Virtu ITG LLC and Subsidiaries

(A wholly-owned subsidiary of Virtu ITG Holdings LLC)

Consolidated Statement of Financial Condition

And Report of Independent Registered Public Accounting Firm
As of and for the Year Ended December 31, 2019

Report of Independent Registered Public Accounting Firm

To the Member of Virtu ITG LLC

Opinion on the Financial Statement – Consolidated Statement of Financial Condition

We have audited the accompanying consolidated statement of financial condition of Virtu ITG LLC and Subsidiaries (the “Company”) as of December 31, 2019, including the related notes (collectively referred to as the “consolidated financial statement”). In our opinion, the consolidated financial statement presents fairly, in all material respects, the financial position of the Company as of December 31, 2019 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

We conducted our audit of this consolidated financial statement in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statement is free of material misstatement, whether due to error or fraud.

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

PricewaterhouseCoopers LLP

February 28, 2020

We have served as the Company's auditor since 2019

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Virtu ITG LLC and Subsidiaries
Consolidated Statement of Financial Condition
December 31, 2019

(in thousands)

Assets		
Cash and cash equivalents	$	87,357
Cash segregated under federal and other regulations		12,400
Deposits with clearing organizations		42,640
Receivables from brokers, dealers and clearing organizations, net		70,569
Receivable from customers, net		17,205
Intangibles, less accumulated amortization of $4,754		7,493
Due from Parent and affiliates		89,566
Other assets		7,866
Total assets	$	335,096
Liabilities and Member's Equity		
Liabilities		
Accounts payable and accrued expenses	$	72,696
Payables to brokers, dealers and clearing organizations		43,540
Payable to customers		33,236
Due to affiliates		411
Total liabilities		149,883
Member's equity		185,213
Total liabilities and member's equity	$	335,096

The accompanying notes are an integral part of these Consolidated Statement of Financial Condition.

1. Organization and Description of the Business

The Consolidated Statement of Financial Condition of Virtu ITG LLC and Subsidiaries (the “Company”) include the accounts of Virtu ITG LLC (“ITG”), a United States ("U.S.") broker-dealer in equity securities registered with the Securities and Exchange Commission (“SEC”) and a member of the Financial Industry Regulatory Authority (“FINRA”) and its wholly-owned subsidiaries, Virtu ITG Capital LLC (“ITG Capital”), and POSIT Alert LLC (“POSIT Alert”), (see Note 16, *Consolidated Subsidiaries*). The Company is also registered as an introducing broker with the Commodity Futures Trading Commission (“CFTC”) and is a member of the National Futures Association (“NFA”). The Company is a Delaware limited liability company that is a wholly-owned subsidiary of Virtu ITG Holdings LLC (the “Parent”). The Company's ultimate parent is Virtu Financial LLC ("Virtu"). Virtu Financial, Inc. (“VFI”) is the managing member of Virtu Financial LLC and operates and controls all of the businesses and affairs of Virtu Financial LLC and, through Virtu Financial LLC and its subsidiaries, continues to conduct the business conducted by such subsidiaries.

The Consolidated Statement of Financial Condition and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). All intercompany balances and transactions have been eliminated in consolidation.

ITG is a financial technology company that helps leading brokers and asset managers improve returns for investors. ITG empowers traders to reduce the end-to-end cost of implementing investments via liquidity, execution, analytics and workflow technology solutions.

The Company generates commission and/or commission equivalent revenues on a per-transaction basis for orders executed. Trade orders are delivered to the Company via its front-end software products as well as other vendors' products and direct computer-to-computer links to customers. Orders may be executed through (1) POSIT, ITG’s wholly owned and operated alternative trading system, (2) self-directed trading by clients using algorithms and smart routing and (3) portfolio trading and single stock sales trading desks.

On March 1, 2019, Parent, the ultimate parent company of ITG through the Effective Time (as defined below), completed its merger with and into Impala Merger Sub, Inc. (“Merger Sub”), a Delaware corporation and an indirect wholly owned subsidiary of Virtu Financial, Inc. (“Virtu Financial”), surviving the merger as an indirect wholly owned subsidiary of Virtu (the “Merger”). The Merger was completed pursuant to that certain Agreement and Plan of Merger, dated as of November 6, 2018 (the “Merger Agreement”), by and among Parent, Virtu Financial and Merger Sub, which has been filed by Parent as Exhibit 2.1 to its Current Report on Form 8-K filed with the Securities and Exchange Commission (“SEC”) on November 8, 2018. At the effective time of the Merger (the “Effective Time”), each share of Parent’s common stock, par value $0.01 per share, issued and outstanding immediately prior to the Effective Time (other than certain shares specified in the Merger Agreement) was cancelled and converted into the right to receive $30.30 in cash without interest (the “Merger Consideration”), less any applicable withholding taxes. Shares of Parent’s common stock ceased trading on the New York Stock Exchange (the “NYSE”) prior to the open of trading on March 1, 2019. Additionally, immediately following the Effective Time, (i) Parent was converted from a Delaware corporation into a Delaware limited liability company with the name “Virtu ITG Holdings LLC” and (ii) ITG was converted from a Delaware corporation into a Delaware limited liability company with the name “Virtu ITG LLC”.

For additional information related to the Merger and the transactions contemplated by the Merger Agreement, please refer to Parent's Current Report on Form 8-K filed with the SEC on March 1, 2019.

