties. Such restrictions could make it more difficult for us to expand, finance our operations and engage in other business activities that may be in our interest. Our ability to comply with these and any other provisions of such agreements will be affected by changes in our operating and financial performance, changes in business conditions or results of operations, adverse regulatory developments or other events beyond our control. The breach of any of these covenants could result in a default, which could cause our indebtedness to become due and payable. If the maturity of our indebtedness were accelerated, we may not have sufficient funds to pay such indebtedness. Any additional indebtedness we may incur in the future may subject us to similar or even more restrictive conditions. Accounting rules for certain of our transactions are highly complex and involve significant judgment and assumptions. Changes in accounting interpretations or assumptions could adversely impact our financial statements. Accounting rules for transfers of financial assets, income taxes, compensation arrangements including share- based compensation, securitization transactions, consolidation of variable interest entities, determining the fair value of financial instruments and other aspects of our operations are highly complex and involve significant judgment and assumptions. These complexities could lead to delay in preparation of our financial information. Changes in accounting interpretations or assumptions could materially impact our financial statements. We may change our investment strategy, hedging strategy, asset allocation and operational policies without our stockholders' consent, which may result in riskier investments and adversely affect the market value of our Common Stock. We may change our investment strategy, hedging strategy, asset allocation and / or operational policies at any time without the consent of our stockholders. A change in our investment or hedging strategy may increase our exposure to various risks including interest rate and exchange rate fluctuations. Furthermore, our board of directors will determine our operational policies and may amend or revise our policies, including polices with respect to our acquisitions, growth, operations, indebtedness, capitalization and distributions, or our board may approve transactions that deviate from these policies without a vote of, or notice to, our stockholders. Operational policy changes could adversely affect the market value of our Common Stock. Maintenance of our Investment Company Act exemption imposes limits on our operations, and loss of our Investment Company Act exemption would adversely affect our operations. We seek to conduct our operations so that we are not required to register as an investment company under the Investment Company Act. Section 3 (a) (l) (C) of the Investment Company Act of 1940, as amended (the " Investment Company Act "), defines an " investment company " as any issuer that is engaged or proposes to engage in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire investment securities having a value exceeding 40 % of the value of the issuer' s total assets (exclusive of U. S. government securities and cash items) on an unconsolidated basis. Excluded from the term " investment securities, " among other things, are securities issued by majority-owned subsidiaries that are not themselves investment companies and are not relying on the exception from the definition of investment company set forth in Section 3 (c) (l) or Section 3 (c) (7) of the Investment Company Act. We are a holding company that conducts our business primarily through the Operating LLC as a voting- controlled subsidiary. Whether or not we qualify under the 40 % test is primarily based on whether the securities we hold in the Operating LLC are investment securities. If we were required to register as an investment company under the Investment Company Act, we would become subject to substantial regulation with respect to our capital structure (including our ability to use leverage), management, operations, transactions with affiliated persons (as defined in the Investment Company Act) and other matters. Such limitations could have a material adverse effect on our business and operations. As of December 31, ~~2022~~ **2023**, we are in compliance with and meet the Section 3 (a) (1) (C) exclusion. We face the risk of operational failure, termination or capacity constraints of any of the clearing agents, exchanges, clearing houses or other financial intermediaries that we use to facilitate our securities transactions. As a result of the consolidation over the years of clearing agents, exchanges and clearing houses, our exposure to certain financial intermediaries has increased and could affect our ability to find adequate and cost- effective alternatives should the need arise. Any failure, termination or constraint of these intermediaries could adversely affect our ability to execute transactions, service our clients and manage our exposure to risk. Our ability to engage in routine trading and funding transactions could be adversely affected by the actions and commercial soundness of other financial institutions. Financial services institutions are interrelated as a result of trading, clearing, funding, and counterparty or other relationships. We have exposure to many different industries and counterparties, and we routinely execute transactions with counterparties in the financial industry, including brokers and dealers, commercial banks, investment banks, mortgage originators and other institutional clients ~~. Furthermore, although we do not hold any European sovereign debt, we may do business with and be exposed to financial institutions that have been affected by the recent European sovereign debt crisis~~. As a result, defaults by, or even rumors or questions about the financial condition of, one or more financial services institutions, or the financial services industry generally, have historically led to market- wide liquidity problems and could lead to losses or defaults by us or by other institutions. Many of these transactions expose us to credit risk in the event of default of our counterparty or client. In addition, our credit risk may be exacerbated when the collateral held by us cannot be realized or is liquidated at prices insufficient to recover the full amount of the loan or derivative exposure due us. Although we have not suffered any material or significant losses as a result of the failure of any financial counterparty, any such losses in the future may materially adversely affect our results of operations. We operate in a highly regulated industry and may face restrictions on, and examination of, the way we conduct certain of our operations. Our business is subject to extensive government and other regulation, and our relationship with our broker- dealer clients may subject us to increased regulatory scrutiny. These regulations are designed to protect the interests of the investing public generally rather than our stockholders and may result in limitations on our activities. Governmental and self- regulatory organizations, including the SEC, FINRA, the Commodity Futures Trading Commission and other agencies and securities exchanges such as the NYSE and NYSE American regulate the U. S. financial services industry, and regulate