

Form ATS Page 2	UNITED STATES SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 INITIAL OPERATION REPORT, AMENDMENT TO INITIAL OPERATION REPORT AND CESSATION OF OPERATIONS REPORT FOR ALTERNATIVE TRADING SYSTEMS	OFFICIAL USE	OFFICIAL USE ONLY
Alternative trading system name: <u>Virtu MatchIt</u>		CRD Number: <u>149823</u>	
Filing date: <u>5/29/18</u>		SEC File Number: <u>8-68193</u>	
<p>2. If this is an initial operation report, the date the alternative trading system expects to commence operation: _____</p> <p>3. Attach as Exhibit A , a description of classes of subscribers (for example, broker -dealer, institution, or retail). Also describe any differences in access to the services offered by the alternative trading system to different groups or classes of subscribers.</p> <p>4. Attach as Exhibit B:</p> <p>a. A list of the types of securities the alternative trading system trades (for example, debt, equity , listed, Nasdaq NM), or if this is an initial operation report, the types of securities it expects to trade. Note whether any types of securities are not registered under Section 12(a) of the Exchange Act of 1934 ("Exchange Act").</p> <p>b. A list of the securities the alternative trading system trades, or if this is an initial operation report, the securities it expects to trade. Note whether any securities are not registered under Section 12(a) of the Exchange Act.</p> <p>5. Attach as Exhibit C, the name, address, and telephone number of counsel for the alternative trading system.</p> <p>6. Attach as Exhibit D, a copy of the constitution, articles of incorporation or association, with all amendments, and of the existing bylaws or corresponding rules or instruments, whatever the name, of the alternative trading system. If this information is publicly available on a continuous basis on an Internet site controlled by the alternative trading system, the alternative trading system may indicate the location of the Internet web site where such information may be found in lieu of filing such information with the Commission.</p> <p>7. Attach as Exhibit E, the name of any entity, other than the alternative trading system, that will be involved in operation of the alternative trading system, including the execution, trading, clearing, and settling of transactions on behalf of the alternative trading system. Provide a description of the role and responsibilities of each entity</p> <p>8. Attach as Exhibit F, the following information:</p> <p>a. The manner of operation of the alternative trading system;</p> <p>b. Procedures governing entry of orders into the alternative trading system;</p> <p>c. The means of access to the alternative trading system;</p> <p>d. The procedures governing execution, reporting, clearance, and settlement of transactions effected through the alternative trading system;</p> <p>e. Procedures for ensuring subscriber compliance with system guidelines; and</p> <p>f. A copy of the alternative trading system's subscriber manual and any other materials provided to subscribers.</p> <p>9. Attach as Exhibit G, a brief description of the alternative trading system's procedures for reviewing system capacity, security, and contingency planning procedures.</p> <p>10. If any other entity other than the alternative trading system, will hold or safeguard subscriber funds or securities on a regular basis, attach as Exhibit H the name of such entity and a brief description of the controls that will be implemented to ensure the safety of such funds and securities.</p> <p>11. Attach as Exhibit I, a list providing the full legal name of those direct owners reported on Schedule A of Form BD.</p>			

Exhibit A

Attach as Exhibit A, a description of classes of subscribers (for example, broker-dealer, institution, or retail). Also describe any differences in access to the services offered by the alternative trading system to different groups or classes of subscribers.

Virtu MatchIt (“MatchIt”) is operated by Virtu Americas LLC (“VAL”), a registered broker-dealer. VAL and its affiliates (“VAL Affiliates”) engage in other business activities and may submit orders to MatchIt in connection with and in furtherance of these business activities. These other business activities include handling orders for clients and making markets in NMS Stocks.¹

Only registered broker-dealers who have been granted access to MatchIt may submit orders to MatchIt and are the only class of Subscribers (“Subscribers”). Subscribers consist of VAL, eligible VAL affiliates and unaffiliated broker-dealers.

MatchIt operates two completely independent crossing sessions: the Main Crossing Session (“the Main Session”) and the Conditional Crossing Session (“the Conditional Session”).