2. Significant Accounting Policies

Basis of Presentation

The Consolidated Statement of Financial Condition represent the consolidation of the accounts of the Company and its subsidiaries in conformity with U.S. GAAP. All intercompany accounts and transactions have been eliminated in consolidation. Investments in unconsolidated companies (generally 20 to 50 percent ownership), in which the Company has the ability to exercise significant influence but have neither a controlling interest nor are the primary beneficiary, are accounted for under the equity method. Investment in entities in which the Company does not have the ability to exercise significant influence are measured at fair value or if there is no readily determinable fair value, at cost adjusted for impairment and changes resulting from observable price changes in identical or a similar investment of the same issuer in accordance with Accounting Standards Update ("ASU") 2016-01, *Financial Instruments* Under certain criteria indicated in Accounting Standards Codification ("ASC") 810, *Consolidation*, a partially-owned affiliate would be consolidated when it has less than a 50% ownership if the Company were the primary beneficiary of that entity. At December 31, 2019, the Company had no interests in variable interest entities.

Use of Estimates

The Company's Consolidated Statement of Financial Condition are prepared in conformity with U.S. GAAP, which requires management to make estimates and assumptions regarding measurements including assets and liabilities, and other matters that affect the reported amounts of assets and liabilities at the date of the Consolidated Statement of Financial Condition and during the reporting period. Accordingly, actual results may differ materially from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Cash Segregated Under Federal and Other Regulations

Cash segregated under federal and other regulations represents a special reserve bank account for the exclusive benefit of customers ("Special Reserve Bank Account") maintained by the Company in accordance with Rule 15c3-3 of the Securities Exchange Act of 1934 ("Customer Protection Rule"), agreements for proprietary accounts of broker dealers ("PAB") and segregated balances under a collateral account control agreement for the benefit of certain customers of the Company.

Securities Borrowed and Loaned

Securities borrowed and securities loaned transactions are reported as collateralized financings. Securities borrowed transactions require the Company to deposit cash, letters of credit, or other collateral with the lender. With respect to securities loaned, the Company receives collateral in the form of cash or other collateral in amounts generally in excess of the fair value of securities loaned. The Company monitors the fair value of securities borrowed and loaned on a daily basis, with additional collateral obtained or refunded as necessary. Securities borrowed and securities loaned transactions are recorded at the amount of cash collateral advanced or received, adjusted for additional collateral advanced or received. Interest on such transactions is accrued and is included in the Consolidated Statement of Financial Condition in receivables from, and payables to, brokers, dealers and clearing organizations.

The Company engages in securities borrowed and securities loaned transactions as part of its self-clearing process primarily to facilitate customer transactions, including for shortened or extended settlement activities and for failed settlements.

Fair Value of Financial Instruments

All of the Company's financial instruments are carried at fair value or amounts approximating fair value. Cash and cash equivalents and certain payables approximates their fair value.

Intangibles

Intangibles with definite lives are amortized over their useful lives. All other intangibles are assessed at least annually for impairment. If impairment is indicated, an impairment loss is calculated as the amount by which the carrying value of an intangible asset exceeds its estimated fair value.

Securities Transactions

Receivables from brokers, dealers and clearing organizations include amounts receivable for fails to deliver, cash deposits for securities borrowed, amounts receivable from clearing organizations and commissions receivable. Payables to brokers, dealers and clearing organizations include amounts payable for fails to receive, amounts payable to clearing organizations on open transactions, securities loaned and execution cost payables. In addition, the net receivable or payable arising from unsettled trades is reflected in the appropriate category.

Receivables from customers consist of customer fails to deliver, commissions earned and receivables from customers arising from the Company's prepayment of research, net of an allowance for doubtful accounts. Payables to customers primarily consist of customer fails to receive.

Client Commission Arrangements

Institutional customers are permitted to allocate a portion of their gross commissions to pay for research products and other services provided by third parties and the Company's affiliates. The amounts allocated for those purposes are commonly referred to as client commission arrangements. The cost of independent research and directed brokerage arrangements is accounted for on an accrual basis. Prepaid research, including balance transfer receivables due from other broker-dealers, net of allowance is included in receivables from customers and receivables from brokers, dealers and clearing organizations. At December 31, 2019, the net research receivable balance was $8,303 (net of allowance of $164) in the Consolidated Statement of Financial Condition. Accrued research payable was $46,973 at December 31, 2019 and is classified as accounts payable and accrued expenses in the Consolidated Statement of Financial Condition.

Income Taxes

The Company is a single-member limited liability company and is treated as a disregarded entity for U.S. federal, state and local income tax purposes. Prior to the Merger, the Company was included in the consolidated income tax return of Parent and, in accordance with the Parent's tax sharing agreement with the Company.

Following the Merger, the Company is included in the consolidated income tax return of Virtu, and the Company is no longer a party to a tax sharing arrangement. See Footnote 11 Income Taxes for additional information

The Company recognizes the tax benefit from an uncertain tax position, in accordance with ASC 740, *Income Taxes*, only if it is more likely than not that the tax position will be sustained on examination by the applicable taxing authority, including resolution of the appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized from such a position is measured based on the largest benefit for each such position that has a greater than fifty percent likelihood of being realized upon ultimate resolution. Many factors are considered when evaluating and estimating the tax positions and tax benefits. Such estimates involve interpretations of regulations, rulings, case law, etc. and are inherently complex. The Company's estimates may require periodic adjustments and may not accurately anticipate actual outcomes as resolution of income tax treatments in individual jurisdictions typically would not be known for several years after completion of any fiscal year. The Company has determined that there are no uncertain tax positions that would have a material impact on the Company's Statement of Financial Condition as of December 31, 2019.

Recent Accounting Pronouncements

Fair Value Measurement - In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement*, which modified the disclosure requirements on fair value measurements in ASC Topic 820, *Fair Value Measurement*. Disclosure requirements were eliminated for the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, the policy for timing of transfers between levels, and the valuation processes for Level 3 fair value measurements. Disclosure requirements were modified for liquidation of investments in certain entities that calculate net asset value, and for measurement uncertainty disclosures. Disclosure requirements were added for changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements held at the end of the reporting period and the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. The ASU is effective for periods beginning after December 15, 2019, including interim periods within that fiscal year. The Company does not expect the adoption of this ASU to have a material impact on its Consolidated Statement of Financial Condition.