certain of our operations in the U. S. Some of our international operations are subject to similar regulations in their respective jurisdictions, including rules promulgated by the ACPR which apply to our operations in France. These regulatory bodies are responsible for safeguarding the integrity of the securities and other financial markets and protecting the interests of investors in those markets. In addition, all records of registered investment advisors and broker- dealers are subject at any time, and from time to time, to examination by the SEC. Some aspects of the business that are subject to extensive regulation and / or examination by regulatory agencies, include: • sales methods, trading procedures and valuation practices; • investment decision making processes and compensation practices; • use and safekeeping of client funds and securities; • the manner in which we deal with clients; • the safeguarding of personally identifiable information; • capital requirements; • financial and reporting practices; • required record keeping and record retention procedures; • the licensing of employees; • the conduct of directors, officers, employees and affiliates; • systems and control requirements; • conflicts of interest including, but not limited to allocation of investment opportunities and targets for business combinations for SPACs; • restrictions on marketing, gifts and entertainment; and • client identification and anti- money laundering requirements. The SEC, FINRA, ACPR, and various other domestic and international regulatory agencies also have stringent rules and regulations with respect to the maintenance of specific levels of net capital by broker- dealers. Generally, in the U. S., a broker- dealer' s net capital is defined as its net worth, plus qualified subordinated debt, less deductions for certain types of assets. If these net capital rules are changed or expanded, or if there is an unusually large charge against net capital, our operations that require the intensive use of capital would be limited. Also, our ability to withdraw capital from our regulated subsidiaries is subject to restrictions, which in turn could limit our ability or that of our subsidiaries to pay dividends, repay debt, make distributions , and redeem or purchase shares of our Common Stock or other equity interests in our subsidiaries. A large operating loss or charge against net capital could adversely affect our ability to expand or even maintain our expected levels of business, which could have a material adverse effect on our business. In addition, we may become subject to net capital requirements in other foreign jurisdictions in which we operate. While we expect to maintain levels of capital in excess of regulatory minimums, we cannot predict our future capital needs or our ability to obtain additional financing. If we or any of our subsidiaries fail to comply with any of these laws, rules , or regulations, we or such subsidiary may be subject to censure, significant fines, cease- and- desist orders, suspension of business, suspensions of personnel or other sanctions, including revocation of registrations with FINRA, withdrawal of authorizations from or revocation of registrations with international agencies to whose regulation we are subject, which would have a material adverse effect on our business. The adverse publicity arising from the imposition of sanctions against us by regulators, even if the amount of such sanctions is small, could harm our reputation and cause us to lose existing clients or fail to gain new clients. The authority to operate as a broker- dealer in a jurisdiction is dependent on the registration or authorization in that jurisdiction or the maintenance of a proper exemption from such registration or authorization. Our ability to comply with all applicable laws and rules is largely dependent on our compliance, credit approval, audit and reporting systems and procedures, as well as our ability to attract and retain qualified personnel. Any growth or expansion of our business may create additional strain on our compliance, credit approval, audit and reporting systems and procedures and could result in increased costs to maintain and improve such systems and procedures. In addition, new laws or regulations or changes in the enforcement of existing laws or regulations applicable to us and our clients may adversely affect our business, and our ability to function in this environment will depend on our ability to constantly monitor and react to these changes. Such changes may cause us to change the way we conduct our business, both in the U. S. and internationally. The government agencies that regulate us have broad powers to investigate and enforce compliance and punish noncompliance with their rules, regulations , and industry standards of practice. If we and our directors, officers and employees fail to comply with the rules and regulations of these government agencies, we and they may be subject to claims or actions by such agencies. Substantial legal liability or significant regulatory action could have material adverse financial effects or cause significant reputational harm, either of which could seriously harm our business. We face substantial regulatory and litigation risks and conflicts of interests and may face legal liability and reduced revenues and profitability if our business is not regarded as compliant or for other reasons. We are subject to extensive regulation, and many aspects of our business will subject us to substantial risks of liability. We engage in activities in connection with (1) the evaluation, negotiation, structuring, marketing, and sales and management of our investment funds and financial products, (2) our Capital Markets segment, (3) our asset management operations, and (4) our investment activities. Our activities may subject us to the risk of significant legal liabilities under securities or other laws for material omissions or materially false or misleading statements made in connection with securities offerings and other transactions. In addition, to the extent our clients, or investors in our investment funds and financial products, suffer losses, they may claim those losses resulting from our or our officers', directors', employees', agents' or affiliates' breach of contract, fraud, negligence, willful misconduct or other similar misconduct, and may bring actions against us under federal or state securities or other applicable laws. Dissatisfied clients may also make claims against us regarding quality of trade execution, improperly settled trades, or mismanagement. We may become subject to these claims as the result of failures or malfunctions of electronic trading platforms or other brokerage services, including failures or malfunctions of third- party providers' systems which are beyond our control, and third parties may seek recourse against us for any losses. In addition, investors may claim breaches of collateral management agreements, which could lead to our termination as collateral manager under such agreements. Following the start of the financial crisis in 2007, the volume of claims and amount of damages claimed in litigation and regulatory proceedings against financial advisors and asset managers increased. With respect to the asset management business, we make investment decisions on behalf of our clients that could result