All Subscribers may enter orders into the Main Session. Only VAL and eligible VAL affiliates may enter orders into the Conditional Session.² Certain order instructions are only available to VAL and VAL affiliates. VAL maintains its trading technology in different data centers. As a result, Subscribers may experience differences in the time it takes for messages to travel to and from MatchIt based upon the data center location from which there orders are transmitted. See Exhibit F for further details.

¹ VAL has included in Exhibit A and Exhibit F information related to its other business activities to provide context to the information contained in the Exhibits.

² The available order types and instructions are described in Exhibit F and in the FIX specification contained in Exhibit F, Appendix 5. Certain Order types and instructions that are used for the Conditional Session will only be available to VAL and eligible VAL Affiliates.

Exhibit B

Attach as Exhibit B:

- a. A list of the types of securities the alternative trading system trades (for example, debt, equity, listed, NASDAQ NM), or if this is an initial operation report, the types of securities it expects to trade. Note whether any types of securities are not registered under Section 12(a) of the Exchange Act.**
- b. A list of the securities the alternative trading system trades, or if this is an initial operation report, the securities it expects to trade. Note whether any securities are not registered under Section 12(a) of the Exchange Act.**

MatchIt is available for trading “NMS Stocks” as defined under Regulation NMS. MatchIt will reject orders in some NMS Stocks, including any symbols on VAL’s restricted list or symbols for which VAL seeks to remain below certain volume thresholds. In those circumstances MatchIt will provide clients with notice of the symbol(s) that will be unavailable by posting information on the MatchIt page on the Virtu Financial, Inc. website (<http://www.virtu.com>).

All of the securities that MatchIt trades are registered under Section 12(a) of the Exchange Act.

Virtu Americas LLC
CRD Number: 149826
SEC File Number: 8-68193

Virtu MatchIt ATS
May 29, 2018

Exhibit C

Attach as Exhibit C, the name, address and telephone number of counsel for the alternative trading system.

Counsel for MatchIt is:



Virtu Americas LLC
CRD Number: 149826
SEC File Number: 8-68193

Virtu MatchIt ATS
May 29, 2018

Exhibit D

Attach as Exhibit D, a copy of the constitution, articles of incorporation or association, with all amendments and of the existing by-laws or corresponding rules or instruments, whatever the name, of the alternative trading system.

MatchIt is operated by VAL. Appendix 1 attached hereto is the Certificate of Formation and Limited Liability Company Agreement for VAL.

Exhibit E

Attach as Exhibit E, the name of any entity, other than the alternative trading system, that will be involved in operation of the alternative trading system, including the execution, trading, clearing and settling of transactions on behalf of the alternative trading system. Provide a description of the roles and responsibilities of each entity.

VAL operates MatchIt, transmits orders to MatchIt, is the executing broker-dealer for all orders matched in the ATS, and clears and settles all Subscriber transactions that result from executions occurring through MatchIt.

VAL is an indirect operating subsidiary of Virtu Financial, Inc. ("VIRT"). Appendix 2 attached hereto is an Organization Chart for VIRT and its subsidiaries.

Exhibit F

a. The manner of operation of the alternative trading system

1. **MatchIt:** MatchIt is an alternative trading system that is part of VAL's trading technology that consists of two crossing sessions, the Main Session and the Conditional Session. The two crossing sessions operate independently of each other. VAL and VAL affiliates have discretion as to whether to submit orders to either of the crossing sessions, the available order types they select, the available instructions they select, and the sequence in which they submit orders to the crossing sessions. VAL and VAL affiliates may act as agent, principal or riskless principal in connection with orders submitted to MatchIt.

The Main Session: This session is available to VAL, eligible VAL Affiliates, and unaffiliated broker-dealers who have been granted access. Orders entered into the Main Session will be executed if an eligible contra-side order has been entered into the Main Session. The Main Session determines priority for execution based upon price and then time priority.