Measurement of Credit Losses on Financial Instruments - In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326) -Measurement of Credit Losses on Financial Instruments*. This ASU amends several aspects of the measurement of credit losses on financial instruments, including replacing the existing incurred credit loss model and other models with the Current Expected Credit Losses model ("CECL"). Under CECL, the allowance for losses for financial assets that are measured at amortized cost reflects management's estimate of credit losses over the remaining expected life of the financial assets. Expected credit losses for newly recognized financial assets, as well as changes to expected credit losses during the period, would be recognized in earnings, and adoption of the ASU will generally result in earlier recognition of credit losses. Expected credit losses will be measured based on historical experience, current conditions and forecasts that affect the collectability of the reported amount, and credit losses will be generally recognized earlier than under current U.S. GAAP. In June 2019, the FASB issued ASU 2019-05, *Financial Instruments-Credit Losses* (Topic 326): *Targeted Transition Relief*, which provides entities with an option to irrevocably elect the fair value option on an instrument-by-instrument basis for certain instruments upon adoption of the new Credit Losses standard. The ASUs are effective for periods beginning after December 15, 2019, including interim periods within that fiscal year.

The Company has undertaken a process of identifying and developing the changes to the Company's existing models and processes that will be required under CECL. As of December 31, 2019, the ASU is expected to impact only those financial instruments that are carried by the Company at amortized cost such as collateralized financing arrangements (securities borrowing/ lending transactions) and receivables from customers, broker-dealers and clearing organizations. The Company has performed a qualitative and quantitative analysis of these financial instruments, including historical loss rates and time to maturity, and as a result of its analysis, has determined that there will not be a material impact to its Statement of Financial Condition.

3. Receivables from and Payables to Brokers, Dealers and Clearing Organizations

Receivables from and Payables to brokers, dealers and clearing organizations at December 31, 2019 consist of the following (in thousands):

Assets		
Broker-dealers	$	36,254
Clearing organizations		25,056
Securities borrowed		5,660
Research receivable		4,024
Allowance for doubtful accounts		(425)
Total Receivables from brokers, dealers and clearing organizations		70,569
Liabilities		
Broker-dealers		5,903
Clearing organizations		274
Securities loaned		37,363
Total Payables to brokers, dealers and clearing organizations	$	43,540

The Company maintains an allowance for doubtful accounts based upon estimated collectibility of receivables.

4. Receivables from and Payables to Customers

Receivables from and Payables to customers at December 31, 2019 consist of the following (in thousands):

Assets		
Customers	$	13,110
Research receivable		4,443
Allowance for doubtful accounts		(224)
Total Receivables from customers		17,329
Liabilities		
Customers		33,236
Total Payables to customers	$	33,236

The Company maintains an allowance for doubtful accounts based upon estimated collectibility of receivables.

5. Financial Assets and Liabilities

Financial instruments measured and reported at fair value are classified and disclosed in one of the following categories based on inputs:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Quoted prices in markets that are not active and financial instruments for which all significant inputs are observable, either directly or indirectly; or

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Financial Instruments Measured at Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, various methods are used including market, income and cost approaches. Based on these approaches, certain assumptions that market participants would use in pricing the asset or liability are used, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market-corroborated, or generally unobservable firm inputs. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, fair value measured financial instruments are categorized according to the fair value hierarchy prescribed by ASC 820, *Fair Value Measurements and Disclosures*. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Level 1 consists of financial instruments whose value is based on quoted market prices such as exchange-traded mutual funds and listed equities. Level 2 includes financial instruments that are valued using models or other valuation methodologies. These models are primarily standard models that consider various assumptions including time value, yield curve, and other relevant economic measures. Substantially all of these assumptions are observable in the marketplace, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace. Level 3 is comprised of financial instruments whose fair value is estimated based on internally developed models or methodologies utilizing significant inputs that are generally less readily observable.

There were no reclassifications or transfers of financial instruments between levels during the year ended December 31, 2019.

The Company did not have any Level 1, 2 or 3 financial assets or liabilities as of December 31, 2019.

Offsetting of Financial Assets and Liabilities

Balances for securities borrowed and securities loaned relate to customer settlement activities. Deposits paid for securities borrowed and deposits received for securities loaned are recorded at the amount of cash collateral advanced or received. Deposits paid for securities borrowed transactions require the Company to deposit cash with the lender. With respect to deposits received for securities loaned, the Company receives collateral in the form of cash in an amount generally in excess of the market value of the securities loaned. The Company monitors the market value of the securities borrowed and loaned on a daily basis, with additional collateral obtained or refunded, as necessary.

The Company’s securities borrowing and lending is generally done under industry standard agreements (“Master Securities Lending Agreements”) that may allow, following an event of default by either party, the prompt closeout of all transactions (including the liquidation of securities held) and the offsetting of obligations to return cash or securities, as the case may be, by the non-defaulting party. Events of default under the Master Securities Lending Agreements generally include, subject to certain conditions: (i) failure to timely deliver cash or securities as required under the transaction, (ii) a party’s insolvency, bankruptcy, or similar proceeding, (iii) breach of representation, and (iv) a material breach of the agreement. The counterparty that receives the securities in these transactions generally has unrestricted access in its use of the securities. For Consolidated Statement of Financial Condition purposes, the Company does not offset securities borrowed and securities loaned.