in, and in some instances in the past have resulted in, substantial losses. In addition, as a manager, we are responsible for clients' compliance with regulatory requirements. Investment decisions we make on behalf of clients could cause such clients to fail to comply with regulatory requirements and could result in substantial losses. Although ~~the~~ **our** management agreements generally include broad indemnities and provisions designed to limit our exposure to legal claims relating to our services, these provisions may not protect us or may not be enforced in all cases. In addition, we are exposed to risks of litigation or investigation relating to transactions which present conflicts of interest that are not properly addressed. In such actions, we could be obligated to bear legal, settlement and other costs (which may be in excess of available insurance coverage). Also, with a workforce consisting of many very highly paid professionals, we may face the risk of lawsuits relating to claims for compensation, which may individually or in the aggregate be significant in amount. Similarly, certain corporate events, such as a reduction in our workforce or employee separations, could also result in additional litigation or arbitration. In addition, as a public company, we are subject to the risk of investigation or litigation by regulators or our public stockholders arising from an array of possible claims, including investor dissatisfaction with the performance of our business or our share price, allegations of misconduct by our officers and directors or claims that we inappropriately dealt with conflicts of interest or investment allocations. In addition, we may incur significant expenses in defending claims, even those without merit. If any claims brought against us result in a finding of substantial legal liability and / or require us to incur all or a portion of the costs arising out of litigation or investigation, our business, financial condition, liquidity and results of operations could be materially and adversely affected. Such litigation or investigation, whether resolved in our favor or not or ultimately settled, could cause significant reputational harm, which could seriously harm our business. The competitive pressures we face as a result of operating in highly competitive markets could have a material adverse effect on our business, financial condition, liquidity and results of operations. A number of entities conduct asset management, origination, investment, and broker- dealer activities. We compete with public and private funds, SPACs and SPAC sponsors, REITs, commercial and investment banks, savings and loan institutions, mortgage bankers, insurance companies, institutional bankers, governmental bodies, commercial finance companies, traditional asset managers, brokerage firms and other entities. Many firms offer similar and / or additional products and services to the same types of clients that we target or may target in the future. Many of our competitors are substantially larger and have more relevant experience, have considerably greater financial, technical and marketing resources, and have more personnel than we have. There are few barriers to entry, including a relatively low cost of entering these lines of business, and the successful efforts of new entrants into our expected lines of business, including major banks and other financial institutions, may result in increased competition. Other industry participants may, from time to time, seek to recruit our investment professionals and other employees away from us. With respect to our asset management activities, our competitors may have more extensive distribution capabilities, more effective marketing strategies, more attractive investment vehicle structures and broader name recognition than we do. Further, other investment managers may offer services at more competitive prices than we do, which could put downward pressure on our fee structure. With respect to our origination and investment activities, some competitors may have a lower cost of funds, enhanced operating efficiencies, and access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than we can. The competitive pressures we face, if not effectively managed, may have a material adverse effect on our business, financial condition, liquidity and results of operations. Also, as a result of this competition, we may not be able to take advantage of attractive asset management, origination and investment opportunities and, therefore, may not be able to identify and pursue opportunities that are consistent with our business objectives. Competition may limit the number of suitable investment opportunities offered to us. It may also result in higher prices, lower yields and a narrower spread of yields over our borrowing costs, making it more difficult for us to acquire new investments on attractive terms. In addition, competition for desirable investments could delay the investment in desirable assets, which may in turn reduce our earnings per share. With respect to our broker- dealer activities, our revenues could be adversely affected if large institutional clients that we have **(i)** increase the amount of trading they do directly with each other rather than through our broker- dealer, **(ii)** decrease the amount of trading they do with our broker- dealer because they decide to trade more with our competitors, **(iii)** decrease their trading of certain over- the- counter (" OTC ") products in favor of exchange- traded products, or **(iv)** hire in- house professionals to handle trading that our broker- dealer would otherwise be engaged to do. We have experienced intense price competition in our fixed income brokerage business in recent years. Some competitors may offer brokerage services to clients at lower prices than we offer, which may force us to reduce our prices or to lose market share and revenue. In addition, we intend to focus primarily on providing brokerage services in markets for less commoditized financial instruments. As the markets for these instruments become more commoditized, we could lose market share to other inter- dealer brokers, exchanges and electronic multi- dealer brokers who specialize in providing brokerage services in more commoditized markets. If a financial instrument for which we provide brokerage services becomes listed on an exchange or if an exchange introduces a competing product to the products, we broker in the OTC market, the need for our services in relation to that instrument could be significantly reduced. Further, the recent consolidation among exchange firms, and expansion by these firms into derivative and other non- equity trading markets, will increase competition for customer trades and place additional pricing pressure on commissions and spreads. Employee misconduct or error, which can be difficult to detect and deter, could harm us by impairing our ability to attract and retain clients and by subjecting us to significant legal liability and reputational harm. There have been a number of highly publicized cases involving fraud, trading on material non-public information, or other misconduct by employees and others in the financial services industry, and there is a risk that our employees could engage in misconduct that adversely affects our business. For example, we may be subject to the risk of significant