Risk Factors Comparison 2024-02-22 to 2023-02-24 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

In addition, if any of our executive officers or other senior professionals were to join an existing competitor or form a competing company, some of our clients could choose to use the services of that competitor instead of our services or some of our other professionals could choose to follow the departing senior professional to a competitor. Although we have entered into **restrictive covenant** ~~non- competition~~ agreements with certain senior professionals, there is no guarantee that these agreements provide sufficient incentives or protections to prevent our professionals from resigning to join our competitors or that the **restrictive covenant** ~~non- competition~~ agreements would be upheld if we were to seek to enforce our rights ~~and~~ **.** ~~recent~~ **Recent** regulatory initiatives have sought to limit the enforceability of such arrangements **. For example, several states have enacted or proposed legislation limiting the enforceability of restrictive covenant agreements** . The departure of a number of executive officers or senior professionals could have a material adverse effect on our business, financial condition and results of operations. If we are unable to successfully identify, hire and retain productive individuals, we may not be able to implement our growth strategy successfully. Our growth strategy is based, in part, on our ability to attract and retain highly skilled and profitable senior professionals across all of our businesses. Due to competition from other firms, we may face difficulties in, or increases in the cost of, recruiting and retaining professionals of a caliber consistent with our business strategy. In particular, many of our competitors may be able to offer more attractive compensation packages or broader career opportunities. Additionally, it may take more than one year for us to determine whether new advisory professionals will be profitable or effective, during which time we may incur significant expenses and expend significant time and resources on training, integration and business development aimed at developing this new talent. Further, we may not be able to retain our professionals, which could result in increased recruiting expenses or our recruiting professionals at higher compensation levels. Failure to retain other key professionals, including maintaining adequate compensation levels, may materially adversely affect our business. Certain aspects of our cost structure are largely fixed, and we may incur costs associated with new or expanded lines of business prior to these lines of business generating significant revenue. If our revenue declines or fails to increase commensurately with the expenses associated with new or expanded lines of business, our profitability may be materially adversely affected. We may incur costs associated with new or expanded lines of business, including guaranteed or fixed compensation costs, prior to these lines of business generating significant revenue. In addition, certain aspects of our cost structure, such as costs for occupancy and equipment rentals, communication and information technology services, and depreciation and amortization are largely fixed, and we may not be able to timely adjust these costs to match fluctuations in revenue. If our revenue declines, or fails to increase commensurately with the expenses associated with new or expanded lines of business, our profitability may be materially adversely affected. Our growth has placed, and will continue to place, significant demands on our administrative, operational and financial resources. We have experienced significant growth in the past several years. Supporting this growth has placed significant demands on our operational, legal, regulatory and financial systems and resources for integration, training and business development efforts. We are often required to commit additional resources to maintain appropriate operational, legal, regulatory and financial systems to adequately support expansion, even when we only partner, enter into strategic alliances or take minority stakes in other businesses. We expect our growth to continue, which could place additional demands on our resources and increase our expenses. For example, in recent years we have made significant investments in various enterprise technologies, such as client relationship management ~~and~~ **,** enterprise resource **planning and financial** planning technology. We cannot provide assurance that our financial controls, the level of knowledge of our personnel, our operational abilities, our legal and compliance controls and our other corporate support systems will be adequate to manage our expanding operations effectively. Any failure to do so could adversely affect our ability to pursue our growth strategy, generate revenue and control expenses, and could result in regulatory fines or sanctions. Our revenue and profits are highly volatile, which may make it difficult for us to achieve steady earnings growth on a quarterly basis and may cause the price of our Class A common stock to decline. Our revenue and profits are highly volatile, and we can experience significant fluctuations in quarterly results. We generally derive Investment Banking & Equities revenue from engagements that generate significant fees at key transaction milestones, such as closing, and the timing of these milestones is outside of our control. As a result, our financial results will likely fluctuate from quarter to quarter based on the timing of when those fees are earned. **The loss of even a small number of such fees could have a significant effect on our near term financial results.** It may be difficult for us to achieve steady earnings growth on a quarterly basis, which could, in turn, lead to large adverse movements in the price of our Class A common stock or increased volatility in our stock price generally. We earn a majority of our revenue from advisory engagements, and, in most cases, we are not paid until the successful consummation of the transactions. As a result, our Investment Banking & Equities revenue is highly dependent on market conditions and the decisions and actions of our clients, interested third parties and governmental authorities. For example, a client could delay or terminate an acquisition transaction because of a failure to agree upon final terms with the counterparty, failure to obtain necessary regulatory consents or board or stockholder approvals, failure to secure necessary financing, adverse market conditions or because the target' s business is experiencing unexpected operating or financial problems. Anticipated bidders for assets of a client during a restructuring transaction may not materialize or our client may not be able to restructure its operations or indebtedness due to a failure to reach agreement with its principal creditors. In these circumstances, we often do not receive any advisory fees other than the reimbursement of certain out- of- pocket expenses, despite the fact that we have devoted considerable resources to these transactions ~~. The loss of even one such mandate may have a significant effect on our near- term financial results~~ . Our failure to deal appropriately with actual, potential or perceived conflicts of interest could damage our reputation and materially adversely affect our business. As we have expanded the scope of our businesses and client base, we increasingly confront actual, potential and perceived conflicts of interest relating to our Investment Banking & Equities and Investment Management businesses. It is possible that actual, potential or perceived conflicts could give rise to client dissatisfaction, litigation or regulatory enforcement actions. Appropriately identifying and managing actual or perceived 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. Regulatory scrutiny of, or litigation in connection with, conflicts of interest would have a material adverse effect on our reputation which would materially adversely affect our business in a number of ways, including an inability to recruit additional professionals and a reluctance of potential clients and counterparties to do business with us. Additionally, client- imposed conflicts requirements could place additional limitations on us, for example, by limiting our ability to accept advisory engagements. Policies, controls and procedures that we may be required to implement to address additional regulatory requirements, including as a result of additional foreign jurisdictions in which we operate, our equities business and our underwriting activities, or to mitigate actual or potential conflicts of interest, may result in increased costs, including for additional personnel and infrastructure and information technology improvements, as well as limit our activities and reduce the benefit of positive synergies that we seek to cultivate across our businesses. For example, due to our equity research activities through our equities business, we face potential conflicts of interest, including situations where our publication of research may conflict with the interests of an advisory client, or allegations that research objectivity is being inappropriately impacted by advisory client considerations. Employee misconduct, which