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PRESENTATION WITH DOUGLAS CIFU, VIRTU AND RICH REPETTO, SANDLER O' NEIL

Richard Repetto, Analyst, Sandler O'Neil: Okay, our next company to present is Virtu and Chief Executive Officer, Doug Cifu. He is the executor of the Vinnie strategy.

Douglas Cifu, Chief Executive Officer: Yes, yes.

Richard Repetto, Analyst, Sandler O'Neil: The Doug and Vinnie strategy.

Douglas Cifu, Chief Executive Officer: Thank you, Rich.

Richard Repetto, Analyst, Sandler O'Neil: He's one of the founders – co-founders of Virtu in 2008. If you've watched him over the last several years, you've seen him make two major acquisitions in KCG, the wholesale market makers, and ITG, the agency broker. So, it's a significantly different company than what when we went public.

Douglas Cifu, Chief Executive Officer: As you can see over your right shoulder, it is. Yeah, there you go.

Richard Repetto, Analyst, Sandler O'Neil: Yes, read my mind. Anyway, with that, I'd like to welcome Doug Cifu, the CEO of Virtu. So, we do fun facts with the CEO.

Douglas Cifu, Chief Executive Officer: Oh, good, okay.

Richard Repetto, Analyst, Sandler O'Neil: Fun fact I was able to uncover about Mr. Cifu...

Douglas Cifu, Chief Executive Officer: My wife is in the room be very careful about what you are about to say.

Richard Repetto, Analyst, Sandler O'Neil: Is she here?

Douglas Cifu, Chief Executive Officer: Yeah, she's right there. Yeah.



Richard Repetto, Analyst, Sandler O'Neil: So, I knew Doug was the Columbia Undergrad, Columbia Grad, a law school...

Douglas Cifu, Chief Executive Officer: Yeah...

Richard Repetto, Analyst, Sandler O'Neil: But I didn't know he was a Columbia sportscaster.

Douglas Cifu, Chief Executive Officer: I was. I was...

Richard Repetto, Analyst, Sandler O'Neil: Sports...

Douglas Cifu, Chief Executive Officer: In fact, a little fun fact on that, I did color commentary for the Columbia Fighting Lions, roaring Lions rather from 19 in my sophomore year and my senior year. And during that time, Columbia led the nation in not winning. So, I was in 30 as a sportscaster. I was the worst sportscaster in America. I never announced the winning football yet.

Richard Repetto, Analyst, Sandler O'Neil: That we can attribute that to you, which...

Douglas Cifu, Chief Executive Officer: Yeah, a lot of people will say that's why I'm so full of shit because I had talked so much during these games. So, there you go.

Richard Repetto, Analyst, Sandler O'Neil: If Denis Potvin, who is the announcer for the Florida Panthers...

Douglas Cifu, Chief Executive Officer: Yes.

Richard Repetto, Analyst, Sandler O'Neil: Have to take a break. We know who can...

Douglas Cifu, Chief Executive Officer: Yeah, there you go. There you go.

Richard Repetto, Analyst, Sandler O'Neil: Lots of fun here. Okay, anyway, you had the slide.

Douglas Cifu, Chief Executive Officer: Yeah.

Richard Repetto, Analyst, Sandler O'Neil: A lot, Virtu has changed a lot.

Douglas Cifu, Chief Executive Officer: Yeah.



Richard Repetto, Analyst, Sandler O’Neil: I guess just to start is more, more – we know about the numbers, the headcount, but running a firm now that’s significantly bigger...

Douglas Cifu, Chief Executive Officer: Yeah.

Richard Repetto, Analyst, Sandler O’Neil: Significantly more diverse, Virtu is best and we all got to know Vinnie – Vinnie at lunch, the culture. So, at leadership and keeping this firm the same culture that you and Vinnie have instilled, how’s that energy add significant amount of headcount, significant new business?

Douglas Cifu, Chief Executive Officer: I mean look obviously it’s a significant challenge and a change when we started the firm, we started here in New York with me and Vinnie, and a fellow named, Graham Free. And even when we went public in 2015, we had 148 employees, right. So, I knew everybody. I had hired everybody, and I knew their wives, spouses, partners, and a lot of their kids. The good news is we’ve got Joe Molluso here and there’s a lot of folks from legacy Virtu that are the leaders of the firm today. They have the ethos of what Virtu is all about. I always say we have a very, very flat management structure, which means we want young people to kind of self-actualize. And so we have populated the various offices with Virtu people. Our Asia, European and U.S. offices are all run by legacy Virtu people.

