

## **Virtu Americas LLC**

### **Order Handling and Execution Protocols for Broker-Dealer Clients**

Virtu Americas LLC (“VAL” or “Firm”) makes a market in or trades nearly every U.S. equity security. The Firm does not make a market in Virtu Financial, Inc. (Nasdaq symbol: VIRT) or in other securities that may from time to time be subject to restrictions. VAL makes these order handling and execution protocols available to its broker-dealer clients to aid in their understanding of how the Firm handles their orders. These protocols apply to orders routed to VAL’s wholesale market maker in NMS and non-NMS OTC equity securities (“OTC Securities”).

If you have any questions regarding these order handling and execution protocols, contact your Virtu Representative or Stephen Kay at 646.682.6355 or [skay@virtu.com](mailto:skay@virtu.com)

### **VAL’s Market Making Offering**

When clients route orders to VAL, they are routing orders to a market maker. VAL utilizes a hybrid model to execute client orders that employs both electronic and manual order handling. Most orders for NMS securities are handled on a fully automated basis. Based on a variety of factors, some NMS orders are handled manually. Orders in OTC Securities are generally handled manually. The Firm’s systems and workflows are complex and the enclosed disclosures are provided to clients as a general description of the Firm’s order handling processes. The general description may not be representative of how certain individual orders are handled. If you have questions regarding the handling of specific orders, please contact your Virtu Representative.

Generally, orders that VAL executes as a market maker are executed in a principal capacity. When VAL internalizes a client order, the Firm provides an execution that is at or within the National Best Bid or Offer (“NBBO”) as disseminated by the Securities Information Processor (“SIP”) at the time that the order arrives at the system responsible for executing the client order. To the extent that orders are not internalized, VAL may route principal orders to other market centers, including its own alternative trading system (Virtu MatchIt), its affiliates, other market makers, other alternative trading systems (“ATs”) and national securities exchanges, to fill all or part of an order. Executions that are received as a result of these routed orders are applied to client orders at the same price in a riskless principal capacity or at an improved price. When the client order is filled at an improved price, the Firm’s capacity is principal.

The Firm’s internalization models utilize exchange book feeds to access data regarding depth of book, changes to that depth and current spread as compared with historical spreads, among other

things. The Firm's order routers utilize a combination of exchange book feeds and SIP data to determine which exchanges to route orders.

Clients often provide VAL with Effective / Quoted targets ("E/Q") in connection with handling their orders. VAL will handle client orders in a manner which seeks to meet those client targets on an aggregate basis over the client's time horizon. However, all orders are subject to market conditions and, accordingly, VAL does not guarantee that any particular order will be filled, or in the case of a market order, that it will be filled at any particular price.

There are several factors that can affect how VAL handles a particular order, including but not limited, to:

- Whether market conditions in the stock are normal (please see following section for a description of non-normal market conditions)
- The stock's liquidity, volume and volatility (overall and/or momentary)
- The size of the order
- The Firm's and/or trading desk's current position and risk tolerance in the stock
- Any client-provided preferences or instructions (for example, size parameters for automated vs. manual handling)
- Certain market center/exchange(s) rules

The above factors can affect whether any execution occurs, the speed of order handling and/or the availability of price improvement as compared to the NBBO as disseminated by the SIP.

### **Non-Normal Market Conditions**

VAL's execution protocols assume normal market conditions. VAL reserves the right, at its sole discretion, with or without notice, to determine if and when market conditions are normal. Non-normal market conditions include, but are not limited to:

- Locked or crossed markets
- Limit Up / Limit Down Trading Halts
- Markets, market data and/or market participants that are unusually volatile, unreliable and/or unresponsive for any one or more symbols or sectors
- Periods of order imbalances either at the Firm or at the stock's primary exchange
- Non-regulatory trading halts (beginning from the time of the last print on the stock's primary exchange before the exchange's declaration of the halt and ending when the stock's primary exchange ends the halt by resuming its normal quoting and printing operations)
- Periods of time when an exchange places a stock in "non-Firm quote" mode or similar quoting mode
- Periods of unusually wide spreads (in the inside market or by the stock's primary exchange)

- Periods of time surrounding significant news events (whether or not those news stories result in a regulatory halt of the stock)
- Secondary trading of IPOs
- Communications or systems outages
- Reg NMS Self Help Declarations
- Reg SHO restrictions

### **Reserved Rights**

VAL reserves the right, at its sole discretion, to modify, suspend, or cancel any of its order handling protocols, (except those that are designed to ensure compliance with the Firm's regulatory obligations), including, but not limited to, automated price improvement and automatic execution, without notice on a stock by stock or on a client by client basis, when non-normal market conditions exist, when attempts are made to abuse or circumvent its automatic execution size limitations, or when VAL in its sole discretion otherwise deems it appropriate.