The following tables set forth the gross and net presentation of certain financial assets and financial liabilities as of and December 31, 2019:

	December 31, 2019					
				Gross Amounts Not Offset in the Statement of Financial Condition		
(in thousands)	**Gross Amounts Recognized**	**Gross Amounts Offset in the Statement of Financial Condition**	**Net Amounts Presented in the Statement of Financial Condition**	**Available Collateral**	**Counterparty Netting**	**Net Amount**
Securities borrowed	5,660	—	5,660	(5,506)	(154)	—
Securities loaned	37,363	—	37,363	(37,015)	(154)	194

Financial Instruments Not Measured at Fair Value

The table below presents the carrying value, fair value and fair value hierarchy category of certain financial assets and liabilities that are not measured at fair value on the Consolidated Statement of Financial Condition. The table below excludes non-financial assets and liabilities. The carrying value of financial instruments not measured at fair value categorized in the fair value hierarchy as Level 1 and Level 2 approximates fair value due to the relatively short-term nature of the underlying assets (in thousands):

	Carrying Value	**Fair Value**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets					
Cash and cash equivalents	$ 87,357	$ 87,357	$ 87,357	$ —	$ —
Cash segregated under federal and other regulations	12,400	12,400	12,400	—	—
Receivables from brokers, dealers and clearing organizations	70,569	70,569	—	70,569	—
Receivable from customers	17,205	17,205		17,205	
Total Assets	187,531	187,531	99,757	87,774	—
Liabilities					
Payables to brokers, dealers and clearing organizations	43,540	43,540	—	43,540	—
Payable to customers	33,236	33,236		33,236	
Total Liabilities	$ 76,776	$ 76,776	$ —	$ 76,776	$ —

6. Revenue from Contracts with Customers

Revenue Recognition

The Company adopted ASC Topic 606, *Revenue from Contracts with Customers* as of January 1, 2018 in its Consolidated Statement of Financial Condition by applying the modified retrospective method.

Contract Assets and Contract Liabilities

The timing of the Company's revenue recognition may differ from the timing of payment by customers. The Company records a receivable when revenue is recognized prior to payment and has an unconditional right to payment. Alternatively, when payment precedes the provision of the related services, the Company records deferred revenue until the performance obligations are satisfied. The Company had receivables related to revenues from contracts with customers of $6,619 as of December 31, 2019. There were no impairment losses on receivables as of December 31, 2019.

Deferred revenue primarily relates to deferred commissions allocated to analytics products and subscription fees billed in advance of satisfying the performance obligations. Deferred revenue related to contracts with customers was $1,146 as of December 31, 2019 included in the Consolidated Statement of Financial Condition

7. Cash

The following table provides a reconciliation of cash and cash equivalents together with restricted cash as reported within the Consolidated Statement of Financial Condition.

Cash and cash equivalents	$	87,357
Cash segregated under federal and other regulations		12,400
Total cash, cash equivalents and restricted cash	$	99,757

8. Intangible Assets

Intangible assets with definite useful lives are subject to amortization and are evaluated for recoverability when events or changes in circumstances indicate that an intangible asset's carrying amount may not be recoverable in accordance with ASC 360, *Property, Plant, and Equipment*. If such an event or change occurs, the Company estimates cash flows directly associated with the use of the intangible asset to test its recoverability and assess its remaining useful life. The projected cash flows require assumptions related to revenue growth, operating margins and other relevant market, economic and regulatory factors. If the expected undiscounted future cash flows from the use and eventual disposition of a finite lived intangible asset or asset group are not sufficient to recover the carrying value of the asset, the Company then compares the carrying amount to its current fair value. The Company estimates the fair value using market prices for similar assets, if available, or by using a discounted cash flow model. The Company then recognizes an impairment loss for the amount by which the carrying amount exceeds its fair value. While the Company believes the assumptions are reasonable, changes in these assumptions may have a material impact on the Company's Consolidated Statement of Financial Condition.

9. Share-based compensation

Prior to the merger, the Company participates under the Parent's 2007 Omnibus Equity Compensation Plan (the "2007 Plan") that was approved by the Parent's stockholders and became effective on May 8, 2007 (the "Effective Date") and was last amended and restated effective June 8, 2017. In October 2008, the Compensation Committee of the Parent's Board of Directors adopted the Equity Deferral Award Program, a subplan under the 2007 Plan. This subplan, last amended and restated on January 23, 2017, is now known as the Variable Compensation Stock Unit Award Program Subplan, and continues to be a subplan under the 2007 Plan (the "VCSUA subplan").

Under the 2007 Plan, certain employees of the Company were granted an aggregate of 289,356 restricted stock unit awards in 2019. Generally, and except for awards granted under the VCSUA Subplan, restricted stock unit awards outstanding during 2019 vest in one of the following manners: (a) serial vesting on each of the first, second and third anniversaries of the grant date, (b) one-third on the second anniversary of the grant date and two-thirds on the third anniversary of the grant date, (c) cliff vesting on the third anniversary of the grant date, (d) for new hire awards only, vesting terms that closely parallel the vesting terms of any awards that the new hire will forfeit upon joining the Company, except that no such new hire award or portion thereof shall vest prior to the one-year anniversary of the date of grant unless otherwise permitted by the 2007 Plan, or (e) serial vest on each of the second, third and fourth anniversaries of the date of grant so long as the award recipient is employed on the applicable vesting date and the 90 day average of the Company's common stock price preceding each of the vesting dates is greater than the 90 day average of the Company's common stock price preceding the grant date (market based restricted stock units). Accordingly, not all restricted stock units awarded will vest and be delivered.

