Risk Factors Comparison 2024-02-16 to 2023-02-17 Form: 10-K

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The summary of risks below provides an overview of the principal risks we are exposed to in the normal course of our business activities. This summary does not contain all of the information that may be important to you, and you should read the more detailed discussion of risks that follows this summary. Business and Operations • Our revenues and profitability depend on trading volume, volatility, retail participation and other characteristics in the markets in which we operate and the order flow with which we interact and therefore are subject to factors beyond our control, are prone to significant fluctuations and are difficult to predict. • We are dependent upon our trading counterparties **, clients** and clearing houses to perform their obligations to us. • We may incur losses in our market making activities and our execution services businesses due to failures of our customized trading platform, due to market risk or from a lack of perfect information. • The valuation of the securities we hold at any particular time may result in large and occasionally anomalous swings in the value of our positions and in our earnings in any period. • We face substantial competition and other competitive dynamics which could harm our financial performance. • Our market making business is concentrated in U. S. equities; accordingly, our operating results may be negatively impacted by changes that affect the U. S. equity markets. • We could lose significant sources of revenues if we lose any of our larger clients or sources of order flow or lose access to an important exchange or other trading venue or if we fail to adapt to proposed new regulations, should they become final rules. • We are subject to liquidity risk in our operations. • Self - clearing and other elements of our trade processing expose us to operational, financial and liquidity risks. • We have a substantial amount of indebtedness, which could negatively impact our business and financial condition, and may limit our flexibility in operating our business. • We depend on our technology and our results may be negatively impacted if we cannot remain competitive. • Our reliance on our computer systems and software could expose us to material financial and reputational harm if any of our computer systems or software were subject to any material disruption or corruption. • We could be the target of a significant cyber- attack, threat or incident that impairs internal systems, results in adverse consequences to information our system process, store or transmit or causes reputation or monetary damages as a consequence. • Our business may be harmed by computer and communication systems malfunctions, human error, failures and delays. • Failure or poor performance of third - party software, infrastructure or systems could adversely affect our business. • The use of open source software may expose us to additional risks. • We may not be able to protect our intellectual property rights or may be prevented from using intellectual property necessary for our business. • Fluctuations in currency exchange rates could negatively impact our earnings. • We may incur material losses on foreign exchange transactions entered into on behalf of clients and be exposed to material liquidity risk due to counterparty defaults or errors. • We may experience risks associated with future growth or expansion of our operations or acquisitions, strategic investments or dispositions of businesses, and we may never realize the anticipated benefits of such activities. • Our future efforts to sell shares of our common stock or raise additional capital may be inhibited by regulations. • We are dependent on the continued service of certain key executives, the loss or diminished performance of whom could have a material adverse effect on our business and our success depends, in part, on our ability to identify, recruit and retain skilled management and technical personnel. • ~~The COVID- 19 pandemic could adversely affect our business, results of operations and financial condition. • We may incur losses as a result of unforeseen or catastrophic events, including the emergence of another pandemic, social unrest, terrorist attacks, extreme weather events or other natural disasters. •~~ We may be subject to increased risks or business disruption, incur losses or suffer reputational harm in relation to or as a result of climate change. • Cryptocurrency is an emerging asset class that carries unique risk, including the risk of financial loss. Legal and Regulatory • Regulatory and legal uncertainties could harm our business. • Pending, proposed and other potential changes in laws and rules may adversely impact our business. • Non - compliance with applicable laws or regulatory requirements could subject us to sanctions and could negatively impact our reputation, prospects, revenues and earnings. • We are subject to risks relating to litigation and potential securities law liability. • Proposed legislation in the European Union, the U. S. and other jurisdictions that would impose taxes on certain financial transactions could have a material adverse effect on our business and financial results. • We are exposed to risks associated with our international operations and expansion and failure to comply with laws and regulations applicable to such operations may increase costs, reduce profits, limit growth or subject us to liability. • Brexit continues to pose a risk of negatively impacting the global economy, financial markets and our business. • In connection with our historical acquisitions, the Company is subject to potential liabilities that could materially and adversely affect our business. Organization and Structure • We are a holding company and our principal asset is our ~~59~~ **57** . ~~7~~ **8** % of equity interest in Virtu Financial, and we are accordingly dependent upon distributions from Virtu Financial to pay dividends, if any, taxes and other expenses. • We are controlled by the Founder Post - IPO Member, whose interests in our business may be different than yours, and certain statutory provisions afforded to stockholders are not applicable to us. • We may be unable to remain in compliance with the covenants contained in our Credit Agreement and our obligation to comply with these covenants may adversely affect our ability to operate our business. • We are exempt from certain corporate governance requirements since we are a " controlled company " within the meaning of the Nasdaq rules, and as a result our stockholders do not have the protections afforded by these corporate governance requirements. • We are required to pay the Virtu Post - IPO Members and the Investor Post - IPO Stockholders for certain tax benefits we may claim, and the amounts we may pay could be significant. Class A Common Stock • Substantial future sales of shares of our Class A common stock in the public market could cause our stock price to fall. • Failure to establish and maintain effective internal control over financial reporting could have a material adverse effect on our business, financial condition, results of operations and cash flows, and stock price. • We intend to pay regular dividends to our stockholders, but our ability to do so may be limited by our holding company structure, contractual restrictions and regulatory requirements. • Provisions in our charter documents and certain rules imposed by regulatory authorities may delay or prevent our acquisition by a third party. General • Our stock price may be volatile. • We incur increased costs as a result of being a public company. • Our stock price and trading volume could decline as a result of inaccurate or unfavorable research, or the cessation of research coverage, about us or our business published by securities or industry analysts. • **We may incur losses as a result of unforeseen or catastrophic events, including the emergence of another pandemic, social unrest, terrorist attacks, extreme weather events or other natural disasters. •** Our reported financial results depend on management' s selection of accounting methods and certain assumptions and estimates. Risks Related to Our Business and Operations Our revenues and profitability depend on trading volume, volatility, retail participation and other characteristics of the markets in which we operate and the order flow with which we interact, and therefore are subject to factors beyond our control, are prone to significant fluctuations and are difficult to predict. Our revenues and profitability depend in part on the level of trading activity of securities, derivatives and other financial products on exchanges and in other trading venues in the U. S. and abroad, which are directly affected by factors beyond our control, including economic and political conditions, regulatory changes, emergencies and pandemics, broad trends in business and finance and changes in the markets in which such transactions occur. Weaknesses in the markets in which we operate, including economic slowdowns in recent years, have historically resulted in reduced trading volumes for us. Declines in trading volumes generally result in lower revenues from market making and transaction execution activities. Lower levels of volatility generally have the same directional impact. Declines in market values of securities or other financial instruments can also result in illiquid markets, which can also result in lower revenues and profitability from market making and transaction execution activities. Lower price levels of securities and other financial instruments, as well as compressed bid / ask spreads, which often follow lower pricing, decreases in retail participation levels and other changes in market and / or order flow characteristics can further diminish the opportunities across markets we serve and order flow with which we interact, resulting in reduced revenues and profitability. These factors can also increase the potential for losses on securities or other financial instruments held in inventory and failures of buyers and sellers to fulfill their obligations and settle their trades, as well as claims and litigation. Declines in the trading activity of institutional or " buy- side " market participants may result in lower revenue and / or diminished opportunities for us to earn commissions from execution activities. Any of the foregoing factors could have a material adverse effect on our business, financial condition, results of operations and cash flows. In the past, our revenues and operating results have varied significantly from period to period due primarily to movements and trends in the underlying markets and to fluctuations in trading volumes and volatility levels. As a result, period to period comparisons of our revenues and operating results may not be meaningful, and future revenues and profitability may be subject to significant fluctuations or declines. Our business consists of providing consistent two - sided liquidity to market participants across numerous geographies and asset classes **as well as providing trade execution and related services to clients** . In the event of a systemic market event, resulting from large price movements or otherwise, certain market participants may not be able to meet their obligations to their trading counterparties, who, in turn, may not be able to meet their obligations to their other trading counterparties, which could lead to major defaults by one or more market participants. Further, one or more counterparties **or clients** may suffer liquidity or solvency challenges as a result of internal or other idiosyncratic events, and this may prevent these counterparties **or clients** , and potentially their counterparties **or clients** , from meeting their obligations to us. Following the implementation of certain mandates under the Dodd - Frank Act in the U. S. and similar legislation worldwide, many trades in the securities and futures markets, though not all, and an increasing number of trades in the over - the - counter derivatives markets, are cleared through central counterparties. These central counterparties assume, and specialize in managing, counterparty performance risk relating to such trades. However, even when trades are cleared in this manner, there can be no assurance that a clearing house' s risk management methodology will be adequate to manage one or more defaults. Given the concentration of counterparty performance risk that is concentrated in central clearing parties, any failure by a clearing house to properly manage a default could lead to a systemic market failure. If our trading counterparties do not meet their obligations to us, or if any central clearing parties fail to properly manage defaults by market participants, we could suffer a material adverse effect on our business, financial condition, results of operations and cash flows. The success of our business is substantially dependent on the accuracy and performance of our customized trading platform, which evaluates and monitors the risks inherent in our market making strategies and execution services business, assimilates market data and reevaluates our outstanding quotes and positions continuously throughout the trading day. Our strategies are designed to automatically rebalance our positions throughout the trading day to manage risk exposures on our positions. Flaws in our strategies, order management system, risk management processes, latencies or inaccuracies in the market data that we use to generate our quotes, or human error in managing risk parameters or other strategy inputs, may lead to unexpected and unprofitable trades, which may result in material trading losses and could have a material adverse effect on our business, financial condition, results of operations and cash flows. A significant portion of our revenues are derived from our trading as principal in our role as a formal or registered market maker and liquidity provider on various exchanges and markets, as well as direct to customer market making. We may incur trading losses relating to these activities since each primarily involves the purchase, sale or short sale of securities, futures and other financial instruments for our own account. In any period, we may incur significant trading losses for a variety of reasons, including price changes, performance, size and volatility of portfolios we may hold in connection with our customer market making activities, lack of liquidity in instruments in which we have positions and the required performance of our market making obligations. Furthermore, we may from time to time develop large position concentrations in securities or other financial instruments of a single issuer or issuers engaged in a specific industry, or alternatively a single future or other financial instrument, which would result in the risk of higher trading losses than if our concentration were lower. These risks may limit or restrict, for example, our ability to either resell securities we have purchased or to repurchase securities we have sold. In addition, we may experience difficulty borrowing securities to make delivery to purchasers to whom we have sold securities short or lenders from whom we have borrowed securities. In our role as a market maker, we attempt to derive a profit from bid / ask spreads. However, competitive forces often require us to match or improve upon the quotes that other market makers display, thereby narrowing bid / ask spreads, and to hold long or short positions in securities, futures or other financial instruments. We may at times trade with others who have information that may be more accurate or complete than the information we have, and as a result we may accumulate unfavorable positions preceding large price movements in a given instrument. We cannot assure you that we will be able to manage these risks successfully or that we will not experience significant losses from such activities, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. Our risk management activities related to our on exchange market making strategies utilize a four - pronged approach, consisting of strategy lockdowns, centralized strategy monitoring, aggregate exposure monitoring and operational controls. In particular, messages that leave our trading environment first must pass through a series of preset risk controls or " lockdowns " that are intended to minimize the likelihood of unintended activities. In certain cases, this layer of risk management, which adds a layer of latency to our process, may limit our ability to profit from acute volatility in the markets. This would be the case, for example, where a particular strategy being utilized by one of our traders is temporarily locked down for