The Conditional Session: This session is available only to VAL and VAL Affiliates. Orders entered into this session are not firm ("Conditional Orders"). When an eligible contra-side order has been entered into the Conditional Session, invitations are transmitted by the MatchIt Conditional Session to Conditional Orders inviting them to "firm up". Conditional Orders must respond affirmatively to an invitation by transmitting a response (a "Firm-Up Order") in order to be potentially executed. The Conditional Session determines priority for execution based upon price, then size, and then time priority.

2. **Hours of Operation:** MatchIt executes orders between the hours of 9:30 a.m. and 4:00 p.m.
3. **Execution Prices:** MatchIt executes matched orders at prices that are derived from and that are within the National Best Bid or National Best Offer as defined in Regulation NMS ("NBBO"). MatchIt employs a proprietary market data system that combines direct market data feeds from exchanges and SIP data to determine the NBBO. MatchIt provides Subscribers with information about which direct market data feeds MatchIt utilizes in addition to the SIP via the MatchIt page of the Virtu Financial, Inc. website.³

³ In the event the Virtu proprietary market data system experiences an issue or a delay in processing one or more direct market center feeds, MatchIt has the ability to use SIP data in lieu of the impacted direct market center data on a market center by market center basis; this may also occur on a security by security basis. In the event Virtu proprietary market data system experiences an issue or a delay in processing both the direct market center feed and the SIP data, MatchIt may suspend matching in impacted symbols. Should the issue or delay persist, MatchIt may cancel any or all impacted orders.

4. **Primary Order Types:** The primary order types accepted by MatchIt are:

- (i) **Peg Orders:** Peg orders remain open until executed, canceled by the Subscriber or until the end of the daily matching session.
- (ii) **Immediate or Cancel (“IOC”) Orders:** IOC orders will either execute if an eligible contra side order exists against which the IOC can be executed or if not the order is canceled.

Peg orders may cross with contra-side Peg orders or with IOC orders. IOC orders may only cross with contra-side Peg orders. These basic order types may be entered with other instructions that will be used by the matching algorithm to determine whether and how they will interact with other orders.

5. **Available Instructions and Designations for the Main and Conditional Sessions:** The following instructions may be applied to the above order types unless otherwise indicated. These instructions may be implemented by transmitting specified values on the order or by requesting configurations that will apply particular instructions after receipt of the order:

- (i) **Market:** A Market instruction designates that the order can pay the full spread, i.e. a buy order can be executed up to the national best offer and a sell order can be executed down to the national best bid.
- (ii) **Mid-Point:** A Mid-Point instruction designates that an order can pay up to the mid-point between the national best bid and national best offer.
- (iii) **Primary:** A Primary instruction designates that the order can only be executed at the national best bid in the case of a buy order and the national best offer in the case of a sell order.
- (iv) **Limit Price:** A Limit Price instruction specifies a price above which in the case of a buy order and below which in the case of a sell order that the order will not be eligible for execution.
- (v) **Minimum Execution Quantity (MEQ):** An MEQ instruction specifies the minimum number of shares that must be available for a contra side order to be eligible for execution.
- (vi) **Locked Market:** A Locked Market instruction specifies that an order is not eligible for execution during locked markets. Absent this instruction, MatchIt will execute eligible orders while the NBBO is locked. IOC orders entered with a Locked Market instruction will be rejected if the NBBO is

locked. Peg orders will be accepted but ineligible for execution until the NBBO unlocks.