But the great news is that there were a lot of really, super talented people at the old Knight firm that really bought into what Virtu is all about. They dropped the Kool-Aid if you will. And so, a lot of the firm leaders, more of the management committee at Virtu when we bought ITG, was from Knight Capital than Virtu, right. So that says a lot about the talented folks that we found at KCG. And we’re finding the same thing out at ITG. There’s a lot of really talented folks.

It’s a great institutional business. It’s a great product company. Or as you guys can see from that slide, I think that was really under explained when they were a public company. It’s a lot more than an execution services business. So, it takes a village as Vinnie said. There’s a lot of folks that have – that really understand what we’re all about. And ultimately, it’s about, for being a great financial technology firm, being modest and humble about what you do and providing great end to end solutions to our 2000 plus clients. That’s what Virtu is all about.

Richard Repetto, Analyst, Sandler O’Neil: And I mean it goes to without saying the efficiency you got. We’re still seeing them in ITG, but we certainly saw them with KCG.

Douglas Cifu, Chief Executive Officer: Yeah.

Richard Repetto, Analyst, Sandler O’Neil: That culture has stayed the same. I guess the question I get from investors a lot is, you’ve added these businesses...

Douglas Cifu, Chief Executive Officer: Yes.

Richard Repetto, Analyst, Sandler O’Neil: And diversified it. There is a significant amount of recurring revenues now.

Douglas Cifu, Chief Executive Officer: Yes.



Richard Repetto, Analyst, Sandler O'Neil: Was this as a result of really a vision to add to the business model? Was it driven by macro...

Douglas Cifu, Chief Executive Officer: No, I mean I know that thesis is out there, but somehow Virtu was this melting ice cube and I don't know, it grew last year, the market making business. So usually – the ice cube expanded last year. Now – and Vinnie mentioned it today in the lunch. He and I get along really well because we come from very different backgrounds, right. He's Vinnie. You guys saw a little bit, but today, right, he's kind of all over the place and he's a great entrepreneur and a great thinker, right. He thinks a lot.

I was a lawyer by training, so I'm a little more disciplined in my thinking. And so, I sat him down at some point, I don't remember exactly why and I said, Vinnie, what Virtu really is at its core is an unbelievably scalable financial technology firm, right? We had taken a peak under the covers of Knight Capital in 2012-2013 when they had their training into that. And I knew in my heart that we could make that firm operate a lot more efficiently.

And more importantly, we had the catalyst. But people really didn't understand about Virtu is when you build this firm from scratch as a multi-asset class, multi-currency firm where everything is ubiquitous from the trading GUI to the middle and back office to the trading systems, and everything is done in the same scale in a uniform way, that's incredibly powerful. So we did and Knight was not magic, right. They were a much better firm from a trading perspective and had all these customer relationships. We weren't even in that business.

We took that DNA and re-platformed it on Virtu. They had this great institutional business in the U.S. and in Europe, but it was byzantine. It had four different operating systems, trading systems. It had different clearing and reconciliation systems with one system that tied it together and was incredibly inefficient. We took all of that and basically re-platformed it on Virtu. So we took the relationships, took the DNA of Knight, re-platformed and we're going to do the same thing with ITG. So the catalyst was this financial technology.

So maybe the thing that I added most strategically was, Vinnie grew up in the pit and he looked at the firm as an extension of the pit. And it is – and it always will be at its core and that's what we invest in. But that has unbelievable application and manifestation around the industry. Think about what an EMS is, right? So today, Virtu owns Triton. Triton is the second largest EMS in the world behind Bloomberg, right, got a thousand applications sitting on desktops. It takes in orders, market data, and it gets intentions out to the market really, really quickly, hopefully, right, in a really efficient way, right. And that's what we have done since we started. We built all that from scratch. So looking at the architecture of Triton, it's not as good and robust as we would do in Virtu.

We're going to redo that. It's not truly multi-asset class. What's Virtu do really well? We're a great multi-asset class market making firm. So taking all of that DNA and financial technology, taking these great products and re-platform, that was the vision that we had. And so now the mandate of the firm is broader, right. But at its core, it always was a financial technology firm. Does that make sense?

Richard Repetto, Analyst, Sandler O'Neil: Yes it does.

Douglas Cifu, Chief Executive Officer: Okay, good. I got you convinced and my wife. She has to be convinced...

Richard Repetto, Analyst, Sandler O'Neil: So I guess my question is then – and what you did at Knight was pretty phenomenal, put it that way...



Douglas Cifu, Chief Executive Officer: But we did, yeah...

Richard Repetto, Analyst, Sandler O'Neil: Yes, Joe and yourself and your wife.

Douglas Cifu, Chief Executive Officer: Yeah.

Richard Repetto, Analyst, Sandler O'Neil: So...