VAL reserves the right at its sole discretion to offer various execution services to clients (e.g., Auto-Ex, Price Improvement, Pre/Post Market Trading, etc.) on a client specific basis. The Firm reserves the right to reject all or any orders on a client-by-client and/or symbol-by-symbol basis at any time and for any reason related to its risk controls, whether financial, regulatory or other, as determined by VAL in its sole discretion.

## **VAL's Order Handling Policies**

### **Cancellation of Orders**

A client may request that any unfilled order (or unfilled portion of an order) be canceled. The Firm retains sole discretion to grant or deny cancellation requests. Circumstances under which the Firm may deny a cancellation request include when the Firm has executed all or part of the order, has routed a principal order to another market center to fill the order or is otherwise in the process of executing the order.

### **Erroneous Executions**

Bona fide errors can result from human error or system issues that affect the execution of an order. Such errors can occur at VAL or can occur outside of VAL at an exchange, an ATS, DTCC or at other market centers utilized by VAL in connection with the execution of the order. Such errors can also result from general market volatility, communications or system breakdowns or other conditions over which VAL has no control such as corporate actions processing. VAL reserves the right at its sole discretion to cancel or price-adjust any trade that is deemed by VAL to have been the result of an error, including the result of any of the above or an incorrect security symbol or name, size and/or prices that are unrelated to the market. In the event that VAL exercises this right, the Firm will use reasonable efforts to inform its clients in a timely manner.

### **Corporate Actions**

When a stock is subject to a corporate action, (e.g., distributions, dividends, splits, etc.), VAL will adjust or cancel open orders that reside on its open order book as required pursuant to applicable regulations.

When dividends are payable in cash or securities, VAL will adjust the price of an open order, where the terms of the order allow for modification, by the greater of the value of the cash dividend or stock dividend. An order that is subject to a dividend will not be adjusted by VAL if the value of the dividend is less than \$.01 per share.

You may choose to enter orders with a "do-not-reduce" (DNR) instruction if you do not want the price of an order reduced for cash dividends; or with "do-not-increase" (DNI) instructions if you do not want the size of an order increased for stock dividends or stock distributions. A DNR instruction applies only to ordinary cash dividends; the order should be reduced or increased for other distributions such as when a stock goes "ex" a stock dividend, special cash or ex rights.

It is VAL's policy to cancel all open orders in stocks subject to reverse stock splits or stock splits that involve a symbol change on the effective date of the corporate action. With respect to forward

stock splits, VAL will not cancel orders (unless they involve symbol changes) but will adjust the price and size of buy limit orders and sell stop orders that are below the market on the effective date. With respect to foreign securities trading over-the-counter in the US, Virtu will cancel orders when it becomes aware of a CUSIP change as these changes often occur in connection with corporate actions that occur in the local market but may not be announced in the US. Additionally, all orders with distributions that have indeterminable values are deemed cancelled. VAL typically will cancel orders back to clients on an automated basis, however clients should be aware that the orders are deemed cancelled in these circumstances whether or not the cancellation notice is received electronically.

VAL transmits a daily "Corporate Action" e-mail that identifies stock splits, dividends, symbol/CUSIP changes and symbol additions and deletions. VAL's transmission of this information is purely for informational purposes. VAL does not warrant the accuracy of the information or that it will make such information available on any particular day. Clients remain responsible for adjusting orders sent to VAL after the effectiveness of a corporate action. You may request to be added to the distribution by contacting us via e-mail to [Help@virtu.com](mailto:Help@virtu.com).

### **Special Settlement**

VAL accepts requests for special settlement orders (e.g., cash, next-day, extended, shortened, etc.).

- When the order(s) with special settlement instructions are received and accepted by the Firm's system, VAL will check for upcoming corporate actions and other parameters in the stock to determine if the order will be accepted for further processing and handling by the Firm.
- Research and manual handling of the order could delay the process and affect the execution price during times of market volatility and other market and risk conditions.
- The executed price of special settlement orders may reflect the Firm's compensation, including an imputed mark-up or mark-down.
- VAL reserves the right to refuse to accept any special settlement (i.e., Non- Regular-Way) orders.