Under the VCSUA Subplan, each eligible participant was granted a number of basic stock units on the date the year-end variable compensation is communicated to participants equal to (i) the amount by which the participant's variable compensation is reduced as determined by the Compensation Committee of the Parent's Board of Directors, divided by (ii) the fair market value of a share of the Parent's common stock on the date of grant. In addition, each participant may be granted an additional number of matching stock units on the date of grant equal to 10% of the number of time-based or market-based basic stock units granted. Basic stock units under the VCSUA Subplan that are time based typically vest in equal annual installments on each of the first, second and third anniversaries of the date of grant, if the participant remains continuously employed by the Company, and is in good standing on, each applicable vesting date. Time based matching stock units will vest 100% on the third anniversary of the date of grant, if the participant remains continuously employed by the Company through, and is in good standing on, such vesting date. Basic units under the VCSUA Subplan that are market based (which were granted in February 2014 to members of senior management) vest in equal installments on each of the second, third and fourth anniversaries of the date of grant so long as the award recipient is employed on the applicable vesting date and the 90 day average of the Parent's common stock price preceding each of the vesting dates is greater than the 90 day average of the Parent's common stock price preceding the grant date. Matching stock units on market based awards will vest 100% on the fourth anniversary of the date of grant so long as the award recipient is employed on the applicable vesting date and the 90 day average of the Parent's common stock price preceding the vesting date is greater than the 90 day average of the Parent's common stock price preceding the grant date.

At the Effective Time, Virtu Financial assumed the Amended and Restated ITG 2007 Omnibus Equity Compensation Plan, dated as of June 8, 2017 (the "Amended and Restated ITG 2007 Equity Plan") and certain stock option awards, restricted stock unit awards, deferred stock unit awards and performance stock unit awards granted under the Amended and Restated ITG 2007 Equity Plan (the "Assumed Awards"). The Assumed Awards are subject to the same terms and conditions that were applicable to them under the Amended and Restated ITG 2007 Equity Plan, except that (i) the Assumed Awards relate to shares of the Virtu Financial's Class A

Common Stock, (ii) the number of shares of Virtu Financial Class A Common Stock subject to the Assumed Awards was the result of an adjustment based upon an Exchange Ratio (as defined in the Merger Agreement) and (iii) the performance share unit awards were converted into service-based vesting restricted stock unit awards that were no longer subject to any performance based vesting conditions. As of the Effective Time, the aggregate number of shares of Virtu Financial Class A Common Stock subject to such Assumed Awards was 2,497,028 and the aggregate number of shares of Virtu Financial Class A Common Stock that remained issuable pursuant to the Amended and Restated ITG 2007 Equity Plan was 1,230,406. Virtu Financial filed a Registration Statement on Form S-8 on the ITG Closing Date to register such shares of Virtu Financial Class A Common Stock.

The fair value of restricted stock unit awards made under the Amended and Restated ITG 2007 Equity Plan prior to the Effective Time were $30.30 per share. The fair value of restricted stock unit awards made subsequent to the Effective Time is based on the fair value of Virtu Financial Class A Common Stock on the grant date.

10. Financial Instruments with Off-Balance Sheet Risk

Credit Risk

Credit risk represents the maximum potential loss that the Company would incur if the counterparties failed to perform pursuant to the terms of their agreements with the Company. The Company regularly transacts business with major U.S. and foreign financial institutions. The Company is subject to credit risk to the extent that the brokers may be unable to fulfill their obligations either to return the Company's securities or repay amounts owed. In the normal course of its securities activities, the Company may be required to pledge securities as collateral, whereby the prime brokers have the right, under the terms of the prime brokerage agreements, to sell or repledge the securities of the Company. The Company manages credit risk by limiting the total amount of arrangements outstanding, both by individual counterparty and in the aggregate, by monitoring the size and maturity structure of its portfolio and by applying uniform credit standards for all activities associated with credit risk.

Off Balance Sheet Financial Instruments

In the normal course of business, the Company is involved in the execution of various institutional customer securities transactions. Securities transactions are subject to the credit risk of counterparty or customer nonperformance. However, transactions are collateralized by the underlying securities, thereby reducing the associated risk to changes in the market value of the securities through settlement date. Therefore, the settlement of these transactions is not expected to have a material effect upon the Company's Consolidated Statement of Financial Condition. It is also the Company's policy to review, as necessary, the credit worthiness of each counterparty and customer.

The Company is a member of various U.S. exchanges and self-clears transactions with a clearing house for equities. Associated with the Company's memberships, the Company may be required to pay a proportionate share of financial obligations of another member who may default on its obligations to the exchanges or the clearing house. While the rules governing different exchange or clearing house memberships vary, in general, the Company's obligations would arise only if the exchanges and clearing houses had previously exhausted other remedies. The maximum potential payout under these memberships cannot be estimated. The Company has not recorded any contingent liability in the Consolidated Statement of Financial Condition for these agreements and believes that any potential requirement to make payments under these agreements is remote.

The Company's customer financing and securities settlement activities may require the Company to pledge customer securities as collateral in support of various secured financing transactions such as bank loans. In the event the financing counterparty is unable to meet its contractual obligation to return customer securities pledged as collateral, the Company may be exposed to the risk of acquiring the securities at prevailing market prices in order to satisfy its customer obligations. The Company controls this risk by monitoring the market value of securities pledged on a daily basis and by requiring adjustments of collateral levels in the event of excess market exposure.

Financial instruments that potentially subject the Company to concentrations of credit risk are primarily cash and cash equivalents, securities owned at fair value, receivables from brokers, dealers and clearing organizations and receivables from customers. Cash and cash equivalents and securities owned, at fair value are deposited with high credit quality financial institutions.

The Company loans securities temporarily to other brokers in connection with its securities lending activities. The Company receives cash as collateral for the securities loaned. Increases in security prices may cause the market value of the securities loaned to exceed the amount of cash received as collateral. In the event the counterparty to these transactions does not return the loaned securities, the Company may be exposed to the risk of acquiring the securities at prevailing market prices in order to satisfy its client obligations. The Company controls this risk by requiring credit approvals for counterparties, by monitoring the market value of securities loaned on a daily basis, and by requiring additional cash as collateral or returning collateral when necessary.

The Company borrows securities temporarily from other brokers in connection with its securities borrowing activities. The Company deposits cash as collateral for the securities borrowed. Decreases in security prices may cause the market value of the securities borrowed to fall below the amount of cash deposited as collateral. In the event the counterparty to these transactions does not return collateral, the Company may be exposed to the risk of selling the securities at prevailing market prices. The Company controls this risk by requiring credit approvals for counterparties, by monitoring the collateral values on a daily basis, and by depositing additional collateral with counterparties or receiving cash when deemed necessary.