generating revenue in excess of the preset risk limit. Even if we are able to quickly and correctly identify the reasons for a lockdown and quickly resume the trading strategy, we may limit our potential upside as a result of our risk management policies. The market prices of our long and short positions are reflected on our books at closing prices, which are typically the last trade prices before the official close of the primary exchange on which each such security trades. Given that we manage a globally integrated portfolio, we may have large and substantially offsetting positions in securities that trade on different exchanges that close at different times of the trading day and may be denominated in different currencies. Further, there may be large and occasionally anomalous swings in the value of our positions on any particular day and in our earnings in any period. Such swings may be especially pronounced on the last business day of each calendar quarter, as the discrepancy in official closing prices resulting from the asynchronous closing times may cause us to recognize a gain or loss in one quarter which would be substantially offset by a corresponding loss or gain in the following quarter. Revenues from our market making activities depend on our ability to offer to buy and sell financial instruments at prices that are attractive and represent the best bid and / or offer in a given instrument at a given time. To attract order flow, we compete with other firms not only on our ability to provide liquidity at competitive prices, but also on other factors such as order execution speed and technology. Similarly, revenues from our technology services and agency execution services depend on our ability to offer cutting edge technology and risk management solutions. Across our businesses, our relationships with clients, customers and other counterparties could be adversely impacted by competitive dynamics across the industry, including but not limited to consolidation in the retail brokerage industry or asset management industry. Our competitors include other registered market makers, as well as unregulated or lesser - regulated trading and technology firms that also compete to provide liquidity and execution services. Our competitors range from sole proprietors with very limited resources to highly sophisticated groups, hedge funds, well - capitalized broker - dealers and proprietary trading firms or other market makers that have substantially greater financial and other resources than we do. These larger and better capitalized competitors may be better able to respond to changes in the market making industry, to compete for skilled professionals, to finance acquisitions, to fund internal growth, to manage costs and expenses and to compete for market share generally. Trading firms that are not registered as broker - dealers or broker - dealers not registered as market makers may in some instances have certain advantages over more regulated firms, including our subsidiaries that may allow them to bypass regulatory restrictions and trade more cheaply than more regulated participants on some markets or exchanges. In addition, we may in the future face enhanced competition from new market participants that may also have substantially greater financial and other resources than we do, which may result in compressed bid / ask spreads in the marketplace that may negatively impact our financial performance. Moreover, current and potential competitors may establish cooperative relationships among themselves or with third parties or may consolidate to enhance their services and products. The trend toward increased competition in our business is expected to continue, and it is possible that our competitors may acquire increased market share. Increased competition or consolidation in the marketplace could reduce the bid / ask spreads on which our business and profitability depend, and may also reduce commissions paid by institutional clients for execution services, negatively impacting our financial performance. As a result, there can be no assurance that we will be able to compete effectively with current or future competitors, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. The majority of our market making revenue for ~~2022~~ **2023** was derived from our market making in U. S. equities. The level of activity in the U. S. equity markets is directly affected by factors beyond our control, including U. S. economic and political conditions, broad trends in business and finance, legislative and regulatory changes and changes in volume and price levels of U. S. equity transactions. As a result, to the extent these or other factors reduce trading volume or volatility or result in a downturn in the U. S. equity markets, we may experience a material adverse effect on our business, financial condition and operating results. ~~At times~~ **During a given period** , a limited number of clients ~~could~~ **may** account for a significant portion of our order flow, revenues and profitability, and we expect a large portion of the future demand for, and profitability from, our trade execution services to remain concentrated within a limited number of clients. The loss of one or more larger clients could have an adverse effect on our revenues and profitability in the future. None of these clients is currently contractually obligated to utilize us for trade execution services and, accordingly, these clients may direct their trade execution activities to other execution providers or market centers at any time. Some of these clients have grown organically or acquired market makers and specialist firms to internalize order flow or have entered into strategic relationships with competitors. There can be no assurance that we will be able to retain these significant clients or that such clients will maintain or increase their demand for our trade execution services. Further, the continued integration of legacy systems and the development of new systems could result in disruptions to our ongoing businesses and relationships or cause issues with standards, controls, procedures and policies that adversely affect our ability to maintain relationships with customers, or to solicit new customers. Further, changes in applicable laws, regulations or rules could adversely impact our relationship with any such client or opportunities to interact with order flows from such clients. The loss, or a significant reduction, of demand for our services from any of these clients could have a material adverse effect on our business, financial condition, results of operations and cash flows. Similarly, changes in applicable laws, regulations or rules promulgated by **regulators or** exchanges could conceivably prevent us from providing liquidity directly to clients or counterparties or other trading venue where we provide liquidity today. Following recent regulatory attention on U. S. equities market structure, including the practice of wholesale market making and other forms of off exchange trading, the SEC has proposed the adoption of new Rule 615, which would dramatically change U. S. equities market structure, the routing, handling and potentially the amount, character and cost of retail order flow, and therefore may substantially diminish the volume of our transactions with retail client orders. This and other potential legal and regulatory changes are discussed in further detail in " Item 1A. Risk Factors — Legal and Regulatory Risks. **"** Though our revenues are diversified across exchanges and other trading venues, asset classes and geographies, the loss of access to or reduction in opportunities to transact with one or more significant clients or counterparties, exchanges or other trading venues for any reason could have a material adverse effect on our business, financial condition, results of operations and cash flows. We require liquidity to fund various ongoing obligations, including operating expenses, margin requirements, capital expenditures, debt service and dividend payments. Our main sources of liquidity are cash flow from the operations of our subsidiaries, our broker - dealer revolving credit facilities (described under " Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations- Liquidity and Capital Resources- Long- Term Borrowings "), margin financing provided by our prime brokers and cash on hand. Our liquidity could be materially impaired by a number of factors, including increased funding requirements for margin or settlement with central clearinghouses, prime brokers or counterparties, reduced business activity due to a market downturn, adverse regulatory action or a downgrade of our credit rating. If our business activities decrease or we are unable to borrow additional funds in the future on terms that are acceptable to us, or at all, we could suffer a material adverse effect on our business, financial condition, results of operations and cash flows. Self - clearing and other elements of our trade processing operations expose us to significant operational, financial and liquidity risks. We currently self - clear a substantial portion of our domestic equity trades and may expand our self - clearing operations internationally and across product offerings and asset classes in the future. Self - clearing exposes our business to operational risks, including business disruption, operational inefficiencies, liquidity, financing risks, counterparty performance risk and potentially increased expenses and lost revenue opportunities. While our clearing platform, operational processes, risk methodologies, enhanced infrastructure and current and future financing arrangements have been carefully designed, we may nevertheless encounter difficulties that may lead to operating inefficiencies, including delays in implementation, disruption in the infrastructure that supports the business, inadequate liquidity and financial loss. Any such delay, disruption or failure could negatively impact our ability to effect transactions and manage our exposure to risk and could have a material adverse effect on our business, financial condition, results of operations cash flows. In connection with our operation of our client execution services business, we are required to finance certain of our clients' unsettled positions from time to time and we could be held responsible for the defaults of our clients. Default by our clients may also give rise to our incurring penalties imposed by execution venues, regulatory authorities and clearing and settlement organizations. Although we regularly review our credit exposure, default risk may arise from events or circumstances that may be difficult to detect or foresee. In addition, concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions that could in turn adversely affect us. Additionally, elevated levels of volume and volatility, which have and may continue to result in material increases in our trading activities both in our market making segment and in our execution services segment, have previously and may in the future result in significantly increased margin requirements with the National Securities Clearing Corporation (" NSCC "), the Options Clearing Corporation (" OCC "), as well as certain prime brokers, clearing brokers, and other counterparties. In order to manage these increased daily funding obligations, we have taken and may continue to have to take measures to increase available short- term liquidity and to reduce our short- term funding requirements, which may require us to depend on additional sources of liquidity and upon the availability of third parties for services such as trade clearing, and have required and may continue to require us to limit certain of our activities in certain asset classes or products. If such sources of short- term liquidity or third- party services are not available, or if we encounter challenges obtaining such short- term liquidity or third- party services on terms favorable to us or at all, then our business, financial condition and results of operations may be adversely impacted. As of December 31, ~~2022~~ **2023** , we had an aggregate of $ 1, ~~826~~ **751** . ~~7~~ **8** million outstanding indebtedness under our long- term borrowings **. In 2022** , **we incurred** ~~which includes to~~ $ 1. 8 billion of ~~debt incurred~~ **term loan under the Credit Agreement (as defined below)** in connection with a refinancing transaction entered into on January 13, 2022 which is discussed in further detail in Note ~~9"~~ **8 "** Borrowings ~~"~~ **"** of Part II Item 8 " Financial Statements and Supplementary Data " of this Annual Report on Form 10- K. If we cannot generate sufficient cash flow from operations to service our debt, we may need to refinance our debt, dispose of assets or issue equity to obtain necessary funds. We do not know whether we will be able to take any of such actions on a timely basis, on terms satisfactory to us or at all. **The Credit Agreement also provides for a revolving credit facility which allows us to borrow on a revolving basis, subject to maximum borrowing limit of $ 250. 0 million, under which we had no borrowing outstanding as of December 31, 2023.** Additionally, we are party to an uncommitted facility (the " Uncommitted Facility "), subject to a maximum borrowing limit of $ 400. 0 million, under which we had no borrowings outstanding as of December 31, ~~2022~~ **2023** . We are also a party to a $ 650. 0 million broker- dealer revolving credit facility (the " Committed Facility ") under which we had no borrowings outstanding as of December 31, ~~2022~~ **2023** . Also, certain of our non- guarantor subsidiaries are party to various short- term credit facilities with various prime brokers and other financial institutions in an aggregate amount of $ ~~591~~ **599** . ~~0~~ **2** million under which we had $ ~~212~~ **175** . ~~9~~ **3** million in borrowings outstanding at December 31, ~~2022~~ **2023** . The credit agreement entered into on March 1, 2019 by and among Virtu Financial, VFH Parent LLC, a Delaware limited liability company and a subsidiary of Virtu Financial (" VFH "), Impala Borrower LLC (the " Acquisition Borrower "), a subsidiary of the Company, the lenders party thereto and Jefferies Finance LLC, as administrative agent (as amended on October 9, 2019 and as further amended from time to time, the “ Acquisition Credit Agreement ”) contained, and the refinancing credit agreement entered into on January 13, 2022 by and among VFH, the lenders party thereto and JPMorgan Chase Bank, N. A., as administrative agent (the “ Credit Agreement ”), and any other existing or future indebtedness of ours may contain, a number of covenants that impose significant operating and financial restrictions on us, including restrictions on our and our restricted subsidiaries’ ability to, among other things: • incur additional debt, guarantee indebtedness or issue certain preferred equity interests; • pay dividends on or make distributions in respect of, or repurchase or redeem, our equity interests or make other restricted payments; • prepay, redeem or repurchase certain debt; • make loans or certain investments; • sell certain assets; • create liens on our assets; • consolidate, merge or sell or otherwise dispose of all or substantially all of our assets; • enter into certain transactions with our affiliates; • enter into agreements restricting our subsidiaries’ ability to pay dividends; and • designate our subsidiaries as unrestricted subsidiaries. As a result of these covenants, we are limited in the manner in which we conduct our business, and we may be unable to successfully execute our strategy, engage in favorable business activities or finance future operations or capital needs. In addition, the revolving credit facility under the Credit Agreement is subject to a springing financial covenant which, if in effect, may require us to take action to reduce our debt or to act in a manner contrary to our business objectives. We may be unable to remain in compliance with covenants contained in the Credit Agreement, and our obligation to comply with these covenants may adversely affect our ability to operate our business. A failure to comply with the covenants under the Credit Agreement or any of our other future indebtedness could result in an event of default, which, if not cured or waived, could have a material adverse effect on our business, financial condition, results of operations and cash flows. If any such event of default has occurred and is continuing, the lenders under our Credit Agreement, among other things: • will not be required to lend any additional amounts to us; or • could elect to declare all borrowings outstanding, together with accrued and unpaid interest and fees, to be immediately due and payable and terminate