- (vii) **Peg Order Add-Only Liquidity Instruction (“Add Only”)**: An Add-Only instruction specifies that the order is only eligible for execution when it adds liquidity to MatchIt upon entry. Peg orders that would remove liquidity from MatchIt will be accepted by MatchIt and remain open but ineligible for execution until such a time as the order adds liquidity to MatchIt.⁴
- (viii) **Soft Dollar Instruction**: A Soft Dollar instruction will only allow riskless principal or agency crossing.⁵
- (ix) **Virtu Proprietary Transaction Opt Out**: VAL and VAL Affiliates may submit instructions on orders that prevent interactions with Virtu Proprietary orders.⁶ This instruction is not available to external Subscribers. This instruction will not prevent interactions with agency, riskless principal capacity orders, or other principal orders related to the facilitation of client order flow.
- (x) **MatchIt Subscriber Profiles and Limits on Interaction**: This instruction specifies the types of counter-parties that an order may interact with based on the counter-party’s liquidity profile.⁷

⁴ Contra-side Peg orders on the book at the time a Peg order containing an Add Only instruction is entered will not interact with the Peg Add Only order.

⁵ This instruction is intended to ensure that the orders of VAL clients who accrue soft-dollar credits will have executions occur that are eligible for the Safer Harbor provided under Section 28(e) of the Securities Exchange Act of 1934. VAL’s wholesale market maker unit transmits orders to MatchIt to fill orders it receives from its clients. For these orders, MatchIt will execute the order and pass information on the execution message so that the market maker’s systems transact with its underlying client according to FINRA’s definition of “riskless principal,” i.e., at the same price, as the execution received in MatchIt.

⁶ Virtu’s Execution Services business provides clients with access to algorithms that allows clients to access liquidity. Virtu’s trading desks also use these algorithms and transmit principal orders in connection with their facilitation of client orders. These principal orders are not subject to the Proprietary Opt Out instruction.

⁷ MatchIt uses quantitative metrics to create one or more liquidity profiles for each MatchIt Subscriber. The metrics include execution performance relative to the market over different time horizons when removing liquidity from MatchIt. MatchIt may at its discretion assign a liquidity profile to a new or previously uncategorized Subscriber. Upon request, MatchIt will disclose general liquidity profile information to MatchIt Subscribers. Subscriber identities, however, will remain confidential. MatchIt will inform Subscribers about their own profile information upon request. MatchIt, at its discretion, may allow Subscribers to limit their interaction with the orders of other Subscribers based on the liquidity profiles of both parties.

- (xi) **Self Match Prevention:** Subscribers may provide instructions that will prevent orders from crossing if the resulting cross may result in a transaction with no change in beneficial ownership.

6. **Available Instructions and Designations for the Conditional Session:** In addition to the instructions above, the following instructions may be placed on orders entered into the Conditional Session:

- (i) **Conditional Indicator:** Peg orders entered into the Conditional Session are by default designated as Conditional Orders. Conditional Orders are not firm and must respond affirmatively to an invitation to firm-up from the MatchIt Conditional Session by transmitting a Firm-Up Response Order to be eligible to be executed against contra-side orders.
- (ii) **Firm-Up Response Order:** These orders are entered as IOC orders in response to invitations from the MatchIt Conditional Session and will carry instructions, including an Invitation ID and response size that cannot be greater than the size specified in the invitation, which will allow for the order to be executed if eligible contra-side interest remains on the book upon receipt.
- (iii) **Response Time:** This instruction limits the time period that any contra side Conditional Orders have to respond to an invitation to firm-up with a Firm-Up Response Order. When this instruction is present on an IOC order, the time period begins when MatchIt receives the IOC order. When this instruction is present on a Conditional Order, the time period begins when MatchIt receives a contra side IOC order or the last Conditional Order in a potential match. Firm-Up Response Orders received after the expiration of the Response Time will not be eligible for execution and will be cancelled by MatchIt.
- (iv) **Price Offset:** This instruction may be placed on Peg-Market and Peg-Primary Conditional Orders and IOC Orders. The Price Offset must be expressed in positive or negative increments of \$0.01 for symbols priced above \$1.00 and positive or negative increments of \$0.0001 for symbols under \$1.00. The offset increases or decreases the price an order can pay in relation to the NBBO.⁸

⁸ For example, a Peg Market IOC sell order with an offset of \$0.01 would be eligible receive an execution at prices \$0.01 above the NBB if there is eligible contra-side trading interest in MatchIt. The offset is used by MatchIt in relation to the NBB and NBO as calculated by the ATS to determine the potential execution price of the order or CI.