The Company may at times maintain inventories in equity securities on both a long and short basis primarily arising from client errors or accommodations. Whereas long inventory positions represent the Company's ownership of securities, short inventory positions represent obligations of the Company to deliver specified securities at a contracted price, which may differ from market prices prevailing at the time of completion of the transaction. Accordingly, both long and short inventory positions may result in losses or gains to the Company as market values of securities fluctuate. To mitigate the risk of losses, long and short positions are marked to market daily and are continuously monitored by the Company.

11. Borrowings

The Company's securities clearance and settlement activities are funded with operating cash, securities loaned or with short-term bank loans under a committed credit agreement.

The Company, as borrower, and Parent as guarantor, maintained a $150 million 364 day-year revolving credit agreement (the "2018 Credit Agreement") with a syndicate of banks and JPMorgan Chase Bank, N.A., as Administrative Agent that was originally scheduled to mature in January 2019. On January 25, 2019, the Company, as borrower, and Parent, as guarantor, amended the 2018 Credit Agreement to extend the maturity date to expire on March 31, 2019.

Committed Facility

The 2018 Credit Agreement was terminated at the Effective Time of the Merger, at which time the Company was enabled as a borrower on a credit agreement with two affiliates, with Virtu as guarantor (the "Committed Facility"). The Committed Facility provides an aggregated borrowing limit for the three affiliates of $600 million, and consists of two borrowing bases: Borrowing Base A loan is to be used to finance the purchase and settlement of securities; Borrowing Base B loan is to be used to fund margin deposit with the NSCC, for which the Company has a sublimit of $100 million. Borrowings under Borrowing Base A of the Committed Facility bear interest, at the borrower's option, at a rate based on the greater of (1) federal funds rate, and (2) the LIBOR, plus 1.25% per annum.

At December 31, 2019 there were no amounts outstanding under the Committed Facility.

Uncommitted Facility

On January 31, 2018, broker-dealer affiliates of the Company entered into a secured credit facility (the "Uncommitted Facility") with a financial institution to finance overnight securities positions purchased as part of their ordinary course broker-dealer activities. The Company was added as a borrower on the Uncommitted Facility on March 31, 2019. The Uncommitted Facility is available for the Company to borrow up to a maximum amount of $150 million. The loans provided under the Uncommitted Facility are collateralized by the Company's broker-dealer trading and deposit accounts with the same financial institution and pledges of securities made to the financial institution, and bear interest at a rate set by the financial institution on a daily basis.

At December 31, 2019 there were no amounts outstanding under the Uncommitted Facility.

12. Income Taxes

The Company is a single-member limited liability company and is treated as a disregarded entity for U.S. federal, state and local income tax purposes. Prior to the Merger, the Company was included in the consolidated income tax return of Parent and, in accordance with the Parent's tax sharing agreement with the Company.

Upon the Merger, the tax sharing arrangement with the Parent was terminated. Following the Merger, the Company is included in the consolidated income tax return of Virtu, and the Company is no longer a party to a tax sharing arrangement. With limited exception, the Company is no longer subject to U.S., state, or local tax audits by taxing authorities for years preceding 2013. The Company does not have any unrecognized tax benefits at December 31, 2019.

13. Commitments, Contingent Liabilities and Guarantees

Legal and Regulatory Matters

In the ordinary course of business, the nature of the Company's business subjects it to claims, lawsuits, regulatory examinations or investigations and other proceedings. The Company is subject to several of these matters at the present time. Given the inherent difficulty of predicting the outcome of litigation and regulatory matters, particularly in regulatory examinations or investigations or other proceedings in which substantial or indeterminate damages or fines are sought, or where such matters are in the early stages, the Company cannot estimate losses or ranges of losses for such matters where there is only a reasonable possibility that a loss may be incurred. There can be no assurance that these matters will not have a material adverse effect on the Company's results of operations in any future period, and a material judgment, fine or sanction could have a material adverse impact on the Company's Statement of Financial Condition. However, it is the opinion of management, after consultation with legal counsel that, based on information currently available, the ultimate outcome of these matters will not have a material adverse impact on the business, financial condition or operating results of the Company although they might be material to the operating results for any particular reporting period. The Company carries directors' and officers' liability insurance coverage for potential claims, including securities actions, against the Company and its respective directors and officers.

Specifically, a Statement of Claim was filed on July 27, 2018 by a former employee of ITG requesting a FINRA arbitration. The former ITG employee alleged that the Company breached the non-disparagement clause in his July 2011 separation agreement and tortuously interfered with his business relations. On June 26, 2019, the former employee informed the Company that he was seeking damages of approximately $65 million (exclusive of claims for pre-judgment interest, punitive damages, costs and fees). In an award dated October 24, 2019, the FINRA arbitration panel awarded the claimant $3 million in compensatory damages and ordered the Company to pay additional fees and expenses which totaled an additional amount of approximately $3 million. The Company has paid all such amounts due to the claimant in full and final satisfaction of the award. The Company is vigorously seeking confirmation of the payment of a portion of the award from an insurance carrier.