all commitments to extend further credit; any of which could result in cross defaults under our other indebtedness. If we default on our indebtedness, our business, financial condition and results of operation could suffer a material adverse effect. We pledge substantially all of our and our guarantor subsidiaries’ assets as collateral under the Credit Agreement. If we were unable to repay such indebtedness, the lenders under the Credit Agreement could proceed to exercise remedies against the collateral granted to them to secure that indebtedness. If any of our outstanding indebtedness under the Credit Agreement or our other indebtedness were to be accelerated, there can be no assurance that our assets would be sufficient to repay such indebtedness in full. We do not have sufficient working capital to satisfy our debt obligations in the event of an acceleration of all or a significant part of our outstanding indebtedness. Despite our substantial indebtedness, we may still be able to incur significantly more debt, which could intensify the risks associated with our substantial indebtedness. Borrowings under the Credit Agreement, the Uncommitted Facility and the Committed Facility are at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on certain of our variable rate indebtedness will increase even though the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. We have entered into, and may enter into additional, interest rate swaps that involve the exchange of floating for fixed rate interest payments in order to reduce interest rate volatility. However, we may not maintain interest rate swaps with respect to all of our variable rate indebtedness, and any swaps we enter into may not fully mitigate our interest rate risk, may prove disadvantageous or may create additional risks. Rising interest rates could also limit our ability to refinance existing debt when it matures or cause us to pay higher interest rates upon refinancing. We depend on our technology, and our future results may be negatively impacted if we cannot remain technologically competitive. We believe that our success in the past has largely been attributable to our technology, which has taken many years to develop. If technology equivalent to ours becomes more widely available for any reason, our operating results may be negatively impacted. Additionally, adoption or development of similar or more advanced technologies by our competitors may require that we devote substantial resources to the development of more advanced technology to remain competitive. Regulators and exchanges may also introduce risk control and other technological requirements on our business that could result in increased costs of compliance and divert our technological resources away from their primary strategy development and maintenance duties. The markets in which we compete are characterized by rapidly changing technology, evolving industry standards and changing trading systems, practices and techniques. The widespread adoption of new internet, networking or telecommunications technologies or other technological changes could require us to incur substantial expenditures to modify or adapt our services or infrastructure. We may not be able to anticipate or respond adequately or in a cost - efficient and competitive manner to technological advancements (including advancements related to low - latency technologies, execution and messaging speeds) or changing industry standards. If any of these risks materialize, it could have a material adverse effect on our business, financial condition, results of operations and cash flows. We rely significantly on our computer systems and software to receive and properly process internal and external data and utilize such data to generate orders and other messages. A disruption or corruption of the proper functioning of our computer systems or software could cause us to make erroneous trades or result in other negative circumstances, which could result in material losses or reputational harm. We cannot guarantee that our efforts to maintain competitive computer systems and software will be successful. Our computer systems and software may fail or be subject to bugs or other errors, including human error, resulting in service interruptions or other unintended consequences. If any of these risks materialize, they could have a material adverse effect on our business, financial condition, results of operations and cash flows. Our business relies on technology and automation to perform significant functions within our firm. Because of our reliance on technology, we may be susceptible to various forms of cyber- attacks by third parties or insiders. Like other financial services firms, we and our third- party service providers have been the target of cyber- attacks. Though we take steps to mitigate the various cyber threats and devote significant resources to maintain and update our systems and networks, we may be unable to anticipate attacks or to implement adequate preventative measures. We are not aware of any material losses we have incurred relating to cyber- attacks or other information security breaches. Our cybersecurity measures may not detect or prevent all attempts to compromise our systems, including denial - of - service attacks, viruses, malicious software, ransomware, break - ins, phishing attacks, social engineering, security breaches or other attacks and similar disruptions that may jeopardize the security of information stored in and transmitted by our systems or that we otherwise maintain or otherwise result in financial losses or damages to our firm. Furthermore, ~~we may have little or no oversight with respect to~~ security measures employed by third- party service providers ~~, which~~ may ultimately prove to be ineffective at countering threats and therefore could result in adverse impacts to our business, operations, or confidential information, depending upon our relationship with and exposure to a given services provider and the nature of the services provided. Although we maintain insurance coverage that may, subject to policy terms and conditions, cover certain aspects of cyber risks, such insurance coverage may be insufficient to cover all losses or may not cover any losses. Breaches of our cybersecurity measures or those of our third- party service providers could result in any of the following: unauthorized access to our systems; unauthorized access to and misappropriation of information or data, including confidential or proprietary information about ourselves, third parties with whom we do business or our proprietary systems; viruses, worms, spyware, ransomware, or other malware being placed in our systems and intellectual property; deletion or modification of client information; or a denial - of - service or other interruptions to our business operations. Any actual or perceived breach of our cybersecurity could damage our reputation, expose us to a risk of loss or litigation and possible liability, require us to expend significant capital and other resources to alleviate problems caused by such breaches and otherwise have a material adverse effect on our business, financial condition, results of operations and cash flows. Our business activities are heavily dependent on the integrity and performance of the computer and communications systems supporting them. Our systems and operations are vulnerable to damage or interruption from human error, software bugs and errors, electronic and physical security breaches, natural disasters, economic or political developments, pandemics, weather events, power loss, utility or internet outages, computer viruses, intentional acts of vandalism, **terrorism, geopolitical and / or global conflict,** war ~~, terrorism~~ and other similar events. Extraordinary trading volumes or other events could cause our computer systems to operate in ways that we did not intend, at an unacceptably low speed or even fail. While we have invested significant amounts of capital to upgrade the capacity, reliability and scalability of our systems, there can be no assurance that our systems will always operate properly or be sufficient to handle such extraordinary trading volumes. Any disruption for any reason in the proper functioning or any corruption of our software or erroneous or corrupted data may cause us to make erroneous trades or suspend our services and could have a material adverse effect on our business, financial condition, results of operations and cash flows. Although our systems and infrastructure are generally designed to accommodate additional growth without redesign or replacement, we may need to make significant investments in additional hardware and software to accommodate growth. Failure to make necessary expansions and upgrades to our systems and infrastructure could not only limit our growth and business prospects but could also cause substantial losses and have a material adverse effect on our business, financial condition, results of operations and cash flows. Since the timing and impact of disasters and disruptions are unpredictable, we may not be able to respond to actual events as they occur. Business disruptions can vary in their scope and significance and can affect one or more of our facilities. These disruptions may occur as a result of events that affect only our buildings or systems or those of such third parties, or as a result of events with a broader impact globally, regionally or in the cities where those buildings or systems are located, including, but not limited to, natural disasters, economic or political developments, pandemics, weather events, **terrorism, geopolitical and / or global conflict,** war ~~, terrorism~~ and other similar events. Further, the severity of the disruption can also vary from minimal to severe. Although we have employed efforts to develop, implement and maintain reasonable disaster recovery and business continuity plans, we cannot guarantee that our systems will fully recover after a significant business disruption in a timely fashion or at all. Our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our businesses and the communities in which we are located. This may include a disruption involving electrical, satellite, undersea cable or other communications, internet, transportation or other services facilities used by us, our employees or third parties with which we conduct business. If we are prevented from using any of our current trading operations, or if our business continuity operations do not work effectively, we may not have complete business continuity, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. Failure or poor performance of third - party software, infrastructure or systems on which we rely could adversely affect our business. We depend on third parties to provide and maintain certain infrastructure that is critical to our business. For example, we rely on third parties to provide software, data center services and dedicated fiber optic, microwave, wireline and wireless communication infrastructure. This infrastructure may malfunction or fail due to events outside of our control, which could disrupt our operations and have a material adverse effect on our business, financial condition, results of operations and cash flows. Any failure to maintain and renew our relationships with these third parties on commercially favorable terms, or to enter into similar relationships in the future, could have a material adverse effect on our business, financial condition, results of operations and cash flows. We also rely on certain third - party software, third - party computer systems and third - party service providers, including clearing systems, exchange systems, alternate trading systems, order routing systems, internet service providers, communications facilities and other facilities. Any interruption in these third - party services or software, deterioration in their performance, or other improper operation could interfere with our trading activities, cause losses due to erroneous or delayed responses, or otherwise be disruptive to our business. If our arrangements with any third party are terminated, we may not be able to find an alternative source of software or systems support on a timely basis or on commercially reasonable terms. This could also have a material adverse effect on our business, financial condition, results of operations and cash flows. We use software development tools covered by open source licenses and may incorporate such open source software into our proprietary software from time to time. “ Open source software ” refers to any code, shareware or other software that is made generally available to the public without requiring payment of fees or royalties and / or that may require disclosure or licensing of any software that incorporates such source code, shareware or other software. Given the nature of open source software, third parties might assert contractual or copyright and other intellectual property - related claims against us based on our use of such tools and software programs or might seek to compel the disclosure of the source code of our software or other proprietary information. If any such claims materialize, we could be required to (i) seek licenses from third parties in order to continue to use such tools and software or to continue to operate certain elements of our technology, (ii) release certain proprietary software code comprising our modifications to such open source software, (iii) make our software available under the terms of an open source license, (iv) re - engineer all, or a portion of, that software, any of which could materially and adversely affect our business, financial condition, results of operations and cash flows or (v) be required to pay significant damages as a result of substantiated unauthorized use. While we monitor the use of all open source software in our solutions, processes and technology and try to ensure that no open source software is used (i) in such a way as to require us to disclose the source code to the related solution when we do not wish to do so nor (ii) in connection with critical or fundamental elements of our software or technology, such use may have inadvertently occurred in deploying our proprietary solutions. If a third - party software provider has incorporated certain types of open source software into software we license from such third party for our products and solutions, we could, under certain circumstances, be required to disclose the source code to our solutions. In addition to risks related to license requirements, usage of open software can lead to greater risks than use of third - party commercial software because open source licensors generally do not provide warranties or controls on the origin of the software. Many of the risks associated with usage of open source software cannot be eliminated and could potentially have a material adverse effect on our business, financial condition, results of operations and cash flows. We rely on federal and state law, trade secrets, trademarks, domain names, copyrights and contract law to protect our intellectual property and proprietary technology. It is possible that third parties may copy or otherwise obtain and use our intellectual property or proprietary technology without authorization or otherwise infringe on our rights. For example, while we have a policy of entering into confidentiality, intellectual property invention assignment and / or non - competition and non - solicitation agreements or restrictions with our employees, independent contractors and business partners, such agreements may not provide adequate protection or may be breached, or our proprietary technology may otherwise become available to or be independently developed by our competitors. The promulgation of laws or rules which require the maintenance of source code or other intellectual property in a repository subject to certain requirements and / or which enhance or facilitate access to such source code by regulatory authorities could inhibit our ability to protect against unauthorized dissemination or use of our intellectual property. Third parties have alleged and may in the future allege that we are infringing, misappropriating or otherwise violating their intellectual property rights. Third parties may initiate litigation against us without warning, or may send us letters or other communications that make allegations without initiating litigation. We may elect not to respond to these letters or other communications if we believe they are without merit, or we may attempt to resolve these disputes out of court by negotiating a license, but in either case it is possible that such disputes will ultimately result in litigation. Any such claims could interfere with our ability to use technology or intellectual property that is material to the operation of our business. Such claims may be made by competitors seeking to obtain a competitive advantage or by other parties, such as entities that purchase intellectual property assets for the purpose of bringing infringement claims. We also periodically employ individuals who were previously employed by our competitors or potential competitors, and we may therefore be subject to claims that such employees have used or disclosed the alleged trade secrets or other proprietary information of their former employers. At times we rely on litigation to enforce our intellectual property rights, protect our trade secrets, determine the validity and scope of the proprietary rights of others or defend against claims of infringement or invalidity. Any such litigation, whether successful or unsuccessful, could result in substantial costs and the diversion of resources and the attention of management. If unsuccessful, such litigation could result in the loss of important intellectual property rights, require us to pay substantial damages, subject us to injunctions that prevent us from using certain intellectual property, require us to make admissions that affect our reputation in the marketplace and require us to enter into license agreements that may not be available on favorable terms or at all. Finally, even if we prevail in any litigation, the remedy may not be commercially meaningful or fully compensate us for the harm we suffer or the costs we incur. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations and cash flows. A significant portion of our international business is conducted in currencies other than the U. S. dollar, and therefore changes in foreign exchange rates relative to the U. S. dollar have in the past and can in the future affect the value of our non - U. S. dollar net assets, revenues and expenses. Although we closely monitor potential exposures as a result of these fluctuations in currencies, and where cost - justified we adopt strategies that are designed to reduce the impact of these fluctuations on our financial performance, including the financing of non - U. S. dollar assets with borrowings in the same currency and the use of various hedging transactions related to net assets, revenues, expenses or cash flows, there can be no assurance that we will be successful in managing our foreign exchange risk. Our exposure to currency exchange rate fluctuations will grow if the relative contribution of our operations outside the U. S. increases. Any material fluctuations in currencies could have a material effect on our financial condition, results of operations and cash flows. We enable clients to settle cross - border equity transactions in their local currency through the use of foreign exchange contracts. These arrangements typically involve the delivery of securities or cash to a counterparty that is not processed through a central clearing facility in exchange for a simultaneous receipt of cash or securities. We may operate as either a principal or agent in these transactions. As a result, a default by one of our counterparties prior to the settlement of their obligation could materially impact our liquidity and have a material adverse effect on our financial condition and results of operations. In addition, we are exposed to operational risk. Employee and technological errors in executing, recording or reporting foreign exchange transactions may result in material losses due to the large size of such transactions and the underlying market risk in correcting such errors. As a part of our business strategy, we may make acquisitions or significant investments in and / or disposals of businesses. Any such future acquisitions, investments and / or dispositions would be accompanied by risks such as assessment of values for acquired businesses, intangible assets and technologies, difficulties in assimilating the operations and personnel of acquired companies or businesses, diversion of our management' s attention from ongoing business concerns, our potential inability to maximize our financial and strategic position through the successful incorporation or disposition of operations, maintenance of uniform standards, controls, procedures and policies and the impairment of existing relationships with employees, contractors, suppliers and customers as a result of the integration of new management personnel and cost - saving initiatives. We cannot guarantee that we will be able to successfully integrate any company or business that we might acquire in the future, and our failure to do so could harm our current business. In addition, we may not realize the anticipated benefits of any such transactions, and there may be other unanticipated or unidentified effects. While we would seek protection, for example, through warranties and indemnities in the case of acquisitions, significant liabilities may not be identified in due diligence or come to light after the expiration of warranty or indemnity periods. Additionally, while we would seek to limit our ongoing exposure, for example, through liability caps and period limits on warranties and indemnities in the case of disposals, some warranties and indemnities may give rise to unexpected and significant liabilities. If we fail to realize any such anticipated benefits, or if we experience any such unanticipated or unidentified effects in connection with any future acquisitions, investments or dispositions, we could suffer a material adverse effect on our business, financial condition, results of operations and cash flows. Finally, strategic investments may involve additional risks associated with holding a minority or noncontrolling position in an illiquid business or asset, including losses on investment along with failures to realize anticipated strategic benefits associated with an investment. As certain of our subsidiaries are members of FINRA and other SROs, we are subject to certain regulations regarding changes in ownership or control and material changes in operations. For example, FINRA Rule 1017 generally provides that FINRA approval must be obtained in connection with certain change of ownership or control transactions, such as a transaction that results in a single entity or person owning 25 % or more our equity. Similarly, VFIL, ~~VIEL~~ **VETL** and VIUK, our regulated subsidiaries in Ireland and the U. K., are subject to change in control regulations promulgated by the CBI and / or the FCA, and other registered or regulated foreign subsidiaries may be subject to similar regulations in applicable jurisdictions. As a result of these regulations, our future efforts to sell shares of our common stock or raise additional capital may be delayed or prohibited. We may be subject to similar restrictions in other jurisdictions in which we operate. We are dependent on the continued service of certain key executives, the loss or diminished performance of whom could have a material adverse effect on our business, and our success depends in part on our ability to identify, recruit and retain skilled management and technical personnel. Our performance is substantially dependent on the performance of our senior management, including Douglas Cifu, our Chief Executive Officer, Joseph Molluso, our Co- President and Co- Chief Operating Officer, Brett Fairclough, our Co- President and Co- Chief Operating Officer, Sean Galvin, our Chief Financial Officer and Stephen Cavoli, our Executive Vice President, ~~Markets~~ **Global Head of Execution Services** . In connection with and subsequent to the IPO, we have entered into employment and other related agreements with certain members of our senior management team that restrict their ability to compete with us should they decide to leave our Company. Even though we have entered into these agreements, we cannot be sure that any member of our senior management will remain with us or that they will not compete with us in the future. The loss of any member of our senior management team could impair our ability to execute our business plan and growth strategy and have a negative impact on our revenues, in addition to potentially causing employee morale problems and / or the loss of key employees. In particular, Mr. Cifu invests in other businesses and spends time on such matters, which could divert ~~their~~ **his** attention from us. Our employment agreement with Mr. Cifu specifically permits his participation in and attention to certain other business activities, including but not necessarily limited to his role as the Vice Chairman and Alternate Governor of the Florida Panthers, a National Hockey League franchise. We cannot guarantee that these or other permitted outside activities will not impact his performance as Chief Executive Officer. Our future success depends, in part, upon our continued ability to identify, attract, hire and retain highly qualified personnel, including skilled technical, management, product and technology, trading, sales and marketing personnel, all of whom are in high demand and are often subject to competing offers. Competition for qualified personnel in the financial services industry is intense and we cannot assure you that we will be able to hire or retain a sufficient number of qualified personnel to meet our requirements, or that we will be able to do so at salary, benefit and other compensation costs that are acceptable to us or that would allow us to achieve operating results consistent with our historical results. A loss of qualified employees, or an inability to attract, retain and motivate additional highly skilled employees in the future, could have a material adverse effect on our business. ~~The ongoing coronavirus (COVID- 19) pandemic has caused significant disruption in the international and United States economies and financial markets, and has caused, among other matters, illness, death, quarantines, cancellation of events and travel, business and school shutdowns, reduction in business activity, travel, and financial transactions, labor shortages, supply chain interruptions and product shortages and overall economic and financial market instability. The full impact this virus may have on the global financial markets and the overall economy is not currently known. Impacts to our business could be widespread and global, and material impacts may be possible, including the following: • Employees, including our senior executives, contracting COVID- 19; • Reductions in our operating effectiveness or efficiency or increases in risk as a result of the implementation of our business continuity plan, and potential disruptions or adverse impacts relating to our return to office policy; • Unprecedented volatility in global financial markets, which may increase the risk or potential magnitude of operational errors; • Increases in liquidity needs, including but not limited to margin funding requirements with clearinghouses or prime brokers, for our business and challenges obtaining sufficient liquidity sources to meet such needs or requirements; • Potential decreases in demand for our products and services, which would negatively impact our liquidity position and our results; • Adverse impacts on our clients, counterparties, vendors and other business partners on whom we rely for order flow, funding, and critical technological or operational services and the potential increase in risk of counterparty default or insolvency event; • Closures of our offices or the offices of our clients; and • Travel restrictions limiting our ability to collaborate internally and engage with current and potential clients and counterparties externally. We continue to monitor COVID- 19 and take designed precautions to protect the safety and well- being of our employees, customers and business partners. However, we cannot be certain that the steps we have taken or will take will be~~

~~deemed to be adequate or appropriate, nor can we predict the level of disruption which will occur to our employee' s ability to perform their functions. The further spread of the COVID- 19 outbreak, including potential new variants, may materially disrupt financial activity generally and in the areas in which we operate. Any one or more of these developments could have a material adverse effect on our and our consolidated subsidiaries' business, operations, consolidated financial condition, and consolidated results of operations. We may incur losses as a result of unforeseen or catastrophic events, including the emergence of another pandemic, terrorist attacks, extreme weather events or other natural disasters. The occurrence of unforeseen or catastrophic events, including the emergence of a pandemic, such as the Ebola or Zika viruses, COVID- 19, or other widespread health emergency (or concerns over the possibility of such an emergency), terrorist attacks, extreme terrestrial or solar weather events or other natural disasters, could create economic and financial disruptions, and could lead to operational difficulties (including travel limitations) that could impair our ability to manage our businesses.~~ Climate change could manifest as a financial risk to us either through changes in the physical climate or from the process of transitioning to a low- carbon economy, including changes in climate policy or in the regulation of financial institutions with respect to risks posed by climate change. Potential events or disruptions of this nature include significant rainfall, flooding, increased frequency or intensity of wildfires, prolonged drought, rising sea levels and rising heat index. Additionally, our reputation and client relationships may be damaged as a result of our involvement, or our clients' 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. **Cryptocurrency and other digital assets are an emerging asset class that carries unique risk, including the risk of financial loss.** The value of cryptocurrencies **and other digital assets, whether traded in spot, ETP / ETF, or other form,** is based in part on market adoption and future expectations, which may or may not be realized. As a result, the prices of cryptocurrencies **and other digital assets** are highly speculative. Due to this highly volatile nature, prices of cryptocurrencies **and other digital assets** have been subject to dramatic fluctuations which may impact our balance sheet. For example, if the price of the cryptocurrencies we hold in inventory drops below the price we paid to acquire this inventory, we could incur a loss. Moreover, if our systems fail at managing our inventory or customer orders, we could be left with excess inventory that increases our exposure to the volatility of the price of cryptocurrencies. Further, because cryptocurrency **, along with other digital assets,** is a new and emerging asset class with unique electronic exposure, there is a high degree of fraud, theft, cyberattacks and other forms of risk in the cryptocurrency space, and legal, regulatory and market standards around market conduct, transparency, custody, segregation of client assets, clearing and settlement **for these assets, including when traded in spot, ETP / ETF, or other form,** are all evolving or unsettled, which can increase risks for us and other market participants. While the Company employs a variety of controls to mitigate risk of loss and theft in the cryptocurrency positions we maintain, it is possible, for example, for electronic wallet keys to become lost or stolen, for blockchains to experience detrimental changes, such as forks, or for our cryptocurrency exchange and custodian partners to experience cybersecurity incidents. In the event of such events, we could experience financial loss, we could lose customers and clients as a result of reputational damage, and we may face regulatory or legal consequences. Although we maintain insurance, there can be no assurance that liabilities or losses we may incur will be covered under such policies or that the amount of insurance will be adequate. Securities and derivatives businesses are heavily regulated. Firms in the financial services industry have been subject to an increasingly regulated environment over recent years, and penalties and fines sought by regulatory authorities have increased considerably. In addition, following recent ~~news~~ congressional, regulatory and news media attention to U. S. equities market structure, the regulatory and enforcement environment has created uncertainty with respect to various types of transactions that historically had been entered into by financial services firms and that were generally believed to be permissible and appropriate. The retail trading environment in the U. S., relationships between broker- dealers and market making firms, short selling and " high frequency " and other forms of low latency or electronic