- (v) **In-Bound Retail Designation:** VAL receives “retail orders” from other broker-dealers for execution by its market making business. VAL may transmit an order to the Conditional Session that represents this retail interest and will designate the orders with an In-Bound Retail designation (“In-Bound Retail Orders”) if the order is generated prior to exposing the “retail interest” to VAL’s market making algorithms. Contra-side orders must be designated as eligible to interact with In-Bound Retail Orders.⁹
 - (vi) **In-Bound Retail Eligible:** VAL’s or a VAL Affiliate’s Execution Services business may transmit algorithmic orders to the Conditional Session. VAL or a VAL Affiliate may transmit orders with a designation that specifies that the algorithmic order is eligible to interact with orders designated as In-Bound Retail Orders.¹⁰
 - (vii) **In-Bound Retail Only:** This designation specifies that the algorithmic order is eligible to only interact with orders designated as In-Bound Retail Orders.
7. **Ineligibility of Securities for Crossing in Both Sessions:** From time to time certain securities will be unavailable for crossing. This may occur because the securities are on VAL’s restricted list or VAL may also make securities unavailable for execution to avoid exceeding the volume thresholds that trigger the Fair Access Requirements of Rule 301(b) of Reg ATS or cause MatchIt to meet the definition of Reg SCI ATS contained in Rule 1000 of Reg SCI.
8. **Clearly Erroneous Executions:** MatchIt reserves the right to review any transaction at the request of a Subscriber or on its own motion and declare any transaction executed by MatchIt null and void in the event that the transaction occurred at a price that was within the numerical guidelines for erroneous transactions of any exchange or was the result of a significant systems disruption. In reviewing transactions resulting from significant systems disruptions, in addition to the price of the transactions, MatchIt may also take into account the volume of transactions as compared to the normal volume of transactions for the relevant security as executed by MatchIt, among other factors.
9. **Tick Size Pilot Securities:** MatchIt operates in compliance within the Trading and Quoting limitations stipulated by FINRA Rule 6191 for Pilot Securities.

⁹ VAL exercises discretion with regard to whether to route In-Bound Retail orders to the Conditional Session and which contra-side orders are eligible to interact with In-Bound Retail Orders.

¹⁰ VAL’s decision to allow an order to be designated as In-Bound Retail Eligible will be entirely discretionary and determined by subjective criteria such as the breadth of the client relationship, commission rates, or other factors.

- For Pilot Securities in Test Group One, Test Group Two or Test Group Three, MatchIt accepts market orders or limit orders with limit prices sent in \$0.05 increments. Limit orders sent at any other price increment will be rejected. Pilot Securities in the Control Group are not impacted by these limitations.
- For Pilot Securities in Test Group Two, MatchIt does not accept Market Peg sell short orders; these orders will be handled as Mid-Point Peg sell short orders.
- For Pilot Securities in Test Group Three, MatchIt accepts only IOC orders with Mid-Point instructions and Peg-Mid-Point orders. MatchIt rejects all IOC Market orders and all Peg Market and Peg Primary orders in Test Group 3 securities. MatchIt does not execute Test Group 3 orders when the NBBO is locked or crossed.

MatchIt uses the same execution protocols and price improvement logic for Pilot Securities as for securities that are not part of the Tick Size Pilot Program. These protocols are described in the Main Session: Procedures Governing Execution and Conditional Session: Procedures Governing Execution.

10. Rates for Execution: Execution charges or rebates, if any, are individually negotiated with each Subscriber.

11. Procedures governing entry of orders into the alternative trading system:

All orders are transmitted to MatchIt electronically. VAL provides a MatchIt FIX Specification document that provides Subscribers with transmission formats for order message types.

MatchIt only accepts orders that satisfy clearly defined parameters which include:

- Orders must satisfy certain security parameters - for example, orders must be transmitted from a known IP address that has been permissioned by MatchIt.
- Orders must comport with the parameters provided in the FIX Specification Document.