is difficult to detect and deter, could harm us by impairing our ability to attract and retain clients while subjecting us to significant legal liability and reputational harm. There is a risk that our employees could engage in fraud or misconduct that adversely affects our business. Our Investment Banking & Equities business often 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 **or other confidential information** , we could be subject to ~~regulatory~~ **investigations, actions and** sanctions **by regulators and enforcement agencies** and suffer serious harm to our reputation, financial position, current client relationships and ability to attract future clients and employees. We are also subject to a number of obligations and standards arising from our Investment Management business and our authority over the assets managed by our Investment Management business. The violation of these obligations and standards by any of our employees would adversely affect our clients and us. It is not always possible to deter employee misconduct, and the precautions we take to detect and prevent this activity may not be effective in all cases. If our employees engage in misconduct, our business may be adversely affected. In addition, the U. S. regulators and enforcement agencies, including the U. S. Department of Justice and the SEC, continue to devote greater resources to the enforcement of the Foreign Corrupt Practices Act, anti- money laundering laws and anti- corruption laws, and the United Kingdom and other jurisdictions have significantly expanded the reach of its anti- bribery laws. While we have developed and implemented policies and procedures designed to ensure strict compliance with anti- bribery, anti- money laundering, anti- corruption and other laws, such policies and procedures may not be effective in all instances to prevent violations. Any determination that any of our employees have violated these laws (or similar laws of other jurisdictions in which we do business) could subject us to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunction on future conduct, securities litigation and reputational damage, any one of which could adversely affect our business, financial position or results of operations. The financial services industry faces substantial litigation and regulatory risks, and we may face damage to our professional reputation and legal liability. Allegations against us of improper conduct by private litigants or regulators, whether the ultimate outcome is favorable or unfavorable to us, as well as negative publicity and press speculation about us, whether or not valid, may harm our reputation. Moreover, our role as advisor to our clients on important mergers and acquisitions or restructuring transactions often involves complex analysis and the exercise of professional judgment, including, ~~if appropriate~~ **in certain circumstances** , rendering fairness opinions in connection with mergers and other transactions. Particularly in highly volatile markets, the volume of claims and amount of damages claimed in litigation and regulatory proceedings against M & A financial advisors and underwriters can be significant. Our business is also subject to regulation in the countries in which it operates. As this regulatory environment continues to change (in some cases potentially significantly) it is difficult to assess future litigation and regulatory risks. Regulatory changes make it harder for our clients to estimate future potential losses that may be incurred. Our M & A advisory and underwriting activities may subject us to the risk of significant legal liability to our clients and third parties, including our clients' stockholders, under securities or other laws for materially false or misleading statements made in connection with securities and other transactions and potential liability for the fairness opinions and other advice provided to participants in corporate transactions. In addition, a portion of our advisory fees are obtained from restructuring clients, and often these clients do not have sufficient resources to indemnify us for costs and expenses associated with third- party subpoenas and direct claims, to the extent such claims are not barred as part of the reorganization process. Our engagements typically include broad indemnities from our clients and provisions designed to limit our exposure to legal claims relating to our services, but these provisions may not protect us or may not be adhered to in all cases. These indemnities also are dependent on our client' s capacity to pay the amounts claimed. As a result, we may incur significant legal expenses in defending against litigation. In our Investment Management business, we make investment decisions on behalf of our clients that could result in substantial losses. This also may subject us to the risk of legal liability or actions alleging negligent misconduct, breach of fiduciary duty or breach of contract. These risks often may be difficult to assess or quantify and their existence and magnitude often remain unknown for substantial periods of time. Substantial legal liability or legal expenses incurred in defending against litigation could materially adversely affect our business, financial condition, operating results or liquidity or cause significant reputational harm to us, which could seriously harm our business. We may face damage to our professional reputation if our services are not regarded as satisfactory or for other reasons. As a financial services firm, we depend to a large extent on our relationships with our clients and our reputation for integrity and high- caliber professional services to attract and retain clients **and talent. As a result, if a client is not satisfied with our services, it may be more damaging to our business than in other businesses** . Our reputation could be impacted by events that may be difficult or impossible to control, and costly or impossible to remediate. For example, alleged or actual failures by us or our employees to provide satisfactory services or to comply with applicable laws, rules or regulations, errors in our public reports, perceptions of our environmental, social and governance practices **(" ESG")** or business selection, or the public announcement and potential publicity surrounding any of these events, even if inaccurate, satisfactorily addressed, or **even** if no violation or wrongdoing actually occurred, could adversely impact our reputation, our relationships with clients, ~~and~~ our ability to negotiate joint ventures and strategic alliances **, and our ability to attract and retain talent** , any of which could have an adverse effect on our financial condition and results of operations. Extensive and evolving regulation of our businesses exposes us to the potential for significant penalties and fines due to compliance failures, increases our costs and limits our ability to engage in certain activities. As a participant in the financial services industry, we are subject to extensive and evolving regulation by governmental and self- regulatory organizations in jurisdictions around the world, as described further in Item 1." Business – Regulation" above. Our ability to conduct business and our operating results, including compliance costs, may be adversely affected as a result of any new requirements imposed by the SEC, FINRA, or other U. S. or foreign governmental regulatory authorities or self- regulatory organizations that regulate the financial services industry. We may also be adversely affected by changes in the interpretation or enforcement of existing laws or regulations by these governmental authorities and self- regulatory organizations. Uncertainty about the timing and scope of any changes to existing laws and rules or the implementation of new laws or rules by any regulatory authorities that regulate financial services firms or supervise financial markets, as well as the compliance costs associated with a new regulatory regime, may negatively impact our businesses in the short term, even if the long- term impact of any such changes ~~are~~ **is** positive for our businesses. In addition, policies adopted by clients or prospective clients, which may exceed regulatory requirements, may result in additional compliance costs that materially affect our business. Because certain of our larger competitors are subject to regulations that do not affect us to the same extent, or at all, regulatory reforms may benefit them more than us, including by expanding their permitted activities, reducing their compliance costs or reducing restraints on compensation, any of which could enhance their ability to compete against us for advisory opportunities, for employees or otherwise, in a manner that negatively impacts our business. Our **and our employees'** failure to comply with applicable laws or regulations could result in adverse publicity and reputational harm, as well as fines, suspensions of personnel or other sanctions, including revocation of the registration of us or any of our subsidiaries as an investment advisor or broker- dealer. For example, we are subject to extensive bribery and anti-corruption regulation, which can present heightened risks for us due to certain jurisdictions in which we operate and our significant client relationships with governmental entities and certain