The Company is subject to extensive oversight under federal and state laws as well as self-regulatory organization ("SRO") rules. Changes in market structure and the need to remain competitive require constant changes to the Company's systems, order routing and order handling procedures. The Company makes these changes while continuously endeavoring to comply with many complex laws and rules. Compliance, surveillance and trading issues common in the securities industry are monitored by, reported to, and/or reviewed in the ordinary course of business by the Company's regulators. As a major order flow execution destination, the Company is named from time to time in, or is asked to respond to a number of regulatory matters brought by U.S. regulators, foreign regulators, SROs, as well as actions brought by private plaintiffs, which arise from its business activities. There has been an increased focus by regulators on Anti-Money Laundering and sanctions compliance by broker-dealers and similar entities, as well as an enhanced interest on suspicious activity reporting and transactions involving microcap securities. In addition, there has been an increased focus by Congress, federal and state regulators, SROs and the media on market structure issues, and in particular, high frequency trading, best execution, internalization, ATS manner of operations, market fragmentation and complexity, colocation, cybersecurity, access to market data feeds and remuneration arrangements, such as payment for order flow and exchange fee structures. The Company has received information requests from various authorities, including the SEC, requesting, among other items, information regarding these market structure matters, to which the Company has responded or is in the process of responding. The Company is currently the subject of various regulatory reviews and investigations by federal, state and foreign regulators and SROs, including the SEC and the Financial Industry Regulatory Authority, Inc. In some instances, these matters may rise to a disciplinary action and/or a civil or administrative action.

Representations and Warranties

In the normal course of its operations, the Company enters into contracts that contain a variety of representations and warranties which provide general indemnifications. The Company’s maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company that have not yet occurred. However, based on experience, the Company believes the risk of significant loss is minimal.

14. Net Capital Requirement

The Company is subject to the SEC Uniform Net Capital Rule ("SEC Rule 15c3-1") and is an introducing broker subject to the CFTC Minimum Capital Requirement ("CFTC Regulation 1.17"). The Company has elected to use the alternative method permitted by SEC Rule 15c3-1, which requires that the Company maintain minimum net capital, as defined, equal to the greater of $1.0 million or 2% of aggregate debit balances arising from customer transactions, as defined. These regulations also prohibit a broker-dealer from repaying subordinated borrowings, paying cash dividends, making loans to its parent, affiliates or employees, or otherwise entering into transactions which would result in a reduction of its total net capital to less than 150% of its required minimum capital. Moreover, broker-dealers are required to notify the SEC and other regulators prior to repaying subordinated borrowings, paying dividends and making loans to its parent, affiliates or employees, or otherwise entering into transactions, which, if executed, would result in a reduction of 10% or more of its excess net capital (net capital less minimum requirement). The SEC and FINRA have the ability to prohibit or restrict such transactions if the result is detrimental to the financial integrity of the broker-dealer.

At December 31, 2019, the Company had net capital of $66.1 million, which was $65.1 million in excess of its required net capital of $1.0 million.

As of December 31, 2019, the Company had a $4.0 million cash balance in a Special Reserve Bank Account for the exclusive benefit of customers under the Customer Protection Rule pursuant to SEC Rule 15c3-3, Computation for Determination of Reserve Requirements (“SEC Rule 15c3-3”), $3.4 million cash balance in a Special Reserve Bank Account for exclusive benefit of customers under the Exemptive Provision in paragraph (k) of Rule 15c3-3, and $5.0 million cash balance in a Special Reserve Bank Account for the exclusive benefit of Brokers under a Proprietary Account for Broker-Dealers (“PAB”) requirement.

15. Related Party Transactions

The Company earns a referral fee on orders sent from its clients for trade execution in foreign markets to the subsidiaries of ITG International Holdings Limited (“ITG International).

The Company has entered into a Brazilian Algorithm Technology License Agreement with Virtu ITG Ventures Ltd (“ITGVL”). Under this agreement, the Company pays ITGVL a license fee for the use of its algorithm technology in Brazil.

The Company has entered into a RFQ License Agreement with ITGVL. Under this agreement, the Company pays ITGVL a license fee for the use of its RFQ technology.

The Company provides certain securities trading services, administrative services, and the use of certain office space to an affiliate, Virtu AlterNet Securities LLC (“AlterNet”), pursuant to a Services Agreement. At December 31, 2019, included in due to affiliates on the accompanying Consolidated Statement of Financial Condition was $86 of amounts due from AlterNet for these costs.

Pursuant to a Management and Administrative Services Agreement between the Company, the Parent and an affiliate, Virtu ITG Software Solutions LLC (“ITGSSI”), the Company provides management and administrative personnel services to assist ITGSSI in the conduct of its business.

Pursuant to an Intangible Property License Agreement with ITGSSI, the Company pays ITGSSI license fees for the use of its technology.

Pursuant to a Sharing Research and Development Services Agreement between the Company, Investment Technology Group Int'l Unltd. Company ("ITG Int'l Unlimited") Virtu ITG International Software Solutions LLC ("ITGISSI") and Virtu ITG Australia Holdings Pty ("ITGAH"), the cost to develop certain technological intangibles is shared.

The Parent records substantially all fixed assets, leasehold improvements and related accumulated depreciation and amortization on behalf of the Company. The Parent charges the Company for the amount of depreciation and amortization expense associated with fixed assets and leasehold improvements used by the Company.

The Company and Parent have entered into a services agreement, in which Parent provides office space used to conduct business of the Company.

In the normal course of business, the Company disburses cash for purchases made by the Parent and other affiliates and reimburses the Parent and affiliates for payments made on behalf of the Company including income taxes. This activity is included in due from Parent and affiliates and due to affiliates in the accompanying Consolidated Statement of Financial Condition.

The Company incurs transaction processing costs on behalf of an affiliate, Virtu ITG Canada Corp. (“ITGCC”).

The Company and ITGCC have entered into a services agreement, in which ITGCC provides certain securities trading services and administrative services to the Company and the Company provides similar types of services to ITGCC.

The Company provides certain management services, administrative services, and the use of certain office space to an affiliate, Virtu ITG Global Production LLC ("ITGGPI") pursuant to a Services Agreement.

The Company entered into a services agreement with ITGGPI, in which ITGGPI provides services to the Company in connection with the production data center and manages the disaster recovery services contract.