trading strategies continue to be the focus of extensive regulatory scrutiny by federal, state and foreign regulators and SROs, and such scrutiny is likely to continue. Our market making and trading activities are characterized by substantial volumes, an emphasis on technology and certain other characteristics that are also commonly associated with high frequency trading and we engage in direct- to- client market making services across multiple asset classes primarily to sell- side clients including global, national and regional broker- dealers and banks and in the context of our market making and trading activities, we are party to various remuneration and rebate arrangements, including payment for order flow, profit- sharing relationships, and exchange fee and rebate structures. Additionally, the regulatory and legal status and classification of various cryptocurrencies and other digital assets is subject to substantial uncertainty. For example, a given digital asset could be considered a security, a commodity or currency, or some combination thereof, and therefore may be subject to rules and regulations promulgated by federal regulators, including but not limited to the SEC, the CFTC, the Department of Treasury, in addition to state regulators. While our participation in this asset class has been limited thus far, changes in this regulatory environment, including changing interpretations and the implementation of new or varying regulatory requirements by the government, may significantly affect or change the manner in which we currently conduct some aspects of our business or may significantly impact or limit our ability to increase our participation **or could otherwise expose us to potential liability or losses** . In addition, the financial services industry is heavily regulated in many foreign countries. The varying compliance requirements of these different regulatory jurisdictions and other factors may limit our ability to conduct business or expand internationally. For example, MiFID, which was implemented in November 2007, has been replaced by MiFID II / Markets in Financial Investments Regulation (" MiFIR "), which was adopted by the European Parliament on April 15, 2014 and by the Council on May 13, 2014, entered into force on July 2, 2014, and became effective on January 3, 2018. MiFID II requires certain types of firms, including VFIL, to post firm quotes at competitive prices and supplements previous requirements with regard to investment firms' risk controls related to the safe operation of electronic systems. MiFID II also

~~imposes~~ **imposed** additional requirements on market structure, such as the introduction of a harmonized tick size regime, the introduction of ~~new~~ trading venues known as Organized Trading Facilities, and the promulgation of a ~~new~~ bilateral trading arrangement called the Systematic Internaliser regime, new open access provisions, market making requirements and various other pre - and post - trade risk management requirements. The MiFID II regime is currently under review, with European Union authorities proposing to make further changes to the regime ~~. Various consultation papers have been published on different aspects of the MiFID II regime, on February 4, 2020, an ESMA Consultation Paper entitled " MiFID II / MiFIR Review Report on the Transparency Regime for Equity and Equity- like Instruments, the Double Volume Cap Mechanism and the Trading Obligations for Shares ", on December 18, 2020 an ESMA Consultation Paper entitled" MiFID II / MiFIR Review Report on Algorithmic Trading" and on January 28, 2022 an ESMA Consultation Paper " on ESMA " s Opinion on the trading venue perimeter "~~. In its communication on " The European economic and financial system: fostering openness, strength and resilience " of January 19, 2021, the European Commission confirmed its intention to propose to make changes with a view to improving simplifying and further harmonizing capital markets' transparency as part of the review of the MiFID II and MiFIR framework. On December 21, 2022, the Council of the European Union published the texts of its general approach on the proposed regulation to amend MiFIR " as regards enhancing market data transparency, removing obstacles to the emergence of a consolidated tape, optimizing the trading obligations and amending Regulation (EU) No 575 / 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648 / 2012 " and on the proposed directive " amending Directive 2014 / 65 / EU on markets in financial instruments and amending Directive 2013 / 36 / EU on access of the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002 / 87 / EC and repealing Directives 2006 / 48 / EC and 2006 / 49 / EC ", each dated December 16, 2022; as well as publishing an " I " item note, also dated December 16, 2022, inviting the Council' s Permanent Representatives Committee to agree the text of the mandate for negotiations with European Parliament on the basis of the published general approaches, with a view to reaching agreement at first reading. **The Council of the European Union further published an Information Note with respect to the " Proposal for a Regulation (EU) of the European Parliament and of the Council of amending Regulation (EU) No 600 / 2014 as regards enhancing data transparency, removing obstacles to the emergence of consolidated tapes, optimizing the trading obligations and prohibiting receiving payments for forwarding client orders " and the " Proposal for the Directive (EU) 2023 / of the European Parliament and of the Council of amending Directive 2014 / 65 / EU on markets in financial instruments ", dated October 18, 2023, which includes the final compromise texts for each proposed regulation. The Information Note details the draft overall compromise package as agreed by the Permanent Representatives' Committee, with the Council of the European Union inviting the European Parliament to adopt its position at first reading in accordance with the compromise package, with a view to reaching an agreement and adopting the act at first reading.** Each of these and other proposals may impose technological and compliance costs on us. Any of these laws, rules or regulations, as well as changes in legislation or regulation and changes in market customs and practices could have a material adverse effect on our business, financial condition, results of operations and cash flows. These risks may be enhanced by recent scrutiny of electronic trading and market structure from regulators, lawmakers and the financial news media. In addition, we maintain borrowing facilities with banks, prime brokers and Futures Commission Merchants (" FCMs "), and we obtain uncommitted margin financing from our prime brokers and FCMs, which are in many cases affiliated with banks. In response to the 2008 financial crisis, the Basel Committee on Banking Supervision issued a new, more stringent capital and liquidity framework known as Basel III, which national banking regulators have been implementing in the various jurisdictions in which our lenders may be incorporated. In the E. U., on December 24, 2019, a Regulation on the prudential requirements for Investment Firms (" IFR ") and a Directive on the prudential supervision of Investments Firms (" IFD ") entered into force. The IFR and IFD ~~introduce~~ **introduced** new prudential requirements for investment firms, classifying them into different categories depending on the ~~firm~~ **Company** ' s balance- sheet size and types of activity. The main provisions of the IFR and IFD were applicable from the end of June 2021. Certain Level 2 texts are still outstanding which are required to provide clarity on certain provisions in the IFR / IFD. As these rules are implemented and in certain cases impose more stringent capital and liquidity requirements, certain of our lenders may revise the terms of our borrowing facilities or margin financing arrangements, reduce the amount of financing they provide, or cease providing us financing, each of which could have a material adverse effect on our business, financial condition, results of operations and cash flows. Certain market participants, SROs, government officials and regulators have requested that the U. S. Congress, the SEC, and the CFTC propose and adopt additional laws and rules, including rules relating to payment for order flow, off- exchange trading, additional registration requirements, restrictions on co - location, order - to - execution ratios, minimum quote life for orders, incremental messaging fees to be imposed by exchanges for " excessive " order placements and / or cancellations, further transaction taxes, tick sizes, changes to maker / taker rebates programs, and other market structure proposals. For example, the Committee on Financial Services of the U. S. House of Representatives held hearings on the events surrounding the January 2021 market volatility and disruptions surrounding Gamestop and other " meme " stocks at which various members of Congress expressed their concerns about various market practices, including payment for order flow and short- selling. The SEC has recently proposed several rule changes focused on equity market structure reform. These proposals include, but are not limited to, (i) Proposed Rule 615 of Regulation NMS, which proposes to dramatically change U. S. equities market structure, the routing, handling and potentially the amount, character and cost of retail order flow, (ii) Regulation Best Execution, which would impose best execution requirements on broker- dealers which would be distinct from, but overlapping with, FINRA' s existing best execution rule (Rule 5310), (iii) proposed rule amendments to minimum pricing increments under Rule 612 or Regulation NMS, access fee caps under Rule 610 of Regulation NMS, acceleration of implementation of certain Market Data Infrastructure Rules, and amendment to the odd- lot information definition adopted under the MDI rules (collectively referred to as the " tick size, access fees and infostructure rule proposals "), ~~and~~ (iv) amendments to Rule 605 of Regulation NMS, ~~along with~~ **(v)** a series of amendments to the definition of Exchange and Alternative Trading

Systems (ATS), which would expand the scope of exchange and ATS registration and compliance requirements **, and (vi) amendments to Regulation SCI which would broaden the scope of covered technology platforms business models. Additionally, rules to amend the definitions of " dealer " and " government securities dealer " within the Exchange Act were recently adopted and are expected to broaden the scope of these registrant categories** . Regulators may propose other market structure changes, particularly considering the continued regulatory, congressional and media scrutiny of U. S. equities market structure, the retail trading environment in the U. S., wholesale market making and the relationships between retail broker- dealers and market making firms, including but not limited to payment for order flow arrangements, other remuneration arrangements such as profit- sharing relationships and exchange fee and rebate structures, ATSs and off- exchange trading more generally, high frequency trading, short selling, market fragmentation, colocation, and access to market data feeds. Any or all of these proposals or additional proposals may be adopted by the SEC, CFTC or other U. S. or foreign legislative or regulatory bodies, and news media attention to electronic trading and market structure could increase the likelihood of adoption. These potential market structure and regulatory changes could cause a change in the manner in which we make markets, limit, restrict or otherwise adversely affect our ability to interact with certain order flow, impose additional costs and expenses on our business or otherwise have a material adverse effect on our business, financial condition, results of operations and cash flows. Our subsidiaries are subject to regulations in the U. S., and our foreign subsidiaries are subject to regulations abroad, in each case covering all aspects of their business. Regulatory bodies that exercise or may exercise authority over us include, without limitation, in the U. S., the SEC, FINRA, the Chicago Mercantile Exchange, the Intercontinental Exchange, the CFTC, the NFA Exchanges and the various state securities regulators; in the European Union, ~~the European Securities and Markets Authority ("~~ ESMA ~~")~~ ; in Ireland, the CBI; in Switzerland, the Swiss Financial Market Supervisory Authority; in France, the Autorité des Marchés Financiers (" AMF "); in the United Kingdom, the FCA; in Hong Kong, the SFC; in Australia, the ASIC; in Canada, the ~~IIROC~~ **CIRO** and various Canadian provincial securities commissions; in Singapore, the MAS ~~and~~ **; in India,** the ~~Singapore~~ **Securities and** Exchange **Board of India** ; and in Japan, the Financial Services Agency and the Japan Securities Dealers Association. Our mode of operation and profitability may be directly affected by additional legislation and changes in rules promulgated by various domestic and foreign government agencies and SROs that oversee our businesses, as well as by changes in the interpretation or enforcement of existing laws and rules, including the potential imposition of additional capital and margin requirements and / or transaction taxes. While we endeavor to deliver required annual filings in all jurisdictions in a timely manner, we cannot guarantee that we will meet every applicable filing deadline globally. Noncompliance with applicable laws or regulations could result in sanctions being levied against us, including fines, penalties, judgments, disgorgement, restitution and censures, suspension or expulsion from a certain jurisdiction, SRO or market or the revocation or limitation of licenses. Noncompliance with applicable laws or regulations could also negatively impact our reputation, prospects, revenues and earnings. In addition, changes in current laws or regulations or in governmental policies could negatively impact our operations, revenues and earnings. Domestic and foreign stock exchanges, other SROs and state and foreign securities commissions can censure, fine, impose undertakings, issue cease - and - desist orders and suspend or expel a broker - dealer or other market participant or any of its officers or employees. Our ability to comply with all applicable laws and rules is largely dependent on our internal systems to ensure compliance, as well as our ability to attract and retain qualified compliance personnel. We could be subject to disciplinary or other actions in the future due to claimed noncompliance, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. We have been, are currently, and may in the future be, the subject of one or more regulatory or SRO enforcement actions, including but not limited to targeted and routine regulatory inquiries and investigations involving Best Execution, Regulation NMS, Regulation SHO, Regulation SCI, market access rules, capital requirements and other domestic and foreign securities rules and regulations. We and other broker- dealers and trading firms have also been the subject of requests for information and documents from the SEC and other regulators. We have cooperated and complied with these requests for information and documents. Our business or reputation could be negatively impacted if it were determined that disciplinary or other enforcement actions were required. To continue to operate and to expand our services internationally, we will have to comply with the regulatory controls of each country in which we conduct or intend to conduct business, the requirements of which may not be clearly defined. The varying compliance requirements of these different regulatory jurisdictions, which are often unclear, may limit our ability to continue existing international operations and further expand internationally. Certain of our subsidiaries are subject to regulatory capital rules of the SEC, FINRA, other SROs and foreign regulators. These rules, which specify minimum capital requirements for our regulated subsidiaries, are designed to measure the general financial integrity and liquidity of a broker - dealer and require that at least a minimum part of its assets be kept in relatively liquid form. In general, net capital is defined as net worth (assets minus liabilities), plus qualifying subordinated borrowings, less certain mandatory deductions that result from, among other things, excluding assets that are not readily convertible into cash and from valuing conservatively certain other assets. Among these deductions are adjustments, commonly called haircuts, which reflect the possibility of a decline in the market value of an asset before disposition, and non - allowable assets. Failure