businesses that receive support from government agencies. Our businesses are subject to periodic examination by various regulatory authorities, and we cannot predict the outcome of any such examinations or estimate the amount of monetary fines or penalties that could be assessed. In addition, adverse regulatory scrutiny of any of our strategic partners could have a material adverse effect on our business and reputation ~~. The U. K.' s exit from the European Union could adversely impact our business and operations. The U. K. left the EU on January 31, 2020 and on December 31, 2020, at 11p. m., the Brexit transitional period came to an end. The U. K. and the EU entered into the TCA on December 24, 2020, which was accompanied by a non- binding Joint Declaration committing the U. K. and the EU to cooperate on matters of financial regulation, which was intended to be facilitated by a Memorandum of Understanding. See Item 1." Business" for more information. On the basis that the Memorandum of Understanding has not been finalized and that passporting rights are unlikely to be reinstated, Evercore U. K. and Evercore ISI U. K. will continue to be unable to conduct regulated activities on a cross- border and off- shore basis into all EU countries without obtaining regulatory approval outside of the U. K. We have taken certain actions that prepared us for this outcome, including obtaining a license from BaFin for Evercore Germany, through which regulated activities can be conducted in Germany and in other EU and EEA jurisdictions on a cross-border basis, subject to certain exceptions and in compliance with applicable legal requirements. In addition, activities performed by Evercore U. K. and Evercore ISI U. K., which are not regulated activities, may still be conducted within the EU and the EEA directly, subject to local law restrictions. However, the inability of Evercore U. K. and Evercore ISI U. K. themselves to conduct certain regulated activities on a cross- border and off- shore basis into all EU countries could adversely affect the manner in which they operate. More broadly, the impact of Brexit on the economic outlook of the Eurozone and the U. K., and associated global implications, remain uncertain notwithstanding agreement of the TCA. This is particularly the case in relation to the financial services sector, where EU single market access has not been granted to U. K. financial services companies and EU determinations of equivalence have in general not been forthcoming~~ . Our business is subject to various cybersecurity risks. We face various cybersecurity risks related to our businesses on a day- to- day basis. We rely heavily on financial, accounting, communication and other data processing systems to securely process, transmit, and store sensitive and confidential client information, and communicate among our locations around the world and with our staff, clients, partners, and vendors. We also depend on third- party software and programs, as well as cloud- based storage platforms as part of our operations. These systems, including the systems of third parties on whom we rely, may fail to operate properly or become disabled as a result of tampering or a breach of our network security systems or otherwise, including for reasons beyond our, or their, control. In addition, we are also exposed to fourth- party cybersecurity risk from vendors, suppliers or attackers of our third- party vendors. The increased use of mobile technologies and remote working arrangements heighten these and other operational risks. In addition, as we operate in a financial services industry, we are susceptible to attempts to gain unauthorized access of client, customer or other confidential information. We are also at risk for denial- of- service, distributed denial- of-service and / or other cyber- attacks involving the theft, dissemination and destruction of corporate information or other assets, which could result from an employee' s, contractor' s or other third party vendor' s failure to follow data security procedures or as a result of actions by third parties, including actions by governments. Phishing attacks and email spoofing attacks are becoming more prevalent and are often used to obtain information to impersonate employees or clients in order to, among other things, direct fraudulent bank transfers or obtain valuable information. Fraudulent transfers resulting from phishing attacks or email spoofing of our employees could result in a material loss of assets, reputational harm or legal liability, and in turn materially adversely affect our business. Although cyber- attacks have not, to date, had a material impact on our operations, breaches of our, or third- party, network security systems on which we rely could involve attacks that are intended to obtain unauthorized access to and disclose our proprietary information or our client' s proprietary information, destroy data or disable, degrade or sabotage our systems, often through the introduction of computer viruses, cyber- attacks and other means, and could originate from a wide variety of sources, including state actors or other unknown third parties outside the firm. There can be no assurance that we, or the third parties on whom we rely, will be able to anticipate, detect or implement effective preventative measures against frequently changing cyber threats. We expect to incur significant costs in maintaining and enhancing appropriate protections to keep pace with increasingly sophisticated methods of attack. In addition to the implementation of data security measures, we require our employees to maintain the confidentiality of the proprietary information we hold. If an employee' s failure to follow proper data security procedures results in the improper release of confidential information, or our systems are otherwise compromised, do not operate properly or are disabled, we could suffer a disruption of our business, financial losses, liability to clients, regulatory sanctions and damage to our reputation. **See Item 1C." Cybersecurity" for further information regarding our cybersecurity practices, policies and procedures.** We are exposed to risks and costs associated with protecting the integrity and security of our clients ~~’~~**'** , employees ~~’~~**'** and others ~~’~~**'** personal data and other sensitive information. As part of our business, we manage, utilize and store sensitive or confidential client or employee data, including personal data. As a result, we are subject to various risks and costs associated with the collection, handling, storage and transmission of personal data, including those related to compliance with U. S. and foreign data protection and privacy laws and other contractual obligations, as well as those associated with the compromise of our systems collecting such personal data. These laws and regulations are increasing in complexity and number and the burden of our compliance with them is growing. For example, the General Data Protection Regulation (" GDPR"), which applies across the EU and the U. K., imposes stringent requirements regarding the processing of personal data. Failure to meet the GDPR requirements could, in serious cases, result in penalties of up to four percent of annual worldwide revenue turnover. Several other jurisdictions, including in the United States, have also adopted or are considering similar legislation. The California Consumer Privacy Act provides data privacy rights for consumers and privacy related operational requirements for companies. The California Privacy Rights Act adds new privacy rights and regulations with an effective date of January 1, 2023. After California, comprehensive data privacy laws were enacted in Virginia, Colorado, Utah and Connecticut **,** sequentially **,** and our compliance costs may increase further. If any person, including any of our employees, negligently disregards or intentionally breaches our established controls with respect to client or employee 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 addition, unauthorized disclosure of sensitive or confidential client or employee data, whether through cyber- attacks, systems failure, employee negligence, fraud or misappropriation, could damage our reputation and cause us to lose clients and related revenue in the future. Potential liability in the event of a security breach of client data could be significant and depending on the circumstances giving rise to the breach, this liability may not be subject to a contractual limit of liability or an exclusion of consequential or indirect damages. Any failure to comply with these regulations could expose us to liability and / or reputational damage. In addition, our businesses are increasingly subject to laws and regulations relating to surveillance, encryption and data on- shoring in the jurisdictions in which we operate. Compliance with these laws and regulations may require us to change our policies, procedures and technology for information security, which could, among other things, make us more vulnerable to cyber- attacks and misappropriation, corruption or loss of information or technology. Our business is subject to various operational risks. We operate in businesses that are highly dependent on proper processing of financial transactions. In our Equities business, and our Wealth Management business in