12. The means of access to the alternative trading system:

The MatchIt Main Session matching engine is located in the NY5 data center in Secaucus, New Jersey. VAL provides Subscribers with several electronic interfaces through which Subscribers may transmit electronic order messages to MatchIt. The interface closest to the MatchIt matching engine that generally provides Subscribers the fastest transmission times is located in the NY4 data center in Secaucus, New Jersey. Upon receipt of Subscriber messages in NY4, VAL will transmit the messages to the MatchIt matching engine in NY5.

Subscribers may also transmit orders to one of the other electronic interfaces in one of the other US data centers in which VAL maintains a presence. In such instances, VAL will forward the electronic message to the MatchIt interface in NY4 before the message is transmitted to the MatchIt Main Session matching engine in NY5.

VAL Electronic Trading and VAL's wholesale market maker utilize systems to transmit messages to MatchIt that are located in the same data center as the MatchIt matching engine (NY5 in Secaucus, New Jersey). However, these systems must transmit electronic order messages to the NY4 MatchIt interface before the messages may be received by the MatchIt Main Session matching engine.

The MatchIt Conditional Session matching engine is also located in the NY5 data center in Secaucus, New Jersey. The MatchIt Conditional Session matching engine may receive messages directly from VAL and VAL Affiliate trading systems without any requirement that the messages be first transmitted to the electronic interface in NY4.

13. The procedures governing execution, reporting, clearance and settlement of transactions through the alternative trading system

VAL is the executing broker for all executions that occur in MatchIt. All orders will be executed at prices derived from the NBBO. Orders transmitted to the Main Crossing Session will only interact with other eligible orders transmitted to the Main Crossing Session. Orders transmitted to the Conditional Session will only interact with other eligible orders transmitted to Conditional Crossing Session. Generally, resting orders that execute against removal orders will pay the spread between the NBB and the NBO. The order types and the available instructions determine the eligibility of any particular orders to participate in a cross.

Main Session: Procedures Governing Execution:

MatchIt will execute Peg orders against eligible contra-side IOC and Peg orders. MatchIt utilizes a proprietary system that combines direct market data feeds and SIP data to determine the NBBO for the Main Session. For Peg orders, priority is determined on a price, time basis.¹¹ For IOC orders priority is based on a first in time basis. Removers

¹¹ If a subscriber modifies the terms of a previously transmitted order, generally the order will receive a new order time for matching purposes (i.e. the order will lose queue spot). The only exception is a reduction in order quantity which, absent any other changes to the terms of the order, will not update the order time for matching purposes.

receive price improvement.¹² In the case of an IOC order, the IOC order is the removing order. In the case of two passive orders, the second in time is the removing order.¹³

The following charts generally describes the interaction absent instructions like MEQ, Add Only, etc.:

			Sell					
			Incoming/Removing					
			Peg Primary IOC	Peg Mid IOC	Peg Market IOC	Peg Primary DAY	Peg Mid DAY	Peg Market DAY
Buy	Resting / Providing	Peg Primary DAY	No Cross	No Cross	Bid	No Cross	No Cross	Bid
		Peg Mid DAY	No Cross	Mid	Mid	No Cross	Mid	Mid
		Peg Market DAY	Offer	Offer	Offer	Offer	Offer	Offer

¹² For orders that have entered short sell Market Peg order instructions in securities subject to a Reg SHO Rule 201 price restriction, the adding order will receive a de minimis amount of price improvement such that the execution price is compliant with the Reg SHO price restriction.

¹³ See Footnote 10.