legal liabilities under securities or other laws for our employees' material omissions or materially false or misleading statements in connection with securities and other transactions. In addition, our advisory business requires that we deal with confidential matters of great significance to our clients. If our employees were to improperly use or disclose confidential information provided by our clients, we could be subject to regulatory sanctions and could suffer serious harm to our reputation, financial position, current client relationships and ability to attract future clients. We are also subject to extensive regulation under securities laws and other laws in connection with our asset management business. Failure to comply with these legislative and regulatory requirements by any of our employees could adversely affect us and our clients. It is not always possible to deter employee misconduct, and any precautions taken by us to detect and prevent this activity may not be effective in all cases. Furthermore, employee errors, including mistakes in executing, recording or reporting transactions for clients (such as entering into transactions that clients may disavow and refuse to settle) could expose us to financial losses and could seriously harm our reputation and negatively affect our business. The risk of employee error or miscommunication may be greater for products that are new or have non- standardized terms. **We receive financial instruments instead of cash as consideration for some of our services, which may be illiquid, and the price we ultimately realize may be materially lower than their current fair value. The value of the financial instruments which we receive as consideration for our services may be subject to transfer or other restrictions, which may render such securities or financial instruments to be illiquid. Further, the financial instruments may be materially affected by market fluctuations. Market volatility, illiquid market conditions and disruptions in the markets may make it difficult to value and monetize certain of our securities or financial instruments, particularly during periods of market uncertainty. Subsequent valuations in future periods may result in significant changes in the value of these financial instruments. In addition, at the time of any sales and settlements of these financial instruments, the price we ultimately realize will depend on the demand and liquidity in the market at that time and may be materially lower than the fair value at the time we receive them. Any of these factors could cause a decline in the value of financial instruments which we hold. SFA transactions may obligate the Company to make payments on a certain payments at, or subsequent to, maturity which may be made in cash, by returning the acquired interests in kind, or through a combination of both, which could affect our liquidity. A significant component of our principal investment revenue has come from SFAs. SFAs stipulate that we must make a payment to the SFA Counterparty on or subsequent to a certain maturity date, which may be in cash, by returning the acquired assets in kind, or a combination of both. Payment to the SFA Counterparty pursuant to the SFAs may have an adverse impact on our liquidity. We may need to incur additional indebtedness to finance these payments to the extent our cash resources are insufficient to meet our obligations under the SFAs as a result of timing discrepancies or otherwise, and these obligations could negatively effect our business, financial condition, and results of operations.** Risks Related to Our Organizational Structure and Ownership of Our Common Stock We could repurchase shares of our Common Stock at price levels considered excessive, the amount of our Common Stock we repurchase may decrease from historical levels, or we may not repurchase any additional shares of our Common Stock in the future ~~. During 2021 and 2022, 49, 544 and 0 shares of Common Stock, respectively, were repurchased and retired by us both in accordance with our Rule 10b5- 1 trading plan (the " 10b5- 1 Plan ")~~. We could repurchase shares of our Common Stock at price levels considered excessive, thereby spending more cash on such repurchases then deemed reasonable and effectively retiring fewer shares than would be retired if repurchases were effected at lower prices. Further, our future repurchases of shares of our Common Stock, if any, and the number of shares of Common Stock we may repurchase will depend upon our financial condition, results of operations and other factors deemed relevant by our board of directors. There can be no assurance that we will continue our practice of repurchasing shares of our Common Stock or that we will have the financial resources to repurchase shares of our Common Stock in the future. ~~See note 21 to our consolidated financial statements included in this Annual Report on Form 10- K for additional information regarding the 10b5- 1 Plan.~~ We are a holding company whose primary asset is units of membership interests in the Operating LLC, and we are dependent on distributions from the Operating LLC to pay taxes and other obligations. We are a holding company whose primary ~~asset~~ **assets** ~~is~~ **are** units of membership interests in the Operating LLC. Since the Operating LLC is a limited liability company taxed as a partnership, we, as a member of the Operating LLC, could incur tax obligations as a result of our allocable share of the income from the operations of the Operating LLC. In addition, we have convertible senior debt and junior subordinated notes outstanding. The Operating LLC will pay distributions to us in amounts necessary to satisfy our tax obligations and regularly scheduled payments of interest in connection with our convertible senior debt and our junior subordinated notes, and we are dependent on these distributions from the Operating LLC in order to generate the funds necessary to meet these obligations and liabilities. Industry conditions and financial, business and other factors will affect our ability to generate the cash flows we need to make these distributions. There may be circumstances under which the Operating LLC may be restricted from paying dividends to us under applicable law or regulation (for example due to Delaware ~~limited~~ **Limited** ~~liability~~ **Liability** ~~company~~ **Company** ~~act~~ **Act** limitations on the Operating LLC' s ability to make distributions if liabilities of the Operating LLC after the distribution would exceed the value of the Operating LLC' s assets). As a holding company that does not conduct business operations in its own right, substantially all of the assets of the Company are comprised of our minority economic ownership interest in the Operating LLC. The Company' s ability to pay any dividends to our stockholders will be dependent on any distributions we receive from the Operating LLC and subject to the Operating LLC' s operating agreement (the " Operating LLC Agreement "). The amount and timing of distributions by the Operating LLC will be at the discretion of the Operating LLC' s board of managers, which is comprised of Daniel G. Cohen, our Executive Chairman and the majority owner of the Operating LLC, Lester Brafman, our Chief Executive Officer and Joseph W. Pooler, Jr., our Chief Financial Officer. Certain subsidiaries of the Operating