### **Not Held Orders and Net Trades**

When you enter a "not held" order with VAL, you are giving VAL discretion to use its professional judgment on the timing and pricing of the executions. VAL does not display "not held" orders and, at times, VAL may execute trades for itself or for other clients at prices which the "not held" order you have entered could be executed but VAL may choose not to execute your order at the same price(s).

For clients that do not pay a disclosed commission for executed “not held” orders, VAL may execute such “not held” orders on a “net” basis. When executing “not held” orders on a “net” basis, VAL will accumulate a position in a principal account to fill your order and then execute your order at a price(s) that is above its average accumulation cost in the case of a buy order or below its average accumulation cost in the case of a sell order. The difference between VAL’s average cost to accumulate a position to fill your “not held” order and the price reported to you and the consolidated tape is compensation to VAL for the execution of your order. The amount of this compensation is not separately disclosed. Details regarding the individual executions used to fill your order(s) are available upon request. If you object to our handling your orders on a net basis as described above, please send an email to [nvscompliance@virtu.com](mailto:nvscompliance@virtu.com) and a VAL representative will contact you to discuss alternative compensation arrangements.

## Order Instructions

### Duration

Unless otherwise specified, VAL considers client orders to be Day Orders. Day Orders and unfilled portions of partially executed Day Orders will expire at the end of the regular trading day on the day that the order was received (generally, 4:00 p.m. Eastern Time).

### Order Conditions for Extended Trading Hours

VAL offers order types that are eligible for execution only in the pre-market (EMT), orders that are only eligible for execution in the after-hours (AHT) and orders that are eligible for execution all day (ADT= EMT+ regular trading day +AHT). Access to EMT, AHT and ADT sessions is subject to VAL's approval, the successful completion of testing and the client's assumption of the risks, including those set forth below. For additional information please contact your VAL representative. Clients are responsible for ensuring that they and their clients understand and are able to bear the risks associated with trading outside of regular market hours and that these order types are suitable for the end client.

Clients that participate in VAL trading sessions outside of the normal market hours from 9:30 am – 4:00 pm ET may utilize the following condition codes:

- **Early Morning Trading (EMT)** – allows orders to be facilitated only during the VAL pre-market session, currently from 4:00:00 am through 9:28:00 am ET. EMI and EMF conditions provide for Immediate-or-Cancel and Fill-or-Kill treatment, respectively, in the pre-market session.
- **All Day Trading (ADT)** – allows orders to be facilitated during all available VAL trading sessions, currently from 4:00:00 am through 8:00:00 pm ET. ADI and ADF conditions provide for Immediate-or-Cancel and Fill-or-Kill treatment, respectively, in all available sessions. ADT Orders will be represented on an exchange in the pre-market session and will not be routed to the Primary Exchange for participation in the open.
- **After Hours Trading (AHT)** – allows orders to be facilitated only during the VAL post-market session, currently from 4:00:01 pm through 8:00:00 pm ET. AHI and AHF conditions provide for Immediate-or-Cancel and Fill-or-Kill treatment, respectively, in the post-market session.

The actual start and the end time of trading session, outside of the normal market hours, may vary based on client request.

Purchase and sale of securities outside of regular market hours may entail special risks, including the following:

1. **Risk of Lower Liquidity:** Liquidity refers to the availability of shares in the marketplace. Generally, the more orders that are available in a market, the greater the liquidity. Greater liquidity usually makes it is easier for investors to buy or sell securities. There may be less liquidity during extended hours than during market hours. As a result, an order may only be partially executed or not at all.
2. **Risk of Higher Volatility:** Volatility refers to the amount that a security's price changes over time. Generally, the higher the volatility of a security, the greater are its price swings. There may be greater volatility during extended hours than during market hours. As a result, an order may only be partially executed or not at all, and/or an order may receive a price during extended hours that it would not have received during market hours.
3. **Risk of Wider Spreads:** The spread refers to the difference in price between the inside bid and offer in a security. Lower liquidity and higher volatility tend to result in wider than normal spreads.
4. **Risk of Prices Unrelated to Normal Market Hours Prices:** The price of a security traded during extended hours may reflect neither its prior closing price nor its subsequent opening price. As a result, an order may receive a price during extended hours that is unrelated to a price it would have received during market hours.
5. **Risk of Unlinked Markets:** Prices of a security displayed on a particular extended hours trading system may not reflect the prices of the same security displayed in other concurrently operating extended hours trading systems. Accordingly, an order may receive a price in one extended hours trading system that it would not receive in another extended hours trading system.
6. **Risk of New Information:** Corporate news and financial information are generally disseminated aftermarket hours. Such announcements, especially when combined with lower liquidity and higher volatility, can have an exaggerated effect on the price of a security.