particular, we must consistently and reliably obtain securities pricing information, properly execute and process client transactions and provide reports and other customer service to our clients. The expansion of our equities business has increased the size and scope of our trading activities and, accordingly, increased the opportunities for trade errors and other operational errors in connection with the processing of transactions. The occurrence of trade or other operational errors or the failure to keep accurate books and records can render us liable to disciplinary action by governmental and self- regulatory authorities, as well as to claims by our clients. We also rely on third- party service providers for certain aspects of our business. Any interruption or deterioration in the performance of these third parties or failures of their information systems and technology could impair our operations, affect our reputation and adversely affect our businesses. In addition, if we were to experience a disaster or other business continuity problem, such as an epidemic, a pandemic, other man- made or natural disaster or disruption involving electronic communications or other services used by us or third parties with whom we conduct business, our continued success will depend, in part, on the availability of our personnel and office facilities and the proper functioning of our computer, software, telecommunications, transaction processing and other related systems and operations, as well as those of third parties on whom we rely. ~~For example, the COVID- 19 pandemic resulted in substantial disruption to our business operations.~~ Although **in the past** we have been able to continue business operations **through disruptions** , we cannot guarantee in the future that similar events will not result in a material disruption to our business that may cause material financial loss, regulatory action, reputation harm or legal liability, and if significant portions of our workforce, including key personnel, are unable to work effectively because of illness, government actions, or other restrictions in connection with a pandemic, the impact of a pandemic on our business could be exacerbated. In particular, we depend on our headquarters in New York City, where a large number of our personnel are located, for the continued operation of our business. Although we have developed business continuity plans and enhanced our remote working capabilities, a disaster or a disruption in the infrastructure that supports our businesses, a disruption involving electronic communications or other services used by us or third parties with whom we conduct business, or a disruption that directly affects our headquarters, could have a material adverse impact on our ability to continue to operate our business without interruption. The incidence and severity of disasters or other business continuity problems are unpredictable, and our inability to timely and successfully recover could materially disrupt our businesses and cause material financial loss, regulatory actions, reputational harm or legal liability. We may not be able to generate sufficient cash to service all of our indebtedness. Our ability to make scheduled payments on, or to refinance, our debt obligations depends on our financial condition and operating performance. We cannot provide assurance that we will maintain a level of cash flows from operating activities sufficient to permit us to pay the principal of, and interest on, our indebtedness, including our aggregate $ 345. 0 million and £ 25. 0 million of senior notes **(the" Private Placement Notes")** described in Note 13 to our consolidated financial statements. If our cash flows and capital resources are insufficient to fund our debt service obligations, including the principal and semi- annual interest payments noted above, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness, including the Private Placement Notes and other contractual commitments. Our clients may be unable to pay us for our services. We face the risk that certain clients may not have sufficient financial resources to pay, or otherwise refuse to pay, our agreed- upon advisory fees, including in the bankruptcy or insolvency context. If a client' s financial difficulties become severe, the client may be unwilling or unable to pay our invoices in the ordinary course of business, which could adversely affect collections of both our accounts receivable and unbilled services. On occasion, some of our clients have entered bankruptcy, which has prevented us from collecting amounts owed to us. The bankruptcy of a number of our clients that, in the aggregate, owe us substantial accounts receivable could have a material adverse effect on our business, financial condition and results of operations. In addition, if a number of clients declare bankruptcy after paying us certain invoices, courts may determine that we are not properly entitled to those payments and may require repayment of some or all of the amounts we received, which could adversely affect our business, financial condition and results of operations. Certain clients may also be unwilling to pay our advisory fees in whole or in part, in which case we may have to incur significant costs to bring legal action to enforce our engagement agreements to obtain our advisory fees. Goodwill, other intangible assets, equity method investments and other investments represent a portion of our assets, and an impairment of these assets could have a material adverse effect on our financial condition and results of operations. Goodwill, other intangible assets, equity method investments and other investments represent a portion of our assets. We assess these assets at least annually for impairment, however, we may need to perform impairment tests more frequently if events occur, or circumstances indicate, that the carrying amount of these assets may not be recoverable. These events or circumstances could include a significant change in the business climate, attrition of key personnel, a prolonged decline in our stock price and market capitalization, legal factors, operating performance indicators, competition, sale or disposition of a significant portion of one of our businesses and other factors. The valuation of our reporting units, long- lived intangible assets, equity method investments or other investments requires judgment in estimating future cash flows, discount rates and other factors. In making these judgments, we evaluate the financial health of our reporting units, long- lived intangible assets, equity method investments or other investments, including such factors as market performance, changes in our client base and projected growth rates. Because these factors are ever changing, due to market and general business conditions, we cannot predict whether, and to what extent, our goodwill, long- lived intangible assets, equity method investments and other investments may be impaired in future periods. Failure to maintain effective internal controls in accordance with Section 404 of the Sarbanes- Oxley Act could materially adversely affect our business. We have documented and tested our internal control procedures in order to satisfy the requirements of Section 404 of the Sarbanes- Oxley Act, which requires annual management assessments of the effectiveness of our internal controls over financial reporting and a report by our independent auditors regarding our internal control over financial reporting. If we fail to maintain the adequacy of our internal controls as such standards are modified, supplemented or amended from time to time, our independent registered public accounting firm may not be able or willing to issue an unqualified report on the effectiveness of our internal control over financial reporting. Matters impacting our internal controls may cause us to be unable to report our financial information on a timely basis and thereby subject us to adverse regulatory consequences, including sanctions by the SEC, or violations of applicable stock exchange listing rules. There could also be a negative reaction in the financial markets due to a loss of investor confidence in us and the reliability of our financial statements. Confidence in the reliability of our financial statements is also likely to suffer if we identify a material weakness in our internal control over financial reporting. This could materially adversely affect us and lead to a decline in the market price of our shares. A change in relevant income tax laws, regulations or treaties or an adverse interpretation of these items by tax authorities could result in an audit adjustment or revaluation of our net deferred tax assets that may cause our effective tax rate and tax liability to be higher than what is currently presented in the consolidated financial statements. As part of the process of preparing our consolidated financial statements, we are required to estimate income taxes in each of the jurisdictions in which we operate. Significant management judgment is required in determining our provision for income taxes, our deferred tax assets and liabilities and any valuation allowance recorded against our net deferred tax assets. This process requires us to estimate our actual current tax liability and to assess temporary differences resulting from differing book versus