Price Improvement Example:

NBBO	\$10.00/\$10.02													
Resting Orders	<table border="1"> <thead> <tr> <th>Time</th> <th>Side</th> <th>Size</th> <th>Price</th> <th>Broker</th> </tr> </thead> <tbody> <tr> <td>11:00 AM</td> <td>B</td> <td>10,000</td> <td>\$10.01</td> <td>1</td> </tr> </tbody> </table>				Time	Side	Size	Price	Broker	11:00 AM	B	10,000	\$10.01	1
Time	Side	Size	Price	Broker										
11:00 AM	B	10,000	\$10.01	1										
Incoming Order	<table border="1"> <thead> <tr> <th>Time</th> <th>Side</th> <th>Size</th> <th>Price</th> <th>Broker</th> </tr> </thead> <tbody> <tr> <td>11:10 AM</td> <td>S</td> <td>10,000</td> <td>\$10.00</td> <td>2</td> </tr> </tbody> </table> <p>There is a \$.01 overlap in price.</p>				Time	Side	Size	Price	Broker	11:10 AM	S	10,000	\$10.00	2
Time	Side	Size	Price	Broker										
11:10 AM	S	10,000	\$10.00	2										
Price Improvement Logic	100% to taker; Broker# 2													
Resulting Executions	<p>@11:10am</p> <table border="1"> <tr> <td>10,000</td> <td>\$10.01</td> </tr> </table>				10,000	\$10.01								
10,000	\$10.01													

Price Improvement Example (Short Sell Market Peg Order w/ Reg SHO restriction):

NBBO	\$10.00/\$10.02										
Resting Orders	<table border="1"> <thead> <tr> <th>Time</th> <th>Side</th> <th>Size</th> <th>Price</th> <th>Broker</th> </tr> </thead> <tbody> <tr> <td>11:00 AM</td> <td>SS*</td> <td>10,000</td> <td>\$10.00</td> <td>1</td> </tr> </tbody> </table> <p>*Order is a Market Peg Order</p>	Time	Side	Size	Price	Broker	11:00 AM	SS*	10,000	\$10.00	1
Time	Side	Size	Price	Broker							
11:00 AM	SS*	10,000	\$10.00	1							
Incoming Order	<table border="1"> <thead> <tr> <th>Time</th> <th>Side</th> <th>Size</th> <th>Price</th> <th>Broker</th> </tr> </thead> <tbody> <tr> <td>11:10 AM</td> <td>B</td> <td>10,000</td> <td>\$10.01</td> <td>2</td> </tr> </tbody> </table> <p>There is a \$.01 overlap in price; Symbol is in Rule 201 Price Restriction.</p>	Time	Side	Size	Price	Broker	11:10 AM	B	10,000	\$10.01	2
Time	Side	Size	Price	Broker							
11:10 AM	B	10,000	\$10.01	2							
Price Improvement Logic	100% of Reg SHO compliant price improvement to taker; Broker# 2										
Resulting Executions	<p>@11:10am</p> <table border="1"> <tbody> <tr> <td>10,000</td> <td>\$10.0001</td> </tr> </tbody> </table>	10,000	\$10.0001								
10,000	\$10.0001										

Price/Time Example

NBBO:\$10.00Bid/\$10.02 Offer

Resting Orders:

Time	Side	Size	Price	Broker
11:00 a.m.	B	400	\$10.00	1
11:01 a.m.	B	500	\$10.00	2
11:02 a.m.	B	100	\$10.00	3
11:03 a.m.	B	600	\$10.00	4

Incoming Order:

Time	Side	Size	Price	Broker
11:10 a.m.	S	1,000	\$10.00	5

Resulting Trades:

Time	Side	Size	Price	Broker
11:10 a.m.	B	400	\$10.00	1
11:10 a.m.	B	500	\$10.00	2
11:10 a.m.	B	100	\$10.00	3
11:10 a.m.	S	400	\$10.00	5
11:10 a.m.	S	500	\$10.00	5
11:10 a.m.	S	100	\$10.00	5

Conditional Session: Procedures Governing Execution:

Conditional Orders may rest in Conditional Session but are not firm or executable. MatchIt will send a message (“an invitation to firm-up”) to a Subscriber that has entered Conditional Order when a potential matching opportunity exists. For an execution to occur, the Subscriber that has entered a Conditional Order and received an invitation to firm-up must respond to the invitation by transmitting a Firm-Up Response Order.