Douglas Cifu, Chief Executive Officer: So, she does run the events there and she speak...

Richard Repetto, Analyst, Sandler O'Neil: I was there. I was there. I guess when it comes to ITG – I asked you this question about KCG, but when it comes to the ITG and we want to stay positive, but why didn't ITG do some of this take advantage?

Douglas Cifu, Chief Executive Officer: Look, here's what I would say. I mean Frank Troise is CEO, a friend of my guy was a phenomenal CEO, really righted the ship, came in, in the crisis, don't forget they had a huge SEC fine and they really had a confidence and trust problem. So give Frank all the credit in the role for really keeping the ship afloat, if you will, because they had a real existential crisis going on at that firm. The problem was that Frank is not a technologist, right. And you can hire all the technologists you want, you can't recreate what we have at Virtu and what we've built the firm on. And so, he inherited a firm that had grown up.

Remember the ITG firm started here actually at Jefferies as deposit business, right? And it grew up in some smart guy said, let's go to Canada, let's go to Europe and let's go to Asia. How did they do that? They did it in joint venture with Soc Gen here and there. So they took a snapshot of the code base circa 1998-2000 and they started these businesses. And so, they were kind of first cousins when they started, 15, 20 years hence they're like 14th cousins that kind of meet at the family reunion, don't really know each other that well, right. So that's what Frank was faced with. And he was doing his best to try to rationalize all that. But that's hard to do.

When we're doing the due diligence and they're talking about the middle and back offices that don't talk and they're going to hire a vendor to try to loop all this together. I said to myself, this is it. We've got to buy this firm because at the end of the day we have that catalyst, I've been to this movie before. We can fix all this stuff really well. So this is not an issue of the prior management team, not wanting to do the things that we're going to do. It's just that we have the application and the experience to go out and do it and we're going to accomplish it.

Richard Repetto, Analyst, Sandler O'Neil: So you saw a lot of the – you see the inefficiencies as opportunities when you see a company like ITG.

Douglas Cifu, Chief Executive Officer: Yes. 100% because ITG is a business that's been around – I think it started like in 1987 out of Jeffries and the guys that started were absolute genius pioneers. That's not me, right. These are your guys that saw something. The electronification of these markets and the client base that we have as it's shown up on the screen, I mean 75% of the largest asset managers in the world are Virtu analytics customers. But I'm thinking for a second, right. It's a 38 or so or more of the



top 50 asset managers in the world give us their entire trade blotter at the end of the day, so that we can run analytics on it.

Think about the trust that you've built with the buy side if someone will do that. That is literally the secret sauce of all these large asset managers. Having a client list like that is priceless as the visa commercial said. So now we've got this client base that we can sell an EMS and OMS. We can sell them FX. We can sell them liquidity solutions. We can sell them algos, right. And we can sell them post-trade solutions. ITG has all these products, has this great client base, but the T in ITG was sort of lost over the years and that's what we're going to bring back. Great firm just needed a refresh, not much this – different than KCG.

Richard Repetto, Analyst, Sandler O'Neil: So, investors I would say would give no pushback.

Douglas Cifu, Chief Executive Officer: Yes.

Richard Repetto, Analyst, Sandler O'Neil: In regards to the cost synergies, especially or specifically because what they saw with Knight and what you did at Knight. When you talk about the revenue and even with the expense synergies of ITG, I don't think there are a lot of questions there. When it comes to the revenue side, I don't think investors are used to...

Douglas Cifu, Chief Executive Officer: Me get all excited about.

Richard Repetto, Analyst, Sandler O'Neil: Well, you say you get excited here. Yeah, we get excited about.

Douglas Cifu, Chief Executive Officer: Yeah. Well, it's up on the screen now. We filed it on 8-K about 10 minutes ago, so I can talk about it. So one of the things that we're most excited about is like ITG really gives us distribution, right, ultimately; Rich, I'm sorry we couldn't give it to you beforehand because we're public company, but you'll read all about, right. So ITG gives us distribution and it gives us multi-asset class distribution. Like, now we have the thousand unique users of Triton, 90% of whom either hadn't heard of Virtu or wouldn't have conducted business with them. They're all now potential FX customers for ours. Not exclusively, right? We're happy to compete on price with the large dealers. But now at least we're in the conversation. Same with our ETF block liquidity, right. We've heard of this wonderful business that Knight Capital had, but it was based in New York. And where did it come from? It came from the Schwab, et cetera, the RIA relationships that we have in the United States. Well, now, we have distribution in Europe and in Asia.