### **Order Types and Instructions**

**Market Orders:** VAL will accept market orders and attempt to execute at prices that are available in the market following receipt of the order until the order is completed or canceled. Although the Firm endeavors to execute market orders that it receives fully and promptly, certain market orders

(for example, quantity in excess of share size parameters, illiquid securities, certain triggered stops, etc.) may be sent to a trader for manual handling.

**Limit Orders:** VAL will accept limit orders and hold them for the applicable duration or time in force until the order is executed at its limit price or better or canceled. Although the Firm endeavors to execute marketable limit orders that it receives fully and promptly, certain marketable limit orders (for example, quantity in excess of share size parameters, illiquid securities, triggered stops, etc.) may be sent to a trader for manual handling.

**Good-Til-Cancelled (GTC) and Good-Til-Date (GTD) Orders:** A GTC/GTD order will remain open on VAL's books until executed, cancelled by the client that placed the order or cancelled by VAL, or in case of GTD until the order expires at its designated time-in-force date but no later than one calendar year, whichever comes first. Please note, however, that GTC/GTD orders are only eligible during regular market hours - not during the after-hours trading or pre-open trading sessions. GTC/GTD orders are eligible for execution and for market / limit order protection during regular market hours. VAL maintains your GTC/GTD orders on file for one calendar year. If your GTC order has not been cancelled or executed during this period, it will automatically expire on the one year anniversary. A daily file containing expired GTC/GTD orders can be provided to you, upon request to [Help@virtu.com](mailto:Help@virtu.com).

**AON (All-or-None) Orders:** An AON order is a special order type that is offered by VAL. AON orders are not accepted by and cannot be routed to exchanges. AON orders must be filled in a single execution at one price for the entire order quantity. Accordingly, AON orders may require manual facilitation by a trader. Given the special handling instructions, AON orders do not receive priority over market and marketable limit orders. AON orders can be cancelled unilaterally at any time before the full execution of the AON order in its entirety. This right of unilateral cancellation puts and keeps VAL at risk up until the full execution of the AON order.

**FOK (Fill-or-Kill) Orders:** A FOK order must be filled in a single execution at one price for the entire amount of the order and unlike the AON order, the FOK order will be executed by VAL upon receipt or canceled.

**IOC (Immediate-or-Cancel) orders:** VAL may at its discretion execute all or part of any IOC order. If the order is executed in whole or in part, the executed quantity will be executed at the current market in case of a Market IOC order or at the order's limit price in the case of a Limit IOC order. If the order is not executed or partially executed, the unexecuted quantity will be canceled. IOC orders are transient by definition and therefore do not receive Manning protection.

**Not Held Orders:** When entering a "not held" order, the client gives VAL time and price discretion and VAL will use its reasonable judgment with respect to the handling and execution of that order.

VAL may act in the capacity of principal and/or riskless principal when executing not held orders. A “not held” order is an order which by definition, is not owed price protection (Manning).

### **Securities Listed on Non-US exchanges**

Orders received from clients in non-U.S. securities may be routed to a foreign exchange or foreign broker, including to a Virtu affiliate, for execution. These executions may be handled on a "net" basis, therefore the reported price may reflect transaction, handling and/or currency exchange fees associated with the execution. VAL may also receive payment for order flow for your orders in non-U.S. securities.

### **Invalid Order Prices**

For orders priced above \$1.00, any priced order that VAL receives with a price containing more than two decimal places (e.g., 10.123, 10.125, 10.0625, 10-1/8, etc.) will be rejected for invalid price. Orders in NMS securities with prices that are not evenly divisible by the current unit of trading, i.e., \$.01, are automatically rejected. For orders priced below \$1.00, any priced order that VAL receives with a price containing more than four decimals places will be rejected.