The Company entered into a services agreement with Virtu ITG Platforms Inc. (“ITGP”), in which ITGP provides services to the Company in connection with broker connectivity.

The Company provides certain securities trading services and administrative services to Virtu ITG Europe Limited (“ITGEL”), pursuant to a Services Agreement.

The Company provides certain securities trading services and administrative services to Virtu ITG Hong Kong Limited (“ITGHK”), pursuant to a Services Agreement.

The Company provides certain administrative services to ITG Int'l Unlimited pursuant to a Services Agreement.

The Company provides certain administrative services to ITGISSI pursuant to a Services Agreement.

The Company provides certain administrative services to ITG International pursuant to a Services Agreement.

The Company provides certain administrative services to ITG Asia Holding Limited (“ITG Asia”) pursuant to a Services Agreement.

The Company provides certain technology services, management services and administrative services to ITGC, ITGVL, ITGEL, Virtu ITG Securities (Asia) Limited (“ITGSAS”), ITGHK and Virtu ITG Australia Ltd. (“ITGA”) pursuant to a Services Agreement.

The Company provides certain securities trading services to an affiliate, Virtu Financial Capital Markets LLC ("VFCM").

The Company provides certain securities trading services to an affiliate, Virtu Americas LLC ("VAL") and VAL provides similar types of services to the Company.

The Company provides certain securities trading services to an affiliate, Virtu Financial Ireland Limited ("VFIL").

The Company paid no cash dividends to the Parent during the year ended December 31, 2019.

16. Consolidated Subsidiaries

The consolidated financial statements have been prepared on the basis of U.S. GAAP and differs in certain respects from accounting practices prescribed by the SEC’s general instructions to Form X-17A-5. Under the SEC’s general instructions, certain subsidiaries may not be consolidated.

A reconciliation of amounts reported in the consolidated financial statements to amounts reported by the Company on Form X-17A-5 as of December 31, 2019, filed with FINRA on January 27, 2020, is presented as follows:

Virtu ITG LLC and Subsidiaries
Notes to Consolidated Statement of Financial Condition
December 31, 2019

Assets	ITG Inc. Form X-17a-5 Part II	Additional Subsidiaries Consolidated	Reclassifications and Eliminations	Virtu ITG LLC and Subsidiaries Consolidated Statement of Financial Condition
Cash and cash equivalents	$ 87,357	$ —	$ —	$ 87,357
Cash restricted or segregated under regulations and other	12,400	—	—	12,400
Deposits with clearing organizations	—	—	42,640	42,640
Receivables from brokers, dealers and clearing organizations, net	112,527	—	(41,958)	70,569
Receivables from customers, net	12,672	—	4,533	17,205
Intangibles (net of amortization of $4,754)	—	7,493	—	7,493
Due from Parent and affiliates	97,108	27,124	(34,666)	89,566
Other assets	15,180	45	(7,359)	7,866
Total assets	$ 337,244	$ 34,662	$ (36,810)	$ 335,096
Liabilities and member's equity				
Accounts payable and accrued expenses	$ 73,157	$ —	$ (461)	$ 72,696
Payables to brokers, dealers and clearing organizations	42,587	—	953	43,540
Payables to customers	32,847	—	389	33,236
Payables to non-customers	3,440	—	(3,440)	—
Due to affiliates	—	4	407	411
Total liabilities	152,031	4	(2,152)	149,883
Member's equity	185,213	34,658	(34,658)	185,213
Total liabilities and member's equity	$ 337,244	$ 34,662	$ (36,810)	$ 335,096

17. Subsequent Events

The Company has evaluated subsequent events for adjustment to or disclosure in the Consolidated Statement of Financial Condition through February 28, 2020, the date the Consolidated Statement of Financial Condition were issued and has not identified any reportable or disclosable events not otherwise reported in these Consolidated Statement of Financial Condition or the notes thereto.

The Consolidated Statement of Financial Condition of the most recent annual report, prepared pursuant to Rule 17a-5 of the Securities and Exchange Commission, is available for examination and copying at our headquarters at One Liberty Plaza, 165 Broadway, New York, New York and at the Northeast Regional Office of the Securities and Exchange Commission, 200 Vessey Street, New York, New York.

To the Member Virtu ITG LLC

In planning and performing our audit of the consolidated financial statements of Virtu ITG LLC and Subsidiaries (the "Company") as of and for the year ended December 31, 2019, in accordance with the standards of the Public Company Accounting Oversight Board (United States), we considered the Company's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Regulation 1.16 of the Commodity Futures Trading Commission (the "CFTC"), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding customer and firm assets. This study included tests of compliance with such practices and procedures that we considered relevant to the objectives stated in Regulation 1.16, in the following:

1. Making the periodic computations of minimum financial requirements pursuant to Regulation 1.17 of the CFTC.

Because the Company does not carry commodity accounts for customers or perform custodial functions relating to customers' commodity accounts, we did not review the practices and procedures followed by the Company in any of the following:

1. The daily computations of the segregation requirements of Section 4d(a)(2) of the Commodity Exchange Act and the regulations thereunder, and the segregation of funds based on such computations.

2. The daily computations of the foreign futures and foreign options secured amount requirements pursuant to Regulation 30.7 of the CFTC.

3. The daily computations of cleared swaps customers segregation requirements and funds in cleared swaps customer accounts under Section 4d(f) of the Commodity Exchange Act.

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

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

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company's financial reporting.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the company's financial statements will not be prevented or detected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first, second and third paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding customer and firm assets that we consider to be material weaknesses, as defined previously.

We understand that practices and procedures that accomplish the objectives referred to in the second and third paragraphs of this report are considered by the CFTC to be adequate for their purposes in accordance with the Commodity Exchange Act and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second and third paragraphs of this report, were adequate at December 31, 2019 to meet the CFTC's objectives as described above.

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

PricewaterhouseCoopers LLP

February 28, 2020