The invitation to firm-up will contain the number of shares that are potentially available for execution and a response time within which the Firm-up order must be received for an execution to occur. A Subscriber receiving an invitation to firm-up may then respond by sending a Firm-Up Response Order that references the invitation and matches the attributes of the invitation in terms of symbol, side and quantity¹⁴. An execution will occur to the extent that Firm-Up Response Orders are received by MatchIt within the designated response time.

IOC orders may only be executed against contra-side Firm-Up Response Orders. A Firm-Up Response Order to buy and a Firm-Up Response Order to sell may be executed against one another. Firm-Up Response Orders will only interact with the specific contra-side orders that caused MatchIt to transmit the invitation to firm-up.

MatchIt will send invite messages to Subscribers that have transmitted eligible Conditional Orders based upon price, size, and time priority when multiple Conditional Orders are present. IOC orders interact based on time priority. MatchIt will utilize any limit price, Peg and Peg Offset instructions when determining price. IOC Orders and Firm-Up Response Orders that result from Conditional Orders that cause an invitation sequence to begin are considered removal orders and receive price improvement, i.e. resting orders pay any additional portion of the spread to the extent the price or peg instructions of the contra side orders overlap.

Procedures Governing Reporting

Reporting: Trades executed in either session of MatchIt will be reported by VAL consistent with FINRA reporting requirements. VAL employs “KCGM” as the Market Participant Identifier when reporting MatchIt trades.

Procedures Governing Clearance & Settlement

Clearance and Settlement: Subscriber trades that are executed in MatchIt will be cleared and settled by VAL.

¹⁴ A Firm-Up Response order may be transmitted with a quantity less than the invited quantity.

14. *Procedures for ensuring subscriber compliance with system guidelines.*

MatchIt relies on its filtering mechanism and its electronic algorithm to ensure compliance with system guidelines. Specifically, the system only permits the entry of orders that satisfy clearly defined parameters. If a Subscriber sends an order that does not comply with these parameters, MatchIt will reject message the order. After an order is accepted by MatchIt, the orders are handled automatically in accordance with MatchIt's execution protocols.

VAL employees that are responsible for the operation of the MatchIt system are the only employees that have access to view open orders in MatchIt.¹⁵ VAL has established entitlement procedures that require prior approval from the supervisor of MatchIt and a member of VAL's Compliance Department to access MatchIt. A list of employees that have access to MatchIt will be maintained and periodically reviewed pursuant to a written supervisory process attached hereto as Appendix 3.

All VAL personnel are required, pursuant to a corporate code of conduct and business ethics, to maintain the confidentiality of client information and to avoid any improper use of such information, including, without limitation, any use of such information for personal gain. Upon inception of employment, each VAL employee is required to: (i) acknowledge receipt of the "Employee Handbook" and agree to read and abide by its policies and procedures; (ii) acknowledge reading and understanding the Virtu Code of Business Conduct and Ethics and agree to abide thereby;¹⁶ and (iii) execute a Virtu Confidential Information and Invention Assignment Agreement. In addition, VAL employees periodically certify that they have read and understood the relevant sections of VAL's Compliance Manual. Relevant excerpts from and/or copies of certain documents are attached hereto as Appendix 4.

15. *A copy of the alternative trading system's subscriber manual and any other materials provided to subscribers.*

VAL requires unaffiliated Subscribers to sign an Electronic Access Agreement, and provides its Execution Protocols and FIX Specifications to unaffiliated Subscribers. MatchIt posts Frequently Asked Questions and answers on the MatchIt page of the www.virtu.com website. VAL distributes various disclosure documents to clients. A copy of these documents is attached hereto as Appendix 5.

¹⁵ Persons who enter orders into MatchIt or are responsible for systems that submit orders to MatchIt will be able to view their own orders but will not be able to view orders submitted by any other person.

¹⁶ Each employee is also required to annually re-certify reading and understanding the Virtu Code of Business Conduct and Ethics, and they must agree to abide thereby.