tax treatment of items, such as deferred revenue, compensation and benefits expense, unrealized gains and losses on long- term investments and depreciation. Our effective tax rate and tax liability is based on the application of current income tax laws, regulations and treaties. These laws, regulations and treaties are complex, and the manner in which they apply to our facts and circumstances is sometimes open to interpretation. Management believes its application of current laws, regulations and treaties to be correct and sustainable upon examination by the tax authorities. However, the tax authorities could challenge our interpretation, resulting in additional tax liability or adjustment to our income tax provision that could increase our effective tax rate. In addition, tax laws, regulations or treaties newly enacted or enacted in the future, or interpretations of the Tax Cuts and Jobs Act, or other tax laws, may cause us to revalue our net deferred tax assets and have a material change to our effective tax rate. Our inability to successfully identify, consummate and integrate **acquisitions and / or** alliances, including through joint ventures or investments, as part of our growth initiatives could have adverse consequences to our business. We may expand our various businesses through additional acquisitions, entering into joint ventures and strategic alliances, and internally developing new opportunities that are complementary to our existing businesses and where we think we can add substantial value or generate substantial returns. The success of this strategy will depend on, among other things, the availability of suitable opportunities and capital resources to effect our strategy; the level of competition from other companies that may have greater financial resources than we do or may not require the same level of disclosure of these activities; our ability to value acquisition and investment candidates accurately and negotiate acceptable terms for those acquisitions and investments; and our ability to identify and enter into mutually beneficial relationships with joint venture partners. Additionally, integrating acquired businesses, providing a platform for new businesses and partnering with other firms involve a number of risks and present financial, managerial, operational and reputational challenges, including the following factors, among others: loss of key employees or customers; possible inconsistencies in or conflicts between standards, controls, procedures and policies and the need to implement company- wide financial, accounting, information technology and other systems; failure to maintain the quality of services that have historically been provided; failure to coordinate geographically diverse organizations; disagreements between us and our partners; compliance with regulatory requirements in regions in which new businesses and ventures are located; and the diversion of management' s attention from our day- to- day business as a result of the need to manage any disruptions and difficulties and the need to add management resources to do so. Our inability to develop, integrate and manage acquired companies, joint ventures or other strategic relationships and growth initiatives in an efficient and cost- effective manner, or at all, could have material adverse short- and long- term effects on our operating results, financial condition and liquidity. We may not realize the cost savings, revenue enhancements or other benefits that we expected from our ~~acquisitions and other~~ growth initiatives. Our analyses of the benefits and costs of expanding our businesses necessarily involve assumptions as to future events, including general business and industry conditions, the longevity of specific customer engagements and relationships, operating costs and competitive factors, many of which are beyond our control and may not materialize. While we believe our analyses and their underlying assumptions to be reasonable, they are estimates that are necessarily speculative in nature. In addition, new regulatory requirements and conflicts may reduce the synergies that we expect to result from our growth initiatives. Even if we achieve the expected benefits, we may not be able to achieve them within the anticipated time frame. Also, the cost savings and other synergies from these ~~acquisitions~~ **growth initiatives** may be offset by costs incurred in integrating the companies, increases in other expenses or problems in the business unrelated to these ~~acquisitions~~ **growth initiatives** . In the case of joint ventures, we are subject to additional risks and uncertainties in that we may be dependent upon, and subject to liability, losses or reputational damage relating to personnel, systems and activities that are not under our direct and sole control, and conflicts and disagreements between us and our joint venture partners may negatively impact our business. Risks Related to Our Investment Banking & Equities Business A substantial portion of our revenue is derived from advisory assignments for Investment Banking & Equities clients, which are not long- term contracted sources of revenue and are subject to intense competition, and declines in these engagements could have a material adverse effect on our financial condition and operating results. We historically have earned a substantial portion of our revenue from fees paid to us by our Investment Banking & Equities clients for advisory and underwriting services. These fees are typically payable upon the successful completion of a particular transaction or restructuring. Our Advisory Fees and Underwriting Fees in the aggregate accounted for **88 %,** 90 % ~~,~~ **and** 92 ~~% and 89~~ % of our revenues, excluding Other Revenue, net, in **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ , respectively. We expect that we will continue to rely on advisory services for a substantial portion of our revenue for the foreseeable future. Accordingly, a decline in advisory engagements, or the market for advisory services, would adversely affect our business. In addition, our Advisory professionals operate in a highly- competitive environment where typically there are no long- term contracted sources of revenue. Each revenue- generating engagement typically is separately solicited, awarded and negotiated. In addition, many businesses do not routinely engage in transactions requiring our services. As a consequence, our fee- paying engagements with many clients are not likely to be predictable and high levels of revenue in one quarter are not necessarily predictive of continued high levels of revenue in future periods. We also lose clients each year as a result of the sale or merger of a client, a change in a client' s senior management, competition from other financial advisors and financial institutions and other causes. As a result, our advisory fees could decline materially due to such changes in the volume, nature and scope of our engagements. We face strong competition from other financial advisory firms, many of which have the ability to offer clients a wider range of products and services than we can offer, which could cause us to fail to win advisory mandates and subject us to pricing pressures that could materially adversely affect our revenue and profitability. The financial advisory industry is intensely competitive, highly fragmented and subject to rapid change, and we expect it to remain so. We compete on both a global and regional basis, and on the basis of a number of factors, including the quality of our employees, industry knowledge, transaction execution skills, our products and services, innovation, reputation, strength of relationships and price. We have experienced intense competition for advisory mandates in recent years, and we may experience pricing pressures in our Investment Banking & Equities business in the future, as some of our competitors seek to obtain increased market share by reducing fees. When making proposals for fixed- fee engagements, we estimate the costs and timing for completing the engagements. These estimates reflect our best judgment regarding the efficiencies of our methodologies and financial professionals as we plan to deploy them on engagements. Any unexpected costs or unanticipated delays in connection with the performance of such engagements could make these contracts less profitable, or unprofitable, which would have an adverse effect on our profit margins. Several of our competitors include large financial institutions, many of which have far greater financial and other resources and greater name recognition than us and, unlike us, have the ability to offer a wider range of products, which may enhance their competitive position. They also regularly support services we do not provide, such as commercial lending and other financial services and products, which puts us at a competitive disadvantage and could result in pricing pressures or lost opportunities, which could materially adversely affect our revenue and profitability. In addition, we may be at a competitive disadvantage with regard to certain of our competitors who have larger customer bases, have more professionals to serve their clients' needs and are able to provide financing or otherwise commit capital to clients that are often a crucial component of the Investment Banking & Equities transactions on which we advise. In addition to our larger competitors, we face competition from a number of independent investment banks that offer only independent advisory services, which stress their lack of other businesses as a competitive advantage. As these independent firms or new entrants into the market seek to gain market share, there could be additional pricing and competitive pressures, which may impact our ability to implement our growth strategy and ultimately materially adversely affect our financial condition and results of operations. Our Equities business relies on non- affiliated third- party service providers. Our Equities business has entered into service agreements with third- party service providers for order management, trade execution, settlement and clearance of client securities transactions and research distribution. This business faces the risk of operational failure of any of the vendors we use to facilitate our securities transactions or research distribution. Our senior management and officers oversee and manage these relationships. Poor oversight and control or inferior performance or service on the part of the service provider could result in loss of customers and violations of applicable rules and regulations. Any such failure could adversely affect our ability to effect transactions and to manage our exposure to risk. Underwriting and trading activities expose us to risks. We may incur losses and be subject to reputational harm to the extent that, for any reason, we are unable to sell securities we purchased as an underwriter at the anticipated price levels. As an underwriter, we also are subject to liability for material misstatements or omissions in prospectuses and other offering documents relating to offerings we underwrite. In such cases, any indemnification provisions in the applicable underwriting agreement may not be enforceable or available to us, for example, if the client is not financially able to satisfy its indemnification obligations in whole, or part, or the scope of the indemnity is not sufficient to protect us against financial or reputational losses arising from such liability. In addition, the associated litigation process can place operational strain on our business. **Further** ~~In addition~~ , as customer trading activities expose us to potential losses, we may have to purchase or sell securities at prevailing market prices in the event a customer fails to settle a trade on its original terms. We seek to manage the risks associated with customer trading activities through customer screening, internal review and trading policies and procedures, but such policies and procedures may not be effective in all cases. If the number of debt defaults or bankruptcies declines or other factors affect the demand for our restructuring services, our restructuring revenue could be adversely affected. We provide financial advice and investment banking services to companies in financial transition, as well as to creditors, shareholders and potential acquirers of such companies. Our services may include reviewing and analyzing the business, financial condition and prospects of the company or providing advice on strategic transactions, capital raising or restructurings. We also may provide advisory services to companies that have sought, or are planning to seek, protection under Chapter 11 of the U. S. Bankruptcy Code or other similar processes in non- U. S. jurisdictions. A number of factors affect demand for these advisory services, including general economic conditions, the availability and cost of debt and equity financing, governmental policy and changes to laws, rules and regulations, including those that protect creditors. In addition, providing restructuring advisory services entails the risk that the transaction will be unsuccessful, or take considerable time, and be subject to a bankruptcy court' s authority to disallow or discount our fees. If the number of debt defaults or bankruptcies declines, or other factors affect the demand for our restructuring advisory services, our restructuring business would be adversely affected. Risks Relating to Our Investment Management Business The amount and mix of our AUM are subject to significant fluctuations. The revenues and profitability of our Wealth Management business are derived from providing investment management and related services. The level of our revenues depends largely on the level and mix of AUM. Fluctuations in the amount and mix of our AUM may be attributable, in part, to market conditions outside of our control that have had, and in the future could have, a negative impact on our revenues and income. Any decrease in the value or amount of our AUM because of market volatility or other factors negatively impacts our revenues and income. We are subject to an increased risk of asset volatility from changes in the global financial and equity markets. Global economic conditions, exacerbated by war or terrorism, health emergencies or financial crises, changes in the equity **marketplace** ~~market place~~ , trade disputes, restrictions on travel, currency exchange rates, commodity prices, interest rates, inflation rates, the yield curve, and other factors that are difficult to predict affect the mix, market values and levels of our AUM. Moreover, changing market conditions may cause a shift in our asset mix between international and U. S. assets, potentially resulting in a decline in our revenue and income depending upon the nature of our AUM and the level of management fees we earn based on them. Additionally, changing market conditions may cause a shift in our asset mix towards fixed- income products and a related decline in our revenue and income, as in the U. S. we generally derive higher fee revenues and income from equity assets than from fixed- income products we manage. If the funds we manage or invest in perform poorly, we will suffer a decline in our investment management revenue and earnings, and our Investment Management business may be adversely affected. Revenue from our Wealth Management business is derived from fees earned for the management of client assets, generally based on the market value of AUM. Poor investment performance by these businesses, on an absolute basis or as compared to third- party benchmarks or competitors, could stimulate higher redemptions, thereby lowering AUM and reducing the fees we earn, even in periods when securities prices are generally rising. In addition, if the investments we make on behalf of our funds and clients perform poorly, it may be more difficult for us to attract new investors, launch new products or offer new services in our Wealth Management business. Furthermore, if the volatility in the U. S. and global markets causes a decline in the price of securities that constitutes a significant portion of our AUM, our clients could withdraw funds from, or be hesitant to invest in, our Investment Management business due to the uncertainty or volatility in the market or in favor of investments they perceive as offering greater opportunity or lower risk, which would also result in lower investment management revenue. Our Investment Management business' reliance on non- affiliated third- party service providers subjects the Company to operational risks. We have entered into services agreements with third- party service providers for custodial services and trust and investment administration processing and reporting services. Our officers oversee and manage these relationships; however, poor oversight and control on our part or inferior performance or service on the part of the service providers could result in **a** loss of customers, violation of applicable rules and regulations, including, but not limited to, data protection, privacy and anti- money laundering laws and otherwise adversely affect our business and operations. Our agreements with the OCC require us to maintain and segregate certain assets, and our failure to comply with these agreements (including if we are required to access these assets for other purposes) could adversely affect us. Evercore Inc. and Evercore LP are party to a Capital and Liquidity Support Agreement, a Capital and Liquidity Maintenance Agreement and other related agreements with the OCC related to ETC (collectively, the" OCC Agreements"). The OCC Agreements require Evercore Inc. and Evercore LP to provide ETC necessary capital and liquidity support in order to ensure that ETC continues to operate safely and soundly and in accordance with applicable laws and regulations. In particular, the OCC Agreements require that Evercore Inc. and Evercore LP (1) maintain at least $ 5 million in Tier 1 capital in ETC or such other amount as the OCC may require and (2) maintain liquid assets in ETC in an amount at least equal to the greater of $ 3. 