## Specific Order Handling and Execution Protocols

### **Order Routing**

VAL utilizes proprietary smart router technology to access liquidity on other market centers. These market centers include Virtu MatchIt, an ATS operated by VAL, other ATSs, other market makers including affiliated market makers and national securities exchanges. The sequence of routing changes from time to time but generally is designed such that the router will seek price improvement opportunities, in some cases rebates, and route to lower cost destinations earlier in the sequence and will route orders that cross the spread on higher cost destinations later in the sequence. The sequence may differ depending on clients' sensitivity to Reg NMS Rule 605 statistics. The Firm may have a direct or indirect ownership interest in market centers and trading centers to which it chooses to route orders and may also receive orders from market centers and trading centers to which it routes orders. To the extent the Firm receives rebates in connection with the routing of orders, those rebates contribute to the Firm's revenues. *If you have questions about order routing, please contact your Virtu Representative.*

### **Limit and Market Order Protection under FINRA Rule 5320 (Manning)**

VAL conducts trading activities across independent trading units that utilize information barriers designed to prevent a trading unit from obtaining knowledge of client orders held by a separate trading unit, consistent with FINRA's "No-Knowledge" ("NOK") exception. Accordingly, VAL may trade for its own account in a NOK trading unit at a price that would satisfy a client order resting in another VAL trading unit without providing an execution to that resting client order. The Firm has implemented internal controls, including information barriers, designed to prevent its NOK trading units from obtaining knowledge of the open client orders handled by other trading units.

Some of these market making trading units engage in executing orders received from VAL's broker-dealer and/or institutional clients. VAL handles customer market and customer aggressive limit orders in a trading unit that has no knowledge of any resting customer limit orders and/or customer orders that are handled manually by the Firm.

As a general rule, during normal market conditions, principal executions are applied to eligible client orders via VAL's Manning process - first to eligible limit orders in price-time priority, and then to eligible market and aggressive limit orders - in first-in, first-out (FIFO) priority. Aggressive limit orders may receive protected price-time priority if they cease being aggressive prior to execution due to market movements. Certain market or aggressive limit orders may not receive an

execution via the Manning process if the order has been routed to the market and is expected to receive an execution that will be applied to that order.

Client orders with special handling conditions are not eligible for Manning protection if the order is transient (Immediate-Or-Cancel (“IOC”) Orders) or if an execution via Manning would conflict with the order instructions, for example, orders with an Opening condition (MOO/LOO/OPG) or Closing condition (MOC/LOC/CLO). In addition, certain principal orders of VAL that are submitted to an exchange Opening auction (MOO/LOO) will be applied via Manning only to those eligible client orders, if any, that were received before the time that the VAL order was no longer able to be modified or cancelled with the exchange.

### **Limit Order Display- NMS Stocks**

Upon receipt of a display eligible client limit order in NMS securities, depending on whether the market has opened or not, VAL will generally route a limit order, as principal, to the Primary Exchange for participation in the opening cross or, following the opening cross, to a National Securities Exchange (“Exchange”), which may or may not be the Primary Exchange, for display. To the extent that the routed limit order is executed on an Exchange, VAL will execute the corresponding client limit order at the same price up to the amount executed on the Exchange.

VAL considers cost and rebates as factors in choosing where to send limit orders for display. The foregoing may not apply to any order that is exempt from display pursuant to SEC rules.

### **Limit Order Display – OTC Markets Stocks**

For OTC Securities, VAL displays Limit Orders in the following manner.

- Generally, Limit Order Display (“LOQD”) commences at 9:30am ET and continues until 4:00 pm ET.
- Eligible orders will be displayed for a share amount at least equal to the minimum quotation size (MQS) requirement (see chart below), with any remaining balance held in reserve. The full size of eligible orders will be displayed as required by FINRA Rule 6460.
- Orders with quantities or with leave quantities that are below the MQS will not be eligible for LOQD unless they can be aggregated with other open client orders at the same price to meet the MQS.
- Orders will receive full price display to a maximum of four (4) decimal places.
- Orders will be displayed in accordance with FINRA Rule 6433 Quote Tiers (see chart below).

- Orders with restrictions (e.g., AON, Stop Orders) or special handling instructions (e.g., not-held) are not eligible for LOQD.
- Grey Market and non-piggyback qualified OTC securities are generally not eligible for LOQD.
- The limit order quote display process assumes normal market and system conditions.
- Order display may be affected by the level of quoting activity.