LLC have restrictions on the withdrawal of capital and otherwise in making distributions and loans. JVB is subject to net capital restrictions imposed by the SEC and FINRA, which require certain minimum levels of net capital to remain in JVB. In addition, these restrictions could potentially impose notice requirements or limit the Company' s ability to withdraw capital above the required minimum amounts (excess capital) whether through distribution or loan. CCFEL is regulated by the CBI in Ireland and must maintain certain minimum levels of capital. CCFESSA is regulated by the ACPR and must maintain certain minimum levels of capital. Daniel G. Cohen, our Executive Chairman, has significant ownership interests in the Operating LLC and competing duties to other entities (including Cohen Circle) that could create potential conflicts of interest and may result in decisions that are not in the best interests of other Cohen & Company Inc. stockholders. As of December 31, ~~2022~~ **2023** , Daniel G. Cohen, our Executive Chairman, individually and through an entity he wholly owns, Cohen Bros. Financial, LLC (" CBF "), owns 23, ~~476~~ **207** , ~~355~~ **975** units of membership interests (including both unrestricted and restricted units), or 38. ~~8~~ **1** % of the membership interests in the Operating LLC. In addition, as of December 31, ~~2022~~ **2023** , the DGC Trust owns 20, 225, 095 or 33. ~~4~~ **2** % units of the membership interests in the Operating LLC. The DGC Trust was formed by Daniel G. Cohen. Although Daniel G. Cohen is neither a trustee nor a named beneficiary of the DGC Trust and does not have any voting or dispositive control of securities held by the trust, he may be deemed to be a beneficial owner of all securities held by the DGC Trust as a result of his ability to acquire any of the DGC Trust' s assets, including any securities held by the DGC Trust (and, in turn, the sole voting and sole dispositive power with respect to such securities), by substituting other property of an equivalent value without the approval or consent of any person, including any trustee or beneficiary of the DGC Trust. Cohen & Company, Inc. also holds units of membership interests in the Operating LLC and has the majority voting power of the LLC through a proxy granted to it by Mr. Cohen and the DGC Trust. On September 25, 2020, the Securities Purchase Agreement (the" SPA") dated December 30, 2019, by and among the Company, the Operating LLC, Daniel Cohen, and DGC Trust and the Amended and Restated Limited Liability Company Agreement of the Operating LLC were amended to provide that the voting proxy shall be revoked in the event that Daniel G. Cohen and / or his affiliates cease to beneficially own a majority of the voting securities of the Company. See notes 21 and 31. Additionally, as of December 31, ~~2022~~ **2023** , Daniel G. Cohen owns 5. ~~8~~ **4** % of our Common Stock. Further, as of such date, Mr. Cohen could be deemed to be the beneficial owner of additional shares of our Common Stock representing 4. ~~5~~ **2** %, which is owned by EBC 2013 Family Trust (" EBC ") as the result of Mr. Cohen' s position as trustee of the trust and as a result of the fact that Mr. Cohen has sole voting power with respect to all securities held by EBC. As noted above, Daniel G. Cohen may control certain actions of the Company. As an owner of interests in the Operating LLC, Daniel G. Cohen may have interests that differ from the stockholders of the Company, including in circumstances in which there may be tax consequence to the members of the Operating LLC. Further, Daniel G. Cohen' s ownership interests in third party entities, including Cohen Circle, may result in his interests differing from the stockholders of the Company. As a result of his ownership in both the Company, the Operating LLC and third party entities, including Cohen Circle, it is possible that Daniel G. Cohen as a shareholder of the Company could approve or reject actions based on his own interests as a stockholder that may or may not be in the best interests of the other the Company' s stockholders. We are controlled by Daniel G. Cohen, whose interests in our business may be different than our other stockholders, and, as a " controlled company " within the meaning of the rules of NYSE American, our other stockholders will not have the same protections afforded to stockholders of companies that are subject to certain corporate governance requirements. Mr. Cohen currently owns approximately ~~42~~ **41** . ~~9~~ **8** % of the voting power of the Company as a result of his ownership of Common Stock, Series E Preferred Stock and Series F Preferred Stock. Further, the DGC Family Fintech Trust (the " DGC Trust "), a trust formed by Mr. Cohen, owns 9, 880, 268 shares of our Series F Preferred Stock. Our Series F Preferred Stock votes together with the holders of our Common Stock on all matters, entitling the holders thereof to one vote for every ten shares of Series F Preferred Stock held. Accordingly, the shares of Series F Preferred Stock held by the DGC Trust entitle the DGC Trust to 988, 027 votes on matters presented to holders of our Common Stock. Although Daniel G. Cohen is neither a trustee nor a named beneficiary of the DGC Trust and does not have any voting or dispositive control of securities held by the DGC Trust, pursuant to the terms of the DGC Trust, Mr. Cohen has the ability to acquire any of the DGC Trust' s assets, including the 9, 880, 268 units of the membership interests in the Operating LLC held by the DGC Trust (at any time and without the consent of the trustees or beneficiaries of the DGC Trust) by substituting such assets with other property of equivalent value. Accordingly, Mr. Cohen, at any time, could become the owner of the membership interests in the Operating LLC currently held by the DGC Trust and, in turn, an additional 21. ~~9~~ **3** % of the voting power of the Company. As a result of Mr. Cohen' s voting control of the Company, Mr. Cohen has the right to designate all members of our board of directors and his nominees to our board of directors will have the ability to control the appointment of our management, the entering into of mergers, material acquisitions and dispositions and other extraordinary transactions and to influence amendments to our charter, bylaws and other corporate governance documents. So long as Mr. Cohen continues to own a majority of our voting stock, he will have the ability to control the vote in any election of directors and will have the ability to approve or prevent any transaction that requires stockholder approval regardless of whether others believe the transaction are or are not in our best interests. In any of these matters, the interests of Mr. Cohen may differ from or conflict with the interests of our other stockholders. Moreover, this concentration of voting stock ownership may also adversely affect the trading price for our Common Stock to the extent investors perceive disadvantages in owning stock of a company with a controlling stockholder. In addition, because Mr. Cohen controls a majority of our voting stock, we are a " controlled company " within the meaning of the corporate governance standards of NYSE American. Under these rules, a company of which more than 50 % of the voting power is held by an individual, group or another company is a " controlled company " and may elect not to comply with certain corporate governance requirements, including the requirements that a majority of the board of directors consist of independent directors and the requirements that the executive compensation committee and nominating and corporate governance committee each be comprised entirely of independent directors. We may take advantage of certain of these exemptions for as long as we continue to qualify as a " controlled company. " Accordingly, our stockholders may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of NYSE American. Any future distributions to our stockholders will depend upon certain factors affecting our operating results, some of which are beyond our control. ~~Our board of directors has not declared cash dividends recently.