5 million or 180 days coverage of ETC' s operating expenses. If we fail to comply with any of the OCC Agreements, we could become subject to civil money penalties, regulatory enforcement actions, payment of damages and, if the OCC deems it likely that we are unable to fulfill our obligations or breach the OCC Agreements, a forced disposition of ETC. The occurrence of any of these events or the disclosure that these events are probable or under consideration may cause reputational harm and erosion of client trust, due to a perception that we are unable to comply with applicable regulatory requirements, unable to successfully launch new initiatives and businesses, or that our reputation for integrity and high- caliber professional services is no longer valid, any of which could adversely affect our business and operations. Risks Related to Our International Operations A meaningful portion of our revenues are derived from our international operations, which are subject to certain risks. In ~~2022~~ **2023** , we earned ~~29~~ **27** % of our Total Revenues, excluding Other Revenue, and ~~29~~ **27** % of our Investment Banking & Equities Revenues from clients located outside of the United States. Generally, we intend to grow our non- U. S. business, and this growth is critical to our overall success. Many of our large Investment Banking & Equities clients are non- U. S. entities seeking to enter into transactions involving U. S. businesses. Our international operations carry special financial and business risks, which could include, but are not limited to, greater difficulties managing and staffing foreign operations; language and cultural differences; fluctuations in foreign currency exchange rates that could adversely affect our results; unexpected and costly changes in trading policies, regulatory requirements, tariffs and other barriers **; the impact of Brexit on our operations in and the economies of the U. K. and the EU** ; restrictions on travel; greater difficulties in collecting accounts receivable; longer transaction cycles; higher operating costs; local labor conditions and regulations; adverse consequences or restrictions on the repatriation of earnings; potentially adverse tax consequences, such as trapped foreign losses; less stable political and economic environments; civil disturbances or other catastrophic events that reduce business activity; disasters or other business continuity problems, such as pandemics, other man- made or natural disaster or disruption involving electronic communications or other services; and international trade issues. As part of our day- to- day operations outside of the United States, we are required to create compensation programs, employment policies, compliance policies and procedures and other administrative programs that comply with the laws of multiple countries. We also must communicate and monitor standards and directives across our global operations. Our failure to successfully manage and grow our geographically diverse operations could impair our ability to react quickly to changing business and market conditions and to enforce compliance with non- U. S. standards **, laws, regulations** and procedures. If our international business increases relative to our total business, these factors could have a more pronounced effect on our operating results. See also" — Difficult market conditions may adversely affect our business in many ways, including reducing the volume of the transactions involving our Investment Banking & Equities business, which may materially reduce our revenue or income." Fluctuations in foreign currency exchange rates could adversely affect our results. Because our financial statements are denominated in U. S. dollars and we receive a portion of our revenues in other currencies, we are exposed to fluctuations in foreign currencies. In addition, we pay certain of our expenses in such currencies. Generally, we do not enter into any transactions to hedge our exposure to foreign exchange fluctuations in our foreign subsidiaries through the use of derivative instruments or otherwise. An appreciation or depreciation of any of these currencies relative to the U. S. dollar would result in an adverse or beneficial impact, respectively, to our financial results. On occasion, we enter into foreign currency exchange forward contracts as an economic hedge against exchange rate risk for foreign currency denominated accounts receivable in EGL **or other commitments** . **See Note 19 to our consolidated financial statements for further information** ~~There were no foreign currency exchange forward contracts outstanding as of December 31, 2022 and 2021~~ . The cost of compliance with international broker- dealer, employment, labor, benefits and tax regulations may adversely affect our business and hamper our ability to expand internationally. Since we operate our business both in the U. S. and internationally, we are subject to many distinct broker- dealer, employment, labor, benefits and tax laws in each jurisdiction in which we operate, including regulations affecting our employment practices and our relations with our employees and service providers. If we are required to comply with new regulations or new interpretations of existing regulations, or if we are unable to comply with these regulations or interpretations, our business could be adversely affected or the cost of compliance may make it difficult to expand into new international markets. Additionally, our competitiveness in international markets may be adversely affected by regulations requiring, among other things, the awarding of contracts to local contractors, the employment of local citizens and / or the purchase of services from local businesses. Risks Related to Our Organizational Structure We are required to pay some of our current and former Senior Managing Directors for most of the benefits relating to any additional tax depreciation or amortization deductions we may claim as a result of the tax basis step- up we receive in connection with exchanges of Evercore LP partnership units (" LP Units") for shares and related transactions. As of December 31, ~~2022~~ **2023** , there were certain vested LP Units held by some of our Senior Managing Directors and former employees that may in the future be exchanged for shares of our Class A common stock. The exchanges may result in increases in the tax basis of the assets of Evercore LP that otherwise would not have been available. These increases in tax basis may reduce the amount of tax that we would otherwise be required to pay in the future, although the IRS may challenge all or part of that tax basis increase, and a court could sustain such a challenge. We have entered into a tax receivable agreement with some of our current and former Senior Managing Directors that provides for the payment by us to these Senior Managing Directors of 85 % of the amount of cash savings, if any, in U. S. federal, state and local income tax or franchise tax that we actually realize as a result of these increases in tax basis. While the actual increase in tax basis, as well as the amount and timing of any payments under this agreement, will vary depending upon a number of factors, including the timing of exchanges, the price of shares of our Class A common stock at the time of the exchange, the extent to which such exchanges are taxable, and the amount and timing of our income, we expect that, as a result of the size of the increases in the tax basis of the tangible and intangible assets of Evercore LP attributable to our interest in Evercore LP, during the expected term of the tax receivable agreement, the payments that we may make to our Senior Managing Directors could be substantial. Changes in tax legislation may modify the amounts paid under the agreement. For example, the Tax Cuts and Jobs Act included a permanent reduction in the federal corporate income tax rate from 35 % to 21 %, which reduced future amounts to be paid under the agreement with respect to tax years beginning in 2018. In addition, there are numerous other provisions which may also have an impact on the amount of tax to be paid. To the extent that there are future changes or modifications to the Tax Cuts and Jobs Act or other legislation that increases our federal corporate tax rate, our payment obligations under the tax receivable agreement could increase. Although we are not aware of any issue that would cause the IRS to challenge a tax basis increase, Senior Managing Directors who receive payments will not reimburse us for any payments that may previously have been made under the tax receivable agreement. As a result, in certain circumstances we could make payments to some of the Senior Managing Directors under the tax receivable agreement in excess of our cash tax savings. Our ability to achieve benefits from any tax basis increase, and the payments to be made under this agreement, will depend upon a number of factors, as discussed above, including the timing and amount of our future income. Our only material asset is our interest in Evercore LP, and we are accordingly dependent upon distributions from Evercore LP to pay dividends, taxes and other expenses. The Company is a holding company and has no material assets other than its ownership of partnership units in Evercore LP. The Company has no independent means of generating revenue. We intend to cause Evercore LP to make distributions to its partners in an amount sufficient to cover all applicable taxes payable, other expenses and dividends, if any, declared by us. Payments of dividends, if any, will be at the sole discretion of the Company' s ~~board~~ **Board** of ~~directors~~ **Directors** after taking into account various factors, including economic and business conditions; our financial condition and operating results; our available cash and current and anticipated cash