**Minimum Quote Size (MOS)**

Price	Min Quote Size
.0001 - .0999	10,000
.10 - .1999	5,000
.20 - .5099	2,500
.51 - .9999	1,000
1.00 - 174.99	100
175 +	1

**Minimum Pricing Increments (Quote Tiers)**

Quote Prices	Quote Tick
<\$0.0001	0.000001 (rank or accept only, but not display)
>=\$.0001 - \$.9999	0.0001
>=\$1	0.01

## **IPO Pre-Opening Protocols**

VAL generally accepts orders for new issues prior to the opening of secondary trading of an Initial Public Offering (IPO). In NMS securities, VAL routes principal representative orders to the Primary Exchange which are handled pursuant to the exchange's opening procedures. Executions are provided to client orders, typically on a riskless principal basis.

Pre-opening orders are subject to the following terms and conditions:

- All orders submitted to VAL in IPO Securities prior to the opening cross on the Primary Exchange must be submitted with a limit price. VAL does not accept market orders for the purchase of shares of a new issue in the secondary market prior to the commencement of trading of such shares in the secondary market. Similarly, VAL will not accept any modifications to an order that would change an IPO pre-opening limit order into a market order.
- The following order types are also not eligible: AON, Stop Quote and Stop Loss orders and ADT/EMT/AHT orders.
- VAL will attempt to reject market and similar impermissible order types submitted in IPO stocks prior to the opening cross. Whether rejected or not, VAL will deem these orders as invalid and these orders will not be considered for execution.
- VAL will use reasonable efforts to facilitate the execution of orders in IPO Securities received prior to the opening cross. VAL's ability to provide the opening price is in part dependent on the sufficient liquidity at the Primary Exchange to satisfy the interest VAL has submitted to the Exchange. Accordingly, VAL does not guarantee that every order transmitted to it will be executed at the opening price.
- Paired orders sent to VAL (where you send the buy and sell in the same stock) may not both receive an execution at the opening price.
- Any pre-opening order transmitted to VAL which does not receive an execution at the opening price will be handled as a regular Day Order pursuant to VAL's post-opening order handling protocols.
- Orders received immediately prior to the opening of secondary trading may be too late to receive execution at the Primary Exchange opening price.

## **Market-on-Close (MOC)/Limit-on-close (LOC) Orders & Cancellations**

VAL handles client orders in NMS securities with MOC or LOC instructions by routing representative principal orders to the Primary Exchange. These principal orders are subject to the terms and conditions of the Exchange, including the Exchange's rules limiting the time that such orders may be entered, modified or canceled (relevant "cut off" times). Accordingly, VAL accepts electronically-entered MOC/LOC orders from clients subject to the same terms and conditions as the Primary Exchange and orders transmitted too close to the cut-off time may not be eligible to participate in the Exchange's closing auction.

VAL also accepts and handles client orders in OTC Securities with MOC or LOC instructions. As there is no official close price in OTC Securities, VAL attempts to cross buy and sell orders in OTC Securities at the midpoint of the NBBO. To the extent that VAL has order(s) on only one side of the market, VAL will execute this at the NBB for a sell order and the NBO for a buy order. Clients should understand and communicate these procedures to their clients.

VAL will not accept a MOC/LOC order with an additional order handling instructions (including, but not limited to AON, IOC, and FOK). These orders are deemed invalid and not accepted.

## **Opening Only (OPG) Orders**

Opening Only orders with an "OPG" qualifier will be accepted up until the relevant Exchange cut-off time, and will be eligible for execution based on the opening price/print on the stock's Primary Exchange based on the Exchange's opening auction process. Please note that OTC Securities do not have an official opening cross.

- OPG orders received after the cut-off time will not receive executions. Generally, a "too-late-to-enter" (TLTE) administrative message will be returned to the order-sending firm. Whether or not the administrative message is returned, the order will be deemed invalid and not accepted.
- OPG order cancellation requests received after the cut-off time will not be honored. Typically, a "too-late-to-cancel" (TLTC) administrative message will be returned to the order-sending firm. Whether or not the administrative message is sent, cancellation requests received after the cut-off time will not be honored.
- OPG orders, or the balance remaining of an OPG order, that are not executed at the opening, are deemed cancelled and are not eligible for execution in the continuous market. Typically, the Firm will automatically cancel the order and confirm the cancellation back to the order-sending firm (typically through an electronic "Cancel by Market Maker" administrative message).
- For IPO's, follow on offerings, and other circumstances in which the security opens at times later than the beginning of normal trading hours, the Firm may choose not to accept

orders with an OPG instruction. In the event the Firm accepts an order with an OPG instruction the Firm does not guarantee execution of such orders.