~~ Any future distributions to our stockholders will depend upon certain factors affecting our operating results, some of which are beyond our control. Our ability to make cash distributions is based on many factors, including the return on our investments, operating expense levels and certain restrictions imposed by Maryland law. Some of these factors are beyond our control and a change in any such factor could affect our ability to make distributions in the future. We may not be able to make distributions. Our stockholders should rely on increases, if any, in the price of our Common Stock for any return on their investment. Furthermore, we are dependent on distributions from the Operating LLC to be able to make distributions. See the risk factor above titled " We are a holding company whose primary asset is units of membership interest in the Operating LLC and we are dependent on distributions from the Operating LLC to pay taxes and other obligations. " Future sales of our Common Stock in the public market could lower the price of our Common Stock and impair our ability to raise funds in future securities offerings. Future sales of a substantial number of shares of our Common Stock in the public market, or the perception that such sales may occur, could adversely affect the then prevailing market price of our Common Stock and could make it more difficult for us to raise funds in the future through a public offering of our securities. Your percentage ownership in the Company may be diluted in the future. Your percentage ownership in the Company may be diluted in the future because of equity awards that have been, or may be, granted to our directors, officers **,** and employees. We have adopted equity compensation plans that provide for the grant of equity- based awards, including restricted stock, stock options and other equity- based awards to our directors, officers and other employees, advisors and consultants. At December 31, ~~2022~~ **2023** , we had ~~341~~ **367** , ~~059~~ **491** shares of restricted stock outstanding to employees and directors of the Company and there were ~~761~~ **579** , ~~324~~ **391** shares available for future awards under our equity compensation plans. The Operating LLC also has issued ~~6~~ **5** , ~~541~~ **525** , ~~490~~ **330** units that are restricted. Vesting of restricted stock, Operating LLC units, and stock option grants is generally contingent upon performance conditions and / or service conditions. Vesting of those shares of restricted units and stock would dilute the ownership interest of existing stockholders. Equity awards will continue to be a source of compensation for employees and directors. If we raise additional capital, we expect it will be necessary for us to issue additional equity or convertible debt securities. If we issue equity or convertible debt securities, the price at which we offer such securities may not bear any relationship to our value, the net tangible book value per share may decrease, the percentage ownership of our current stockholders would be diluted, and any equity securities we may issue in such offering or upon conversion of convertible debt securities issued in such offering, may have rights, preferences or privileges with respect to liquidation, dividends, redemption, voting and other matters that are senior to or more advantageous than our Common Stock. If we finance acquisitions by issuing equity securities or securities convertible into equity securities, our existing stockholders will also be diluted. The issuance of the shares of Common Stock upon the redemption, if any, of the issued and outstanding LLC Units may cause substantial dilution to our existing stockholders and may cause the price of our Common Stock to decline. There are 60, ~~528~~ **930** , ~~362~~ **382** units of membership interests in the Operating LLC issued and outstanding, including 23, ~~476~~ **207** , ~~355~~ **975** units of membership interests in the Operating LLC beneficially owned by Daniel G. Cohen. Subject to certain restrictions, pursuant to the Operating LLC Agreement, a holder of unrestricted units of membership interests in the Operating LLC may cause the Operating LLC to redeem such units at any time for, at the Company' s option, (A) cash or (B) one share of the Company' s Common Stock for every ten units of membership interests in the Operating LLC. If the outstanding units of membership interests in the Operating LLC are redeemed by the Company for Common Stock, our existing stockholders could be significantly diluted and the price of our Common Stock may decline. See note 21 to our consolidated financial statements included in this Annual Report on Form 10- K. We may not be able to generate sufficient taxable income to fully realize our deferred tax asset, which would also have to be reduced if U. S. federal income tax rates are lowered. As of December 31, ~~2022~~ **2023** , we have recorded a deferred tax asset of $ **1.** 6 ~~. 9~~ million. If we are unable to generate sufficient taxable income prior to the expiration of our NOLs, the NOLs would expire unused. Our projections of future taxable income required to fully realize the recorded amount of the net deferred tax asset reflect numerous assumptions about our operating businesses and investments and are subject to change as conditions change specific to our business units, investments or general economic conditions. Changes that are adverse to us could result in the need to increase our deferred tax asset valuation allowance resulting in a charge to results of operations and a decrease to total stockholders' equity. In addition, any decrease in the federal statutory tax rate, or other changes in federal tax statutes, could also cause a reduction in the economic benefit of the NOL currently available to us. The Maryland General Corporation Law (the " MGCL "), and provisions in our charter and bylaws may prevent takeover attempts that could be beneficial to our stockholders. Provisions of the MGCL and our charter and bylaws could discourage a takeover of us even if a change of control would be beneficial to the interests of our stockholders. These statutory, charter and bylaw provisions include the following: • the MGCL generally requires the affirmative vote of two- thirds of all votes entitled to be cast on the matter to approve a merger, consolidation, or share exchange involving us or the transfer of all or substantially all of our assets; • our board of directors has the power to classify and reclassify authorized and unissued shares of our Common Stock or preferred stock