to maintain the required minimum capital may subject our regulated subsidiaries to a fine, requirement to cease conducting business, suspension, revocation of registration or expulsion by the applicable regulatory authorities, reputational harm and ultimately could require the relevant entity' s liquidation. Events relating to capital adequacy could give rise to regulatory actions that could limit business expansion or require business reduction. SEC and SRO net capital rules prohibit payments of dividends, redemptions of stock, prepayments of subordinated indebtedness and the making of any unsecured advances or loans to a stockholder, employee or affiliate, in certain circumstances, including if such payment would reduce the ~~firm~~ **Company** ' s net capital below required levels. Similar issues and risks arise in connection with the capital adequacy requirements of foreign regulators. A change in the net capital rules, the imposition of new rules or any unusually large charges against net capital could limit our operations that require the intensive use of capital and also could restrict our ability to withdraw capital from our broker - dealer subsidiaries. A significant operating loss or any unusually large charge against net capital could negatively impact our ability to expand or even maintain our present levels of business. Similar issues and risks arise in connection with the capital adequacy requirements of foreign regulators. Any of these results could have a material adverse effect on our business, financial condition, results of operations and cash flows. We are exposed to substantial risks of liability under federal and state securities laws and other federal and state laws and court decisions, as well as rules and regulations promulgated by the SEC, the CFTC, state securities regulators, SROs and foreign regulatory agencies. These risks may be enhanced by recent scrutiny of electronic trading and market structure from regulators, lawmakers and the financial news media. We are also subject to the risk of litigation and claims that may be without merit. At present and from time to time, we, our past and present officers, directors and employees are and may be named in legal actions, regulatory investigations and proceedings, arbitrations and administrative claims and may be subject to claims alleging the violations of laws, rules and regulations, some of which may ultimately result in the payment of fines, awards, judgments and settlements. We could incur significant legal expenses in defending ourselves against and resolving lawsuits or claims even if we believe them to be meritless. An adverse resolution of any current or future lawsuits or claims against us could result in a negative perception of our Company and cause the market price of our common stock to decline or otherwise have a material adverse effect on our business, financial condition, results of operations and cash flows. On September 28, 2011, the former president of the European Commission officially presented a plan to create a new financial transactions tax which in February 2013 was formally presented for consideration by the European Commission under an enhanced cooperation procedure among 11 European Union Member States (Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia) for the purposes of a financial transaction tax among those Member States (the " EU Financial Transaction Tax "). The EU Financial Transaction Tax was initially intended to be implemented within those 11 European Union Member States in January 2014. In 2016, Estonia, one of the original members, withdrew its support for the proposal. As of December 31, ~~2021~~ **2023** such tax has not yet been implemented. On October 15, 2020, the Spanish Government published Law 5 / 2020 on the Spanish Financial Transaction Tax (" Spanish FTT "). The Spanish FTT constitutes a ~~new~~ tax to be applied to acquisitions of equity shares in Spanish companies having a market capitalization greater than EUR1bn (as of 1st December the previous year), that are admitted to trading on a Spanish market or a market based in another E. U. member state. The Spanish FTT was applied to transactions from trade date of January 14, 2020, although it does contain certain exemptions, including in relation to market making activity. In 2013, U. S. Representative Peter DeFazio and former Senator Thomas Harkin introduced proposed legislation, a bill entitled the " Wall Street Trading and Speculators Tax Act, " which would have, subject to certain exceptions, imposed an excise tax on the purchase of a security, including equities, bonds, debentures, other debt and interests in derivative financial instruments, if the purchase occurred or was cleared on a trading facility in the U. S. and the purchaser or seller is a U. S. person. More recently, in late 2018 and 2019 U. S. legislators, including U. S. Senators Kirsten Gillibrand and Brian Schatz, have announced proposals or plans that include a financial transaction fee ~~. President Biden' s win in the 2020 U. S. Presidential election and the Democratic majority in the Senate may lead to additional proposals or plans~~. At the state level recently, the state of New Jersey has considered a bill in the state legislature providing for a financial transaction tax on trades processed on any server located in New Jersey, with other states, including New York, discussing similar measures. Discussions in New York have included a proposed bill which would reestablish a stock transfer tax by repealing a rebate previously implemented and applied to such tax since 1981. **Additional legislation may be proposed at the federal and state levels from time to time.** These proposed transaction taxes would apply to certain aspects of our business and transactions in which we are involved. Any such tax would increase our cost of doing business to the extent that (i) the tax is regularly applicable to transactions in the markets in which we operate, (ii) the tax does not include exceptions for market makers or market making activities that is broad enough to cover our activities or (iii) we are unable to widen our bid / ask spreads in the markets in which such a tax would be applicable to compensate for its imposition. Furthermore, the proposed taxes may reduce or negatively impact trading volume and transactions on which we are dependent for revenues. While it is difficult to assess the impact the proposed taxes could have on us, if either transaction tax is implemented or any similar tax is implemented in any other jurisdiction in which we operate, our business, financial condition, results of operations and cash flows could suffer a material adverse effect, and could be impacted to a greater degree than other market participants. We are exposed to risks associated with our international operations and expansion and failure to comply with laws and regulations applicable to our international operations may increase costs, reduce profits, limit growth or subject us to liability. We are exposed to risks and uncertainties inherent in doing business in international markets, particularly in the heavily regulated broker - dealer industry. Such risks and uncertainties include political, economic and financial instability, unexpected changes in regulatory requirements, tariffs and other trade barriers, exchange rate fluctuations, applicable currency controls, the imposition of restrictions on currency conversion or the transfer of funds, limitations on our ability to repatriate non - U. S. earnings in a tax efficient manner and difficulties in staffing and managing foreign operations, including reliance on local experts. Such restrictions generally include those by imposed by the Foreign Corrupt Practices Act (the " FCPA ") and trade sanctions administered by the Office of Foreign Assets Control (" OFAC "). The FCPA is intended to prohibit bribery of foreign officials and requires companies whose securities are listed in the U. S. to keep books and records that accurately and fairly reflect those companies' transactions and to devise and maintain an adequate system of internal accounting controls. OFAC administers and enforces economic and trade sanctions based on U. S. foreign policy and national security goals against designated foreign states, organizations and individuals. Though we have policies in place designed to comply with applicable OFAC sanctions, rules and regulations as well as the FCPA and equivalent laws and rules of other jurisdictions, if we fail to comply with these laws and regulations, we could be exposed to claims for damages, financial penalties, reputational harm, incarceration of employees and restrictions on our operations and cash flows. In addition, the varying compliance requirements of these different regulatory jurisdictions and other factors may limit our ability to successfully conduct or expand our business internationally and may increase our costs of investment. Expansion into international locations involves substantial operational and execution risk. We may not be able to manage these costs or risks effectively. **Following** ~~In June 2016, UK voters approved a referendum to withdraw~~ the UK' s **withdrawal of its** membership from the EU **in 2020** , ~~which is~~ **an event** commonly referred to as " Brexit " ~~. In March 2017, the UK government initiated the exit process under Article 50 of the Treaty of the European Union, commencing a period of up to two years for the UK~~ and ~~the other EU member states to negotiate the terms of the withdrawal, such period ending on March 29, 2019 unless extended. Following extensions to that period, a Withdrawal Agreement and Political Declaration were reached between the U. K. and the E. U. On January 23, 2020, the European Union (Withdrawal Agreement) Act 2020 received Royal Assent in the U. K., and on January 31, 2020 the U. K. left the E. U. pursuant to the terms of the Withdrawal Agreement. The U. K. and E. U. then~~ - **the** ~~entered into~~ **conclusion of** a **subsequent** transition period **in** ~~during which rules on trade, travel, and business for the U. K. and E. U. continued to apply. The transition period came to an end as of January 1,~~ 2021, ~~at which point~~ U. K. investment firms which had previously used passporting permissions under MiFID II to provide services to clients in the E. U., ceased to subject to the E. U.' s MiFID II regime **, and E** . **U. investment firms could no longer automatically access U. K. markets on the basis of MiFID passporting rights. Following Brexit,** Virtu **services its UK client- base** ~~accesses the E. U. markets primarily through our Irish regulated subsidiaries~~ via **various means, including** ~~MiFID II passporting permissions and accesses the U. K. market primarily via~~ a **UK** ~~combination of U. K. based subsidiaries and branch offices. The U. K. branch offices of VIEL and VFIL currently utilize the U. K. FCA' s Temporary Permission Regime and are therefore deemed to be~~ authorized ~~and regulated by the FCA. The Temporary Permissions Regime is due to come to an end at the end of 2023. VIEL and VFIL have submitted applications for full~~ third **-** country branch ~~authorization to the FCA to ensure the long- term operational footprint~~ of **VETL** ~~Virtu' s branches in the U. K. These authorization processes are ongoing. The U. K. subsidiary~~ , ~~VIUK, is an~~ **and by its UK** investment firm **, VIUK, which is** authorized and regulated by the FCA with permission to operate **an** ~~a U. K.~~ MTF. Poor future relations between the U. K. and E. U., however, could adversely affect European or worldwide political, fiscal, regulatory, economic or market conditions and could contribute to instability in global political institutions, regulatory agencies and financial markets. Disruptions and uncertainty caused by these events may also cause our clients to closely monitor their costs and reduce their spending budget on our services. **Potential regulatory divergence between the U. K. and E. U. could cause disruption to our business in EMEA, through incurring implementation costs and / or other operational uplift required to comply with the distinct legal regimes.** Any of these effects of the U. K.' s departure from the E. U., and others we cannot anticipate or that may evolve over time, could adversely affect our business, results of operations and financial condition. In connection with the Acquisition of KCG and the ITG Acquisition, we assumed potential liabilities, indemnification obligations, and other risks relating to KCG' s and ITG' s business, including but not limited to those liabilities and risks arising from or related to pending, threatened or potential litigation or regulatory matters. In some instances, these matters may ultimately result in a disciplinary action and / or a civil or administrative action, penalties, fines, judgments, censures and settlements. To the extent we have not identified such liabilities or miscalculated their potential financial impact, these liabilities could have a material adverse effect on our business, prospects, results of operations, financial condition and / or cash flows. Risks Related to Our Organization and Structure We are a holding company and our principal asset is our direct and indirect ownership of ~~59~~ **57** . ~~7~~ **8** % of the Virtu Financial Units as of December 31, ~~2022~~ **2023** . We have no independent means of generating revenue. As the sole managing member of Virtu Financial, we cause Virtu Financial to make distributions to its equity holders, including the Founder Post- IPO Member, Virtu Employee Holdco, certain current and former members of management of the Company and their affiliates (the " Management Members ") and us, in amounts sufficient to fund dividends to our stockholders in accordance with our dividend policy and, as further described below, to cover all applicable taxes payable by us and any payments we are obligated to make under the tax receivable agreements we entered into as part of the Reorganization Transactions, but we are limited in our ability to cause Virtu Financial to make these and other distributions to us (including for purposes of paying corporate and other overhead expenses and dividends) under our Credit Agreement governing our First Lien Term Loan Facility (as defined below). In addition, certain laws and regulations may result in restrictions on Virtu Financial' s ability to make distributions to its equity holders (including us), or the ability of its subsidiaries to make distributions to it. These include: • the SEC Uniform Net Capital Rule (Rule 15c3 - 1), which requires Virtu Financial' s registered broker - dealer subsidiary to maintain specified levels of net capital; • FINRA Rule 4110, which imposes a requirement of prior FINRA approval for any distribution by Virtu Financial' s FINRA member registered broker - dealer subsidiary in excess of 10 % of its excess net capital; and • the requirement for prior approval from the CBI before Virtu Financial' s regulated Irish subsidiary completes any distribution or dividend. To the extent that we need funds and Virtu Financial is restricted from making such distributions to us, under applicable law or regulation, as a result of covenants in our Credit Agreement, we may not be able to obtain such funds on terms acceptable to us or at all and as a result could suffer a material adverse effect on our liquidity and financial condition. Under the Third Amended and Restated Limited Liability Company Agreement of Virtu Financial (as amended, the " Amended and Restated Virtu Financial LLC Agreement "), Virtu Financial from time to time makes distributions in cash to its equity holders, including the Founder Post - IPO Member, the trust that holds equity interests in Virtu Financial on behalf of certain employees of ours based outside the United States, which we refer to as the " Employee Trust ", Virtu Employee Holdco and us, in amounts sufficient to cover the taxes on their allocable share of the taxable income of Virtu Financial. These distributions are treated as advances and may be computed based on Virtu Financial' s estimate of the net taxable income of Virtu Financial allocable to each holder of Virtu Financial Units multiplied by an assumed tax rate equal to the highest effective marginal combined U. S. federal, state and local income tax rate prescribed for an individual or corporate resident in New York, New York (taking into account the non- deductibility of certain expenses and the character of our income), or another rate as determined by the Company in its discretion for one or more holders. As a result of (i) potential differences in the amount of net taxable income allocable to us and to Virtu Financial' s other equity holders, (ii) the lower tax rate applicable to corporations than individuals, (iii) the favorable tax benefits that we anticipate from (a) the exchange of Virtu Financial Units and corresponding shares of Class C Common Stock or Class D Common Stock, (b) payments under the tax receivable agreements and (c) future deductions attributable to the prior acquisition of interests in Virtu Financial by certain affiliates of Silver Lake Partners and Temasek, and (vi) additional distributions of profits which may be generated by Virtu Financial and its subsidiaries to equity holders, we expect that the distributions we receive may exceed our tax liabilities, regular dividend and other obligations. Our Board of Directors will determine the appropriate uses for any excess cash so accumulated, which may include, among other uses, the payment of obligations under the tax receivable agreements, the payment of other expenses or the repurchase of shares of common stock or Virtu Financial Units. We will have no obligation to distribute such cash (or other available cash) to our shareholders. No adjustments to the exchange ratio for Virtu Financial Units and corresponding shares of common stock will be made as a result of any cash distribution by us or any retention of cash by us, and in any event the ratio will remain one - to - one. The Founder Post - IPO Member controls approximately ~~85~~ **86** . ~~2~~ **5** % of the combined voting power of our common stock as a result of its ownership of our Class C and Class D Common Stock, each share of which is entitled to 1 vote and 10 votes, respectively, on all matters submitted to a vote of our stockholders. The Founder Post - IPO Member has the ability to substantially control our Company, including the ability to control any action requiring the general approval of our stockholders, including the election of our Board of Directors, the adoption of amendments to our certificate of incorporation and by - laws and the approval of any merger or sale of substantially all of our assets. This concentration of ownership and voting power may also delay, defer or even prevent an acquisition by a third party or other change of control of our Company and may make some transactions more difficult or impossible without the support of the Founder Post - IPO Member, even if such events are in the best interests of minority stockholders. This concentration of voting power with the Founder Post - IPO Member may have a negative impact on the price of our Class A Common Stock. In addition, because shares of our Class B Common Stock and Class D Common Stock each have 10 votes per share on matters submitted to a vote of our stockholders, the Founder Post - IPO Member is able to control our Company as long as it owns at least 25 % of our issued and outstanding Common Stock. The Founder Post- IPO Member' s interests may not be fully aligned with yours, which could lead to actions that are not in your best interest. Because the Founder Post- IPO Member holds part of its economic interest in our business through Virtu Financial, rather than through the public company, it may have conflicting interests with holders of shares of our Class A Common Stock. For example, the Founder Post- IPO Member may have a different tax position from us, which could influence its decisions regarding whether and when we should dispose of assets or incur new or refinance existing indebtedness, especially in light of the existence of the tax receivable agreements that we entered into in connection with the IPO, and whether and when we should undergo certain changes of control within the meaning of the tax receivable agreements or terminate the tax receivable agreements. In addition, the structuring of future transactions may take into consideration these tax or other considerations even where no similar benefit would accrue to us. See " Item 1A. Risk Factors- Risks Related to Our Organizational Structure- We are required to pay the Virtu Post- IPO Members and the Investor Post- IPO Stockholders for certain tax benefits we may claim, and the amounts we may pay could be significant. " In addition, pursuant to an exchange agreement, the holders of Virtu Financial Units and shares of our Class C Common Stock or Class D Common Stock are not required to participate in a proposed sale of our Company that is tax - free for our stockholders unless the transaction is also tax - free for such holders of Virtu Financial Units and shares of our Class C Common Stock or Class D Common Stock. This requirement could limit structural alternatives available to us in any such proposed transaction and could have the effect of discouraging transactions that might benefit you as a holder of shares of our Class A Common Stock. In addition, the Founder Post- IPO Member' s significant ownership in us and resulting ability to effectively control us may discourage someone from making a significant equity investment in us, or could discourage transactions involving a change in control, including transactions in which you as a holder of shares of our Class A Common Stock might otherwise receive a premium for your shares over the then - current market price. We have opted out of Section 203 of the General Corporation Law of the State of Delaware (the " Delaware General Corporation Law "), which prohibits a publicly held Delaware corporation from engaging in a business combination transaction with an interested stockholder for a period of three years after the interested stockholder became such unless the transaction fits within an applicable exemption, such as board approval of the business combination or the transaction which resulted in such stockholder becoming an interested stockholder. Therefore, the Founder Post - IPO Member is able to transfer control of us to a third party by transferring its shares of our common stock (subject to certain restrictions and limitations), which would not require the approval of our Board of Directors or our other stockholders. Our amended and restated certificate of incorporation provides that, to the fullest extent permitted by law, the doctrine of " corporate opportunity " does not apply against the Founder Post- IPO Member, Mr. Viola, ~~Temasek,~~ any of our non - employee directors or any of their respective affiliates in a manner that would prohibit them from investing in competing businesses or doing business with our clients or customers. In addition, subject to the restrictions on competitive activities described below, Mr. Cifu is permitted to become engaged in, or provide services to, any other business or activity in which Mr. Viola is currently engaged or permitted to become engaged, to the extent that Mr. Cifu' s level of participation in such businesses or activities is consistent with his current participation in such businesses and activities. The Amended and Restated Virtu Financial LLC Agreement provides that Mr. Viola, in addition to our other executive officers and our employees that are Virtu Post- IPO Members, including Mr. Cifu, may not directly or indirectly engage in certain competitive activities until the third anniversary of the date on which such person ceases to be an officer, director or employee of ours. **Our** ~~Temasek and our~~ non - employee directors are not subject to any such restriction. To the extent that the Founder Post- IPO Member, Mr. Viola ~~, Temasek~~ , our non - employee directors or any of their respective affiliates invests in other businesses, they may have differing interests than our other stockholders. Messrs. Viola and Cifu also have business relationships outside of our business. The covenants in our Credit Agreement may negatively impact our ability to finance future operations or capital needs or to engage in other business activities. Our Credit Agreement restricts our ability to, among other things, incur additional indebtedness, dispose of assets, guarantee debt obligations, repay other indebtedness, pay dividends, pledge assets, make investments, including in certain of our operating subsidiaries, make acquisitions or consummate mergers or consolidations and engage in certain transactions with subsidiaries and affiliates. A failure to comply with the restrictions contained in our Credit Agreement could lead to an event of default, which could result in an acceleration of our indebtedness. Our future operating results may not be sufficient to enable compliance with the covenants in our Credit Agreement or to remedy such a default. In addition, in the event of an acceleration, we may not have or be able to obtain sufficient funds to refinance our indebtedness or to make any accelerated payments. Even if we were able to obtain new financing, we would not be able to guarantee that the new financing would be on commercially reasonable terms. If we default on our indebtedness, our business, financial condition and results of operation could suffer a material adverse effect. The Founder Post - IPO Member controls more than 50 % of our combined voting power. As a result, we are considered a " controlled company " for purposes of the Nasdaq rules and corporate governance standards, and therefore we are permitted and may elect not to or may have elected not to, comply with certain Nasdaq corporate governance requirements, including those that would otherwise require our Board of Directors to have a majority of independent directors and require that we either establish a Compensation and Nominating and Corporate Governance Committees, each comprised entirely of independent directors, or otherwise ensure that the compensation of our executive officers and nominees for directors are determined or recommended to the Board of Directors by the independent members of the Board of Directors. Accordingly, holders of our Class A Common Stock do not have the same protections afforded to stockholders of companies that are subject to all of the Nasdaq rules and corporate governance standards, and the ability of our independent directors to influence our business policies and affairs may be reduced. In connection with the Reorganization Transactions, we acquired equity interests in Virtu Financial from an affiliate of Silver Lake Partners (which, following a secondary offering completed in November 2015, no longer holds any equity interest in us) and the Temasek Pre- IPO Member in the Mergers. In addition, we used a portion of the net proceeds from our IPO and our Secondary Offerings (as defined below) to purchase Virtu Financial Units and corresponding shares of Class C Common Stock from certain Virtu Post- IPO Members, including affiliates of Silver Lake Partners (the " Silver Lake Post- IPO Members "), the Founder Post- IPO Member, and certain employees. These acquisitions of interests in Virtu Financial, along with certain subsequent exchanges of interests in Virtu Financial by current and former employees, resulted in tax basis adjustments to the assets of Virtu Financial that were allocated to us and our subsidiaries. Future acquisitions of interests in Virtu Financial are expected to produce favorable tax attributes. In addition, future exchanges by the Virtu Post- IPO Members of Virtu Financial Units and corresponding shares of Class C Common Stock or Class D Common Stock, as the case may be, for shares of our Class A Common Stock or Class B Common Stock, respectively, are expected to produce favorable tax attributes. These tax attributes would not be available to us in the absence of such transactions. Both the existing and anticipated tax basis adjustments are expected to reduce the amount of tax that we would otherwise be required to pay in the future. We entered into three tax receivable agreements with the Virtu Post- IPO Members and the Investor Post- IPO Stockholders (one with the Founder Post- IPO Member, the Employee Trust, Virtu Employee Holdco and other post IPO investors, other than affiliates of Silver Lake Partners and affiliates of Temasek, another with the Investor Post- IPO Stockholders and the other with the Silver Lake Post- IPO Members) that provide for the payment by us to the Virtu Post- IPO Members and the Investor Post- IPO Stockholders (or their transferees of Virtu Financial Units or other assignees) of 85 % of the amount of actual cash savings, if any, in U. S. federal, state and local income tax or franchise tax that we actually realize as a result of (i) any increase in tax basis in Virtu Financial' s assets resulting from (a) the acquisition of equity interests in Virtu Financial from an affiliate of Silver Lake Partners and Temasek, and the Temasek Pre- IPO Member in the Reorganization Transactions (which represents the unamortized portion of the increase in tax basis in Virtu Financial' s assets resulting from a prior acquisition of interests in Virtu Financial by an affiliate of Silver Lake Partners and Temasek, and the Temasek Pre- IPO Member), (b) the purchases of Virtu Financial Units (along with the corresponding shares of our Class C Common Stock or Class D Common Stock, as applicable) from certain of the Virtu Post- IPO Members using a portion of the net proceeds from the IPO or in any subsequent offering (including, without limitation, the Secondary Offerings), (c) exchanges by the Virtu Post- IPO Members of Virtu Financial Units (along with the corresponding shares of our Class C Common Stock or Class D Common Stock, as applicable) for shares of our Class A Common Stock or Class B Common Stock, as applicable, or (d) payments under the tax receivable agreements, (ii) any net operating losses available to us as a result of the Mergers and (iii) tax benefits related to imputed interest deemed arising as a result of payments made under the tax receivable agreements. The actual increase in tax basis, as well as the amount and timing of any payments under these tax receivable agreements, will vary depending upon a number of factors, including the timing of exchanges by the Virtu Post - IPO Members, the price of our Class A Common Stock at the time of the exchange, the extent to which such exchanges are taxable, the amount and timing of the taxable income we generate in the future and the tax rate then applicable and the portion of our payments under the tax receivable agreements constituting imputed interest. The payments we are required to make under the tax receivable agreements, which represent 85 % of the amount of actual cash savings, if any, in U. S. federal, state and local income tax or franchise tax that we actually realize, could be substantial. We expect that, as a result of the amount of the increases in the tax basis of the tangible and intangible assets of Virtu Financial, assuming no material changes in the relevant tax law and that we earn sufficient taxable income to realize in full the potential tax benefits described above, future payments to the Virtu Post - IPO Members and the Investor Post - IPO Stockholders in respect of the purchases, the exchanges and the Mergers in connection with the IPO, the purchases and exchanges completed in connection with our subsequent public offerings, the Secondary Offerings, and exchanges by employees and other Virtu Post- IPO Members will range from approximately $ ~~36~~ **0** . ~~4 thousand~~ **1 million** to $ 22. ~~0~~ **1** million per year over the next 15 years. Future payments under the tax receivable agreements in respect of subsequent exchanges would be in addition to these amounts. The payments under the tax receivable agreements are not conditioned upon the Virtu Post - IPO Members' or the Investor Post - IPO Stockholders' continued ownership of us. In addition, although we are not aware of any issue that would cause the Internal Revenue Service (the " IRS ") to challenge the tax basis increases or other benefits arising under the tax receivable agreements, the Virtu Post - IPO Members and the Investor Post - IPO Stockholders (or their transferees or other assignees) will not reimburse us for any payments previously made if such tax basis increases or other tax benefits are subsequently disallowed, except that any excess payments made to the Virtu Post - IPO Members and the Investor Post - IPO Stockholders will be netted against future payments otherwise to be made under the tax receivable agreements, if any, after our determination of such excess. As a result, in such circumstances we could make payments to the Virtu Post - IPO Members and the Investor Post - IPO Stockholders under the tax receivable agreements that are greater than our actual cash tax savings and may not be able to recoup those payments, which could negatively impact our liquidity. In addition, the tax receivable agreements provide that, upon certain mergers, asset sales or other forms of business combination, or certain other changes of control, our or our successor' s obligations with respect to tax benefits would be based on certain assumptions, including that we or our successor would have sufficient taxable income to fully utilize the increased tax deductions and tax basis and other benefits covered by the tax receivable agreements. As a result, upon a change of control, we could be required to make payments under a tax receivable agreement that are greater than the specified percentage of our actual cash tax savings, which could negatively impact our liquidity. In addition, the tax receivable agreements provide that in the case of a change in control of the Company, the Virtu Post - IPO Members and the Investor Post - IPO Stockholders have the option to terminate the applicable tax receivable agreement, and we are required to make a payment to such electing party in an amount equal to the present value of future payments (calculated using a discount rate equal to the lesser of 6. 