### **Order Handling Protocols at the Open – NMS Securities**

- An "Open" refers to the process during which VAL facilitates client orders for participation in a security's opening auction (or other opening process) with the intent for execution at the price of the Opening Print as determined at the stock's Primary Exchange.
- Only Day and ADT market and limit orders may be eligible to participate in the open. All other order types that VAL accepts are not be eligible.
- To facilitate the execution of a client order at the Open, VAL submits a principal representative order to the Exchange. Accordingly, acceptance and execution of these orders is subject to the Primary Exchange's rules and protocols, particularly as it relates to cut-off times for order acceptance and cancellation. Orders which are received after the relevant Exchange cut-off will not be eligible for the Open and will be handled in accordance with the Firm's order handling protocols described in this document.
- Stocks may begin trading on other market centers prior to the official opening print, particularly if the Primary Exchange's opening is delayed. Generally, VAL will not execute these orders until the Opening Print. Clients may elect to have orders sent after 9:30 am but prior to the official open executed prior to the Opening Print. Please contact your Virtu Representative if you prefer to have eligible orders executed prior to the open at prices which may differ from the Primary Exchange's opening print.
- Limit order protection (Manning) and quote display is provided to any eligible pre-open DAY, ADT, GTC or GTD order that remains unfilled after the opening auction until such time as the Primary Exchange's auction price is established and disseminated to the market.

### **Order Handling Protocols at the Open - OTC Securities**

Please note OTC Securities do not have an official opening cross. The Firm handles and executes orders received prior to 9:30 am pursuant to the Firm's regular order handling protocols for OTC Securities. As described above, most orders in OTC Securities are handled manually by the Firm's traders and are not subject to the Firm's automated execution protocols for NMS Securities.

## **Stop Orders and VAL's Quote-Stop Orders**

VAL offers two ways for customer stop orders to be executed:

1. **"Stop Orders" and "Stop Limit Orders" as defined by FINRA:** FINRA defines a stop order as an order to buy (or sell) that becomes a market order to buy (or sell) when a transaction occurs at or above (below) the stop price. A "stop limit order" is an order to buy (or sell) that becomes a limit order to buy (or sell) at the limit price when a transaction occurs at or above (below) the stop price.
2. **VAL's "Quote-Stop Orders" and "Quote-Stop Limit Orders:"** VAL offers a Quote Stop Order which it defines as an order to buy (or sell) that becomes a market order to buy (or sell) when a Quote occurs at or above (below) the stop price. A "Quote Stop Limit Order" is an order to buy (or sell) that becomes a limit order to buy (or sell) at the limit price when a Quote occurs at or above (below) the stop price.

Generally, VAL handles elected stop orders through a process that is automated for most orders and manual for others, including all OTC Securities. If a triggering event, either an electing quote or last sale, elects only a single stop type order then that stop order will be handled on an automated basis without intervention by a trader unless the order is expected to have material price impact. If the single elected stop order is expected to have material price impact it will be handled manually by a VAL trader. VAL endeavors to execute elected stop orders that are marketable fully and promptly. VAL generally will not know in advance whether your order will be handled on a fully automated basis or manually by a VAL trader. Fully automated orders will typically execute more quickly than orders handled manually by traders.

### **Alternatives for Election:**

VAL will utilize Quotes as the default trigger for stop orders as described above, unless the client requests and VAL agrees to accept "Stop Orders" and "Stop Limit Orders" in writing. In general, once a client requests a change, the new trigger method will apply to all subsequent orders received from that client.

### **Quote-Stop and Quote-Stop Limit Orders: Conditions for Acceptance**

The Quote-Stop price of a Sell Quote-Stop Order or of a Sell Quote-Stop Limit Order must be equal to or below the National Best Bid when received (otherwise it will be rejected). The Quote-Stop price of a Buy Quote-Stop Order or of a Buy Quote-Stop Limit Order must be equal to or above the National Best Offer when received (otherwise it will be rejected). In addition, because Quote-Stop Orders may be triggered only during normal market hours, Quote-Stop Orders with an

ADT/AHT/EMT (pre-market / post market) instruction will be rejected. Quote- Stop Orders with the IOC or FOK condition will also be rejected.