and, subject to certain restrictions in the Operating LLC Agreement, authorize the issuance of a class or series of Common Stock or preferred stock without stockholder approval; • our charter may be amended only if the amendment is declared advisable by our board of directors and approved by the affirmative vote of the holders of our Common Stock entitled to cast at least two- thirds of all of the votes entitled to be cast on the matter; • a director may be removed from office at any time with or without cause by the affirmative vote of the holders of our Common Stock entitled to cast at least two- thirds of the votes of the stock entitled to be cast in the election of directors; • an advance notice procedure for stockholder proposals to be brought before an annual meeting of our stockholders and nominations of persons for election to our board of directors at an annual or special meeting of our stockholders; • no stockholder is entitled to cumulate votes at any election of directors; and • our stockholders may take action in lieu of a meeting with respect to any actions that are required or permitted to be taken by our stockholders at any annual or special meeting of stockholders only by unanimous consent. Our business operations are and will continue to be susceptible to impacts of the COVID- 19 pandemic. There is substantial uncertainty regarding the continuation of the COVID- 19 pandemic and whether future, more widespread outbreaks will occur. The impact that the COVID- 19 pandemic continues to have on our business and will have on our business in the future will depend on numerous factors that we cannot reliably predict, including the duration and scope of the COVID- 19 pandemic; the effectiveness of vaccinations; the implications as a result of the emerging variants of COVID- 19; governmental, business, and individuals' actions in response to the pandemic; and the impact on economic activity including the possibility of recession or financial market instability. These factors may adversely impact global financial market, as well as our businesses, including our SPAC franchise business, TBA trading and mortgage- related operations. This uncertainty may also affect our management' s accounting estimates and assumptions. ~~For further information, see " Management' s Discussion and Analysis of Financial Condition and Results of Operations- COVID 19 / Impairment of Goodwill " in Part II, Item 7 of this Annual Report on Form 10- K.~~ We are currently operating in a period of economic uncertainty and capital markets disruption, which has been significantly impacted by geopolitical instability due to the ongoing military conflict between Russia and Ukraine. Our business, financial condition and results of operations may be materially adversely affected by any negative impact on the global economy and capital markets resulting from the conflict in Ukraine or any other geopolitical tensions. U. S. and global markets are experiencing volatility and disruption following the escalation of geopolitical tensions and the start of the military conflict between Russia and Ukraine. On February 24, 2022, a full- scale military invasion of Ukraine by Russian troops was reported. Although the length and impact of the ongoing military conflict is highly unpredictable, the conflict in Ukraine has lead to market disruptions, including significant volatility in credit and capital markets. Additionally, Russia' s prior annexation of Crimea, the recognition of two separatist republics in the Donetsk and Luhansk regions of Ukraine and subsequent military interventions in Ukraine have led to sanctions and other penalties being levied by the United States, European Union and other countries against Russia, Belarus, the Crimea Region of Ukraine, the so- called Donetsk People' s Republic, and the so- called Luhansk People' s Republic, including **the** ~~agreement to remove~~ **removal of** certain Russian financial institutions from the Society for Worldwide Interbank Financial Telecommunication (" SWIFT ") payment system. Additional potential sanctions and penalties have also been proposed and / or threatened. Russian military actions and the resulting sanctions could adversely affect the global economy and financial markets. Any of the **above-** ~~abovementioned~~ ----- **mentioned** factors could affect our business, prospects, financial condition, and operating results. The extent and duration of the military action, sanctions and resulting market disruptions are ~~impossible~~ **difficult** to predict, but could be substantial. Any such disruptions may also magnify the impact of other risks described in this Annual Report on Form 10- K. Climate change concerns and incidents could disrupt our business, adversely affect the profitability of certain of our investments, adversely affect customer activity levels, adversely affect the creditworthiness of our counterparties, and damage our reputation. Climate change may cause extreme weather events that disrupt our business operations, which may negatively affect our ability to service and interact with our customers, and also may adversely affect the value of certain of our investments, including those in the real estate markets. Climate change may also have a negative impact on the financial condition of our customers, which may decrease revenues from those customers and increase the credit risk associated with loans and other credit exposures to those customers. Additionally, our reputation and customer relationships may be damaged as a result of our involvement, or our customers' involvement, in certain industries or projects associated with causing or exacerbating climate change, as well as any decisions we make to continue to conduct or change our activities in response to considerations relating to climate change. New regulations or guidance relating to climate change, as well as the perspectives of shareholders, employees and other stakeholders regarding climate change, may affect whether and on what terms and conditions we engage in certain activities or offer certain products. If we fail to implement our control our costs effectively, our business could be disrupted, and our financial results could be adversely affected. The Company continues to look for ways to reduce infrastructure costs and reposition itself in the financial services industry. Beginning in 2010 and continuing to the present, the Company executed initiatives that created efficiencies within its business and decreased operating expenses through the realignment of operating facilities, a merger of its two registered U. S. broker- dealer subsidiaries, and a restructuring of operating systems and systems support. Our cost management initiatives have included reducing our workforce, which has placed increased burdens on our management, systems and resources, and generally increased our dependence on key persons and reduced functional back- ups. As a result, our ability to respond to unexpected challenges may be impaired, and we may be unable to take advantage of new opportunities. In addition, if these and other initiatives do not have the desired effects or result in the projected increased efficiencies, the Company may incur additional or unexpected expenses, reputational damage, or loss of customers which would adversely affect the Company' s operations and revenues. In response to