needs; our capital requirements; applicable contractual, legal, tax and regulatory restrictions; implications of the payment of dividends by us to our stockholders or by our subsidiaries (including Evercore LP) to us; and such other factors as our ~~board~~ **Board** of ~~directors~~ **Directors** may deem relevant. In addition, Evercore LP is generally prohibited under Delaware law from making a distribution to a partner to the extent that, at the time of the distribution, after giving effect to the distribution, liabilities of Evercore LP (with certain exceptions) exceed the fair value of its assets. Furthermore, certain subsidiaries of Evercore LP may be subject to similar legal limitations on their ability to make distributions to Evercore LP. Moreover, our regulated subsidiaries may be subject to regulatory capital requirements that limit the distributions that may be made by those subsidiaries. Deterioration in the financial condition, earnings or cash flow of Evercore LP and its subsidiaries for any reason could limit or impair their ability to pay such distributions. Additionally, to the extent that the Company requires funds and Evercore LP is restricted from making such distributions under applicable law or regulation or under the terms of financing arrangements, or is otherwise unable to provide such funds, our liquidity and financial condition could be materially adversely affected. As of December 31, ~~2022~~ **2023** , regulated subsidiaries of Evercore LP had $ ~~964~~ **937** . ~~7~~ **4** million of cash and cash equivalents and investment securities. Amounts held in regulated entities may be subject to advance notification requirements to, or regulatory approval from, their relevant regulatory body prior to distribution, which could delay or restrict access to such capital. If Evercore Inc. were deemed an" investment company" under the 1940 Act as a result of its ownership of Evercore LP, applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business. If Evercore Inc. were to cease participation in the management of Evercore LP, its interest in Evercore LP could be deemed an" investment security" for purposes of the 1940 Act. Generally, a person is deemed to be an" investment company" if it owns investment securities having a value exceeding 40 % of the value of its total assets (exclusive of U. S. government securities and cash items), absent an applicable exemption. Evercore Inc. will have no material assets other than its equity interest in Evercore LP. A determination that this interest was an investment security could result in Evercore Inc. being an investment company under the 1940 Act and becoming subject to the registration and other requirements of the 1940 Act. The 1940 Act and the rules thereunder contain detailed parameters for the organization and operations of investment companies. Among other things, the 1940 Act and the rules thereunder limit or prohibit transactions with affiliates, impose limitations on the issuance of debt and equity securities, prohibit the issuance of stock options, and impose certain governance requirements. We intend to conduct our operations so that Evercore Inc. will not be deemed to be an investment company under the 1940 Act. However, if anything were to happen which would cause Evercore Inc. to be deemed to be an investment company under the 1940 Act, requirements imposed by the 1940 Act, including limitations on our capital structure, ability to transact business with affiliates and ability to compensate key employees, could make it impractical for us to continue our business as currently conducted, impair the agreements and arrangements between and among Evercore Inc., Evercore LP or our Senior Managing Directors, or any combination thereof and materially adversely affect our business, financial condition and results of operations. Risks Related to Our Class A Common Stock Our employees control a significant portion of the voting power in Evercore Inc., which may give rise to conflicts of interests. Our employees own shares of our Class A common stock and our Class B common stock. Our certificate of incorporation provides that the holders of the shares of our Class B common stock are entitled to a number of votes that is determined pursuant to a formula that relates to the number of LP Units held by such holders. Each holder of Class B common stock is entitled, without regard to the number of shares of Class B common stock held by such holder, to one vote for each partnership unit in Evercore LP held by such holder. Our employees, and certain trusts benefiting their families, collectively, have a significant portion of the voting power in Evercore Inc. As a result, our employees have the ability to exercise influence over the election of the members of our ~~board~~ **Board** of ~~directors~~ **Directors** and, therefore, influence over our management and affairs, including determinations with respect to acquisitions, dispositions, borrowings, issuances of common stock or other securities, and the declaration and payment of dividends. In addition, they are able to exercise influence over the outcome of all matters requiring stockholder approval. This concentration of ownership could deprive our other Class A stockholders of an opportunity to receive a premium for their common stock as part of a sale of our company and might ultimately affect the market price of our Class A common stock. Our share price may decline or we may have a significant increase in the number of shares of common stock outstanding due to the large number of shares eligible for future sale and for exchange. The market price of our Class A common stock could decline as a result of sales of a large number of shares of Class A common stock in the market or the perception that such sales could occur. These sales, or the possibility that these sales may occur, might make it more difficult for us to sell equity securities at a time and at a price that we deem appropriate. Further, we have historically repurchased a significant number of shares of our Class A common stock in the open market. If we were to cease or were unable to repurchase shares of Class A common stock, or choose to allocate available capital to the repayment of borrowings or other expenditures, the number of shares outstanding would increase over time, diluting the ownership of existing stockholders. Our amended and restated certificate of incorporation allows the exchange of Class A limited partnership units of Evercore LP (" Class A LP Units"), Class E limited partnership units of Evercore LP (" Class E LP Units"), Class I limited partnership units of Evercore LP (" Class I LP Units") and Class K limited partnership units of Evercore LP (" Class K LP Units") (other than those held by us) for shares of our Class A common stock on a one- for- one basis, subject to customary conversion rate adjustments for stock splits, stock dividends and reclassifications. The shares of Class A common stock issuable upon exchange of the partnership units that are held by our Senior Managing Directors and certain other employees of the Company are eligible for resale from time to time, subject to certain contractual and Securities Act restrictions. Further, as part of annual bonuses and incentive compensation, we award restricted stock units (" RSUs") to employees, as well as to new hires. Each RSU represents the holder' s right to receive one share of our Class A common stock following the applicable vesting date. Should we issue RSUs in excess of the amount remaining as authorized for issuance under the Second Amended **and Restated** 2016 **Evercore Inc. Stock Incentive** Plan, these awards would be accounted for as liability awards, with changes in the fair value of these awards reflected as compensation expense until authorization is obtained. Some of our Senior Managing Directors are parties to registration rights agreements with us. Under these agreements, these persons have the ability to cause us to register the shares of our Class A common stock they could acquire. The market price of our Class A common stock may be volatile, which could cause the value of our Class A common stock to decline. Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions, could reduce the market price of our Class A common stock in spite of our operating performance. In addition, our operating results could be below the expectations of public market analysts and investors, and in response, the market price of our Class A common stock could decrease significantly. Anti- takeover provisions in our charter documents and Delaware law could delay or prevent a change in control. Our certificate of incorporation and by- laws may discourage, delay or prevent a merger or acquisition that a stockholder may consider favorable by permitting our ~~board~~ **Board** of ~~directors~~ **Directors** to issue one or more series of preferred stock, requiring advance notice for stockholder proposals and nominations and placing limitations on convening stockholder meetings. In addition, we are subject to provisions of the Delaware General Corporation Law that restrict certain business combinations with interested stockholders. These provisions may also discourage acquisition proposals or delay or prevent a change in control, which could harm our stock price. Item 1B. Unresolved Staff Comments