So I'm taking big time that functionality in those people and I'm sending them to Singapore and I'm sending to Dublin and London, right. And I'm sending the virtualized version of that to those marketplaces because now we have distribution. And I was in Hong Kong, I don't know, a couple of weeks ago. And you know, I did dozens of meetings, like half of them were large asset managers said, hey, you know, by the way, do you have block U.S. liquidity during Asian hours, you bet, we actually do. That's what we have, right.

We just didn't have an outlet for it and these were meetings that here before we would not have gotten, right. We would've gotten and they wouldn't have transacted with us because they didn't know who we are. The ITG brands, the ITG distribution, the ITG sales force was really to me an undervalued asset. So, we sized that at somewhere between \$20 million and \$50 million a year, right, annually, all of those various opportunities, Rich. You're looking at me like I just talking funny. Okay, yes. That's what's on the screen yet.



Richard Repetto, Analyst, Sandler O'Neil: I haven't seen that...

Douglas Cifu, Chief Executive Officer: Yeah, there you go. So, one of the things and I watched with Rick McVey before talk about, we entered into this partnership with market access. Rick and I are great buddies as Concannon. He wouldn't have done that if we didn't have ITG, right, because now we own RFQ-hub, which is a global RFQ platform that was really more focused on special products. I looked at it and said, you're nuts. Let's make this into a global ETF platform. And we love to transact fixed income ETFs, right.

But we're not a – we don't have access to all these customers on the cash fixed income side, right, market access though. So I called up Rick and Concannon, who I know real well, like literally like on March 2nd and said, why don't we do something together because you've got distribution on the cash fixed income side. I don't, I've got an RFQ platform that you probably want to direct your customers to because your biggest competitor Tradeweb owns the other one, right. So send that flow to us. So that's a huge opportunity for us.

In addition, we have a real-time understanding what the NAV is and every ETF in the world, right. We're a market maker. Well that's now a product called eNAV, which we're now going to distribute through market access and our relationships. So if you're an asset manager, right, and you want to understand what the real-time prices for NAV, so can do your pre and post-trade analytics, you're going to have a product called eNAV that will be distributed through that partnership.

So there's a lot of products within Virtu that I was frankly too stupid to really understand, right. The eNAV product is not like black magic to us. We have an eNAV right now running through our market making strategies. So to productize those things and get distribution for them is an exciting opportunity for Virtu. I'm all over the place. I'm sorry, but I'm geared up.

Richard Repetto, Analyst, Sandler O'Neil: Slide is coming through.

Douglas Cifu, Chief Executive Officer: Yeah.

Richard Repetto, Analyst, Sandler O'Neil: So let's just get a little detail at \$25 million to \$50 million...

Douglas Cifu, Chief Executive Officer: All right...

Richard Repetto, Analyst, Sandler O'Neil: It's a new number to me.

Douglas Cifu, Chief Executive Officer: Yes.

Richard Repetto, Analyst, Sandler O'Neil: Which is exactly what my next question is can I say...

Douglas Cifu, Chief Executive Officer: Oh, good...



Richard Repetto, Analyst, Sandler O'Neil: Investors will – companies that actually put up as guidance numbers on revenue synergies that you're standing up and planting your feet and saying we're going to get there.

Douglas Cifu, Chief Executive Officer: Yeah.

Richard Repetto, Analyst, Sandler O'Neil: So I guess the question is the \$25 million to \$50 million, is that in 2020?

Douglas Cifu, Chief Executive Officer: Yes, it's probably starting in 2020. I mean, give us a little time. We act quickly. As you know we integrate very fast and we're already migrating algos and doing the middle and back office integration and whatnot, but the market access, Virtu partnership, we have to literally embed our RFQ functionality onto their platform and vice versa. So that takes some time to make sure that it's done correctly. So that's 2020, excuse me, and beyond for that opportunity.

Richard Repetto, Analyst, Sandler O'Neil: And the prior guidance, if I remember correctly, was revenue dis-synergies.

Douglas Cifu, Chief Executive Officer: Yeah.

Richard Repetto, Analyst, Sandler O'Neil: So is that, should we say that that...

Douglas Cifu, Chief Executive Officer: Yeah, I mean we had guided towards \$10 million of revenue dis-synergies because people are running around with their hair on the fire that like, oh, all these analytics and Triton customers are going to turn us off. You didn't because you don't have that much hair. But – and everybody – and so...

Richard Repetto, Analyst, Sandler O'Neil: Kind of abuses interview...

Douglas Cifu, Chief Executive Officer: Yeah, I love, Rich. And so, we had guided to that number. On our last earnings call and I'll repeat what I said. We're going to be within that number. I mean, there are certain customers that are doing a review of Virtu like we were a new broker and I'm totally fine with that as they should. A small handful of customers that who can't get themselves comfortable because we're