changes in industry and market conditions, the Company may be required to further strategically realign its resources and consider restructuring, disposing of, or otherwise exiting businesses. We cannot assure you that we will be able to: • Expand our capabilities or systems effectively; • Successfully develop new products or services; • Allocate our human resources optimally; • Identify, hire or retain qualified employees or vendors; • Incorporate effectively the components of any business that we may acquire in our effort to achieve growth; • Sell businesses or assets at their fair market value; or • Effectively manage the costs associated with developing, growing, acquiring or exiting a business. The asset management industry is subject to rapid change. Strategies and products that had historically been attractive may lose their appeal for various reasons. Thus, strategies and products that have generated fee revenue for us in the past may fail to do so in the future, in which case we would have to develop new strategies and products. It could be both expensive and difficult for us to develop new strategies and products, and we may not be successful in this regard. Since the disruptions in the global financial markets, we have had difficulty expanding our offerings which has inhibited our growth and harmed our competitive position in the asset management industry, and this may continue in the future. Appropriately dealing with conflicts of interest is complex and difficult and our reputation could be damaged if we fail, or appear to fail, to deal appropriately with one or more potential or actual conflicts of interest. It is possible that potential or perceived conflicts could give rise to investor dissatisfaction or litigation or regulatory enforcement actions. In addition, regulatory scrutiny of, or litigation in connection with, conflicts of interest would have a material adverse effect on our reputation, which could materially and adversely affect our business in a number of ways, including an inability to raise additional funds, a reluctance of counterparties to do business with us and the costs of defending litigation. Our **Insurance coverage may be inadequate to cover the risks facing the Company Our** operations and financial results are subject to risks and uncertainties related to our use of a combination of insurance, self- insured retention and self- insurance for a number of risks, including most significantly: property and casualty, workers' compensation, errors and omissions liability, general liability and the portion of employee- related health care benefits plans we fund, among others. While we endeavor to purchase insurance coverage that is appropriate to our assessment of risk, we are unable to predict with certainty the frequency, nature or magnitude of claims for direct or consequential damages. Our business may be negatively affected in the future if our insurance proves to be inadequate or unavailable. In addition, insurance claims may harm our reputation or divert management attention and resources away from operating our business. We depend on third- party software licenses and the loss of any of our key licenses could adversely affect our ability to provide our brokerage services. We license software from third parties, some of which is integral to our electronic brokerage systems and our business. Such licenses are generally terminable if we breach our obligations under the licenses or if the licensor gives us notice in advance of the termination. If any of these relationships were terminated, or if any of these third parties were to cease doing business, we may be forced to spend significant time and money to replace the licensed software. These replacements may not be available on reasonable terms, or at all. A termination of any of these relationships could have a material adverse effect on our financial condition and results of operations. If our internal controls over financial reporting and disclosure controls and procedures are not effective, we may not be able to provide reliable financial information. Because we are a smaller reporting company, we are not required to obtain, nor have we voluntarily obtained, an auditor attestation regarding the effectiveness of our controls as of December 31, ~~2022~~ **2023** . Therefore, as of December 31, ~~2022~~ **2023** , we have only performed management' s assessment of the effectiveness of our internal controls and management has determined that our internal controls are effective as of December 31, ~~2022~~ **2023** . Any failure to maintain effective controls in the future could adversely affect our business or cause us to fail to meet our reporting obligations. Such non- compliance could also result in an adverse reaction in the financial marketplace due to a loss of investor confidence in the reliability of our financial statements. In addition, perceptions of our business among customers, suppliers, rating agencies, lenders, investors, securities analysts and others could be adversely affected. The market price of our Common Stock is subject to significant fluctuations in response to, among other factors: • variations in our operating results and market conditions specific to our business; • changes in financial estimates or recommendations by securities analysts; • the emergence of new competitors or new technologies; • operating and market price performance of other companies that investors deem comparable; • changes in our board or management; • sales or purchases of our Common Stock by insiders; • commencement of, or involvement in, litigation; • changes in governmental regulations; • the relatively low trading volumes of our Common Stock; and • general economic conditions and slow or negative growth of related markets. In addition, if the market for stocks in our industry, or the stock market in general, experience a loss of investor confidence, the market price of our Common Stock could decline for reasons unrelated to our business, financial condition **,** or results of operations. If any of the foregoing occurs, it could cause the price of our Common Stock to fall and may expose us to lawsuits that, even if unsuccessful, could be costly to defend and a distraction to the board of directors and management. Our Common Stock may be delisted, which may have a material adverse effect on the liquidity and value of our Common Stock. To maintain our listing on the NYSE American, we must meet certain financial and liquidity criteria. The market price of our Common Stock has been and may continue to be subject to significant fluctuation as a result of periodic variations in our revenues and results of operations. If we violate the NYSE American listing requirements, our Common Stock may be delisted. If we fail to meet any of the NYSE American' s listing standards, our Common Stock may be delisted. In addition, our board may determine that the cost of maintaining our listing on a national securities exchange outweighs the benefits of such listing. A delisting of our Common Stock from the NYSE American may materially impair our stockholders' ability to buy and sell our Common Stock and could have an adverse effect on the market price of, and the efficiency of the trading market for, our Common Stock. In addition, the delisting of our Common Stock could significantly impair our ability to raise capital.