5 % or LIBOR plus 100 basis points, which may differ from our, or a potential acquirer' s, then - current cost of capital) under the tax receivable agreement, which payment would be based on certain assumptions, including those relating to our future taxable income. In these situations, our obligations under the tax receivable agreements could have a substantial negative impact on our, or a potential acquirer' s, liquidity and could have the effect of delaying, deferring, modifying or preventing certain mergers, asset sales, other forms of business combinations or other changes of control. These provisions of the tax receivable agreements may result in situations where the Virtu Post - IPO Members and the Investor Post - IPO Stockholders have interests that differ from or are in addition to those of our other shareholders. In addition, we could be required to make payments under the tax receivable agreements that are substantial and in excess of our, or a potential acquirer' s, actual cash savings in income tax. Finally, because we are a holding company with no operations of our own, our ability to make payments under the tax receivable agreements are dependent on the ability of our subsidiaries to make distributions to us. Our Credit Agreement restricts the ability of our subsidiaries to make distributions to us, which could affect our ability to make payments under the tax receivable agreements. To the extent that we are unable to make payments under the tax receivable agreements for any reason, such payments will be deferred and will accrue interest until paid, which could negatively impact our results of operations and cash flows and could also affect our liquidity in periods in which such payments are made. Risks Related to Our Class A Common Stock As of December 31, ~~2022~~ **2023**, we had ~~98~~ **89**, ~~549~~ **092**, ~~464~~ **686** shares of Class A Common Stock outstanding and 4, ~~029~~ **940**, ~~833~~ **674** shares of Class A Common Stock issuable pursuant to the Amended and Restated 2015 Management Incentive Plan (as defined below) upon the vesting of granted but unvested restricted stock units, excluding ~~7~~ **5**, ~~614~~ **070**, ~~260~~ **530** shares of Class A Common Stock issuable pursuant to the Amended and Restated 2015 Management Incentive Plan but not yet granted, and **68,** ~~69~~ **699**, **738** ~~121, 806~~ shares of Class A Common Stock issuable upon potential exchanges and / or conversions. Of these shares, ~~95~~ **83**, ~~549~~ **725**, ~~464~~ **007** shares sold in the IPO and the Secondary Offerings are freely tradable without further restriction under the Securities Act. The remaining balance of ~~76~~ **79**, ~~151~~ **008**, ~~639~~ **091** shares of Class A Common Stock outstanding as of December 31, ~~2022~~ **2023** (including shares issuable upon exchange and / or conversion, or vesting) are " restricted securities, " as that term is defined under Rule 144 of the Securities Act. The holders of these ~~76~~ **79**, ~~151~~ **008**, ~~639~~ **091** shares of our Class A Common Stock, including shares issuable upon exchange, conversion or vesting as described above, are entitled to dispose of their shares pursuant to (i) the applicable holding period, volume and other restrictions of Rule 144 or (ii) another exemption from registration under the Securities Act. Additional sales of a substantial number of our shares of Class A Common Stock in the public market, or the perception that sales could occur, could have a material adverse effect on the price of our Class A Common Stock. We have filed a registration statement under the Securities Act registering 26, 000, 000 shares of our Class A Common Stock reserved for issuance under our Amended and Restated 2015 Management Incentive Plan, ~~7~~ **5**, ~~614~~ **070**, ~~260~~ **530** of which are issuable, and we entered into the Registration Rights Agreement (as defined below) pursuant to which we granted demand and piggyback registration rights to the Founder Post- IPO Member, Temasek, another former stockholder, and piggyback registration rights to certain of the other Virtu Post- IPO Members. Maintaining effective internal control over financial reporting is necessary for us to produce reliable financial reports and is important in helping to prevent financial fraud. If we are unable to maintain adequate internal controls over financial reporting, our business and operating results could be harmed. Under applicable SEC rules we must maintain internal controls over financial reporting to satisfy the requirements of Section 404 of the Sarbanes- Oxley Act of 2002 (" Sarbanes- Oxley ") and the related rules of the SEC, which require, among other things, our management to assess annually the effectiveness of our internal control over financial reporting and our independent registered public accounting firm to issue a report on the effectiveness of internal control over financial reporting with our Annual Report on Form 10- K. The internal control assessment required by Section 404 of Sarbanes- Oxley may divert internal resources and we may experience higher operating expenses, higher independent auditor and consulting fees during the implementation of these changes. Any material weaknesses or any failure to implement required new or improved controls or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations or result in material misstatements in our consolidated financial statements. If our management or our independent registered public accounting firm were to conclude in their reports that our internal control over financial reporting was not effective, investors could lose confidence in our reported financial information, and the trading price of our Class A Common Stock could drop significantly. Failure to comply with Section 404 of Sarbanes- Oxley could potentially subject us to sanctions or investigations by the SEC, FINRA or other regulatory authorities, as well as increase the risk of liability arising from litigation based on securities law. We intend to pay cash dividends on a quarterly basis. See Item 5, " Market for Registrant' s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities. " However, we are a holding company, with our principal asset being our direct and indirect equity interests in Virtu Financial, and we will have no independent means of generating revenue. Accordingly, as the sole managing member of Virtu Financial, we intend to cause, and will rely on, Virtu Financial to make distributions to its equity holders, including the Founder Post- IPO Member, the Employee Trust, Virtu Employee Holdco and us, to fund our dividends. When Virtu Financial makes such distributions, the other equity holders of Virtu Financial will be entitled to receive equivalent distributions pro rata based on their economic interests in Virtu Financial. In order for Virtu Financial to make distributions, it may need to receive distributions from its subsidiaries. Certain of these subsidiaries are or may in the future be subject to regulatory capital requirements that limit the size or frequency of distributions. See " Item 1A. Risk Factors- Risks Related to Our Business- Non- compliance with applicable laws or regulatory requirements could subject us to sanctions and could negatively impact our reputation, prospects, revenues and earnings. " If Virtu Financial is unable to cause these subsidiaries to make distributions, we may not receive adequate distributions from Virtu Financial in order to fund our dividends. Our Board of Directors will periodically review the cash generated from our business and the capital expenditures required to finance our global growth plans and determine whether to modify the amount of regular dividends and / or declare periodic special dividends to our stockholders. Our Board of Directors will take into account general economic and business conditions, including our financial condition, results of operations and cash flows, capital requirements, contractual restrictions, including restrictions contained in our Credit Agreement, business prospects and other factors that our Board of Directors considers relevant. There can be no assurance that our Board of Directors will not reduce the amount of regular cash dividends or cause us to cease paying dividends altogether. In addition, our Credit Agreement limits the amount of distributions our subsidiaries, including Virtu Financial, can make to us and the purposes for which distributions could be made. Accordingly, we may not be able to pay dividends even if our Board of Directors would otherwise deem it appropriate. See " Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations- Liquidity and Capital Resources. " Our amended and restated certificate of incorporation and by- laws contain several provisions that may make it more difficult or expensive for a third party to acquire control of us without the approval of our Board of Directors. These provisions, which may delay, prevent or deter a merger, acquisition, tender offer, proxy contest or other transaction that stockholders may consider favorable, include the following, some of which may only become effective when the Founder Post- IPO Member or any of its affiliates or permitted transferees no longer beneficially own shares representing 25 % of our issued and outstanding common stock (the " Triggering Event "): • the 10 vote per share feature of our Class B Common Stock and Class D Common Stock; • the division of our Board of Directors into three classes and the election of each class for three- year terms; • the sole ability of the Board of Directors to fill a vacancy created by the expansion of the Board of Directors; • advance notice requirements for stockholder proposals and director nominations; • after the Triggering Event, provisions limiting stockholders' ability to call special meetings of stockholders, to require special meetings of stockholders to be called and to take action by written consent; • after the Triggering Event, in certain cases, the approval of holders of at least 75 % of the shares entitled to vote generally on the making, alteration, amendment or repeal of our certificate of incorporation or by- laws will be required to adopt, amend or repeal our by- laws, or amend or repeal certain provisions of our certificate of incorporation; • after the Triggering Event, the required approval of holders of at least 75 % of the shares entitled to vote at an election of the directors to remove directors, which removal may only be for cause; and • the ability of our Board of Directors to designate the terms of and issue new series of preferred stock without stockholder approval, which could be used, among other things, to institute a rights plan that would have the effect of significantly diluting the stock ownership of a potential hostile acquirer, likely preventing acquisitions that have not been approved by our Board of Directors. These provisions of our amended and restated certificate of incorporation and by- laws could discourage potential takeover attempts and reduce the price that investors might be willing to pay for shares of our Class A Common Stock in the future, which could reduce the market price of our Class A Common Stock. In addition, a third party attempting to acquire us or a substantial position in our Class A Common Stock may be delayed or ultimately prevented from doing so by change in ownership or control regulations to which certain of our regulated subsidiaries are subject. FINRA Rule 1017 generally provides that FINRA approval must be obtained in connection with any transaction resulting in a single person or entity owning, directly or indirectly, 25 % or more of a member firm' s equity and would include a change in control of a parent company. Similarly, VFIL, ~~VIEL~~ - **VETL** and VIUK are subject to change in control regulations promulgated by the CBI and / or the FCA. We may also be subject to similar restrictions in other jurisdictions in which we operate. These regulations could discourage potential takeover attempts and reduce the price that investors might be willing to pay for shares of our Class A Common Stock in the future, which could reduce the market price of our Class A Common Stock. General Risks The market price of our Class A 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. Furthermore, in recent years the stock market has experienced significant price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies, including companies in our industry. The changes frequently appear to occur without regard to the operating performance of the affected companies. As such, the price of our Class A Common Stock could fluctuate based upon factors that have little or nothing to do with us, and these fluctuations could materially reduce the price of our Class A Common Stock and materially affect the value of your investment. As a public company, we incur significant levels of legal, accounting and other expenses. Sarbanes- Oxley and related rules of the SEC, together with the listing requirements of Nasdaq, impose significant requirements relating to disclosure controls and procedures and internal control over financial reporting. We have incurred ~~increased~~ costs as a result of compliance with these public company requirements, ~~which require additional resources and make some activities more time consuming than they have been in the past when we were privately owned. We may experience higher than anticipated operating expenses as well as higher independent auditor and consulting fees during the implementation of these changes and thereafter~~ and we may need to hire additional qualified personnel in order to continue to satisfy these public company requirements. We are required to expend considerable time and resources complying with public company regulations ~~. In addition, these laws and regulations~~

~~may make it more difficult or costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. In addition, these laws and regulations could make it more difficult for us to attract and retain qualified persons to serve on our Board of Directors or as executive officers and may divert management' s attention~~ . Furthermore, if we are unable to satisfy our obligations as a public company, we could be subject to delisting of our Class A Common Stock, fines, sanctions and other regulatory action. Our stock price and trading volume could decline as a result of inaccurate or unfavorable research, or the cessation of research cover, about our business published by securities or industry analysts. The trading market for our Class A Common Stock may be affected by the research and reports that securities or industry analysts publish about us or our business. If one or more of the analysts who covers us downgrades our Class A Common Stock or publishes inaccurate or unfavorable research about our business, our stock price could decline. In addition, the analysts' projections may have little or no relationship to the results we actually achieve and could cause our stock price to decline if we fail to meet their projections. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, our stock price or trading volume could decline. **We may incur losses as a result of unforeseen or catastrophic events, including the emergence of another pandemic, terrorist attacks, geopolitical and / or global conflict, war, extreme weather events or other natural disasters. The occurrence of unforeseen or catastrophic events, including the emergence of a pandemic, such as COVID- 19 or other widespread health emergency (or concerns over the possibility of such an emergency), vandalism, terrorist attacks, geopolitical and / or global conflict, war, extreme terrestrial or solar weather events or other natural disasters, could create economic and financial disruptions, and could lead to operational difficulties (including travel limitations) that could impair our ability to manage our businesses.**