### **Trailing Quote-Stop Order Handling**

VAL will accept trailing Quote-Stop Orders in which a Quote-Stop parameter (designated by points or percentage) is used to create an activation price that moves along with fluctuations of the stock.

### **Election of Quote-Stop Orders**

Sell Quote-Stop Orders and Sell Quote-Stop Limit Orders are elected when the National Best Bid meets or falls below the Quote-Stop price. Buy Quote-Stop Orders and Buy Quote-Stop Limit Orders are elected when the National Best Offer meets or exceeds the Quote-Stop price. All Sell/Buy Quote-Stop and Sell/Buy Quote-Stop Limit Orders are elected immediately upon receipt if the Quote-Stop price is equal to the National Best Bid/Offer.

*Note: All Quote-Stop and Quote-Stop Limit orders received in the Pre-Open are accepted. The earliest such orders may be elected is at or after the open upon publication of the first unlocked, uncrossed National Best Bid/Offer.*

*Note: A National Best Bid/Offer that would otherwise elect a Quote-Stop stop price will not elect that stop price if that Bid/Offer is part of a Locked or Crossed Market.*

### **Time of Receipt of Elected Quote-Stop Orders**

After being elected, a Quote-Stop Order becomes a market order. For the purpose of determining time of receipt, as compared to other market orders, the time the Quote-Stop Order is elected is the receipt time of the resultant market order.

### **Time of Receipt of Elected Quote-Stop Limit Orders**

After being elected, a Quote-Stop Limit Order becomes a limit order. For the purpose of determining time of receipt as compared to other limit orders, the time the Quote-Stop Limit Order is elected is the receipt time of the resultant limit order.

### **Stop and Stop Limit Orders (as defined by FINRA): Conditions for Acceptance**

The Stop price of a Sell Stop Order or of a Sell Stop Limit Order must be equal to or below the National Best Bid when received (otherwise it will be rejected). The Stop price of a Buy Stop Order or of a Buy Stop Limit Order must be equal to or above the National Best Offer when received (otherwise it will be rejected). In addition, because Stop Orders may be triggered only during normal market hours, Stop Orders with an ADT/AHT/EMT (pre-market / post market) restriction will be rejected. Stop Orders with the IOC or FOK condition are also rejected.

### **Trailing Stop Order Handling:**

VAL will accept trailing Stop Orders in which a Stop parameter (designated by points or percentage) is used to create an activation price that moves along with fluctuations of the stock.

### **Election of Stop Orders:**

Sell Stop Orders and Sell Stop Limit Orders are elected when the price of a published last-sale transaction that is not outside the current National Best Bid/Offer falls below the Stop price. Buy Stop Orders and Buy Stop Limit Orders are elected when the price of a published last-sale transaction that is not outside the current National Best Bid/Offer price exceeds the Stop price.

*Notes: All Stop and Stop Limit orders received in the Pre-Open are accepted. The earliest such orders may be elected is at or after the open upon publication of the first last-sale transaction that is not outside the current National Best Bid/Offer and that is not an odd-lot (less than 100 shares).*

*A published last-sale transaction that would otherwise elect a Stop price will not elect that Stop price if that last-sale transaction is published during a Locked or Crossed Market.*

### **Time of receipt of Elected Stop Orders**

After being elected, a Stop Order becomes a market order. For the purpose of determining the time of execution, as compared to other market orders, the time the Stop Order is elected is the receipt time of the resultant market order.

### **Time of Receipt of Elected Stop Limit Orders:**

After being elected, a Stop Limit Order becomes a limit order. For the purpose of determining the time of receipt as compared to other limit orders, the time the Stop Limit Order is elected is the receipt time of the resultant limit order.

**Positioning Activities in connection with Stop Orders:**

VAL may engage in positioning activities to acquire a long or short position in order to provide liquidity to elected stop orders. Positioning activity may take place prior to the election of stop orders or subsequent to the election of stop orders. The Firm's transactions may contribute to an increase/decrease in the stock's price, which in turn could increase/decrease the likelihood a stop order being elected and may affect the final price received on a stop. VAL will make reasonable efforts to balance the Firm's and our clients' interests when engaging in positioning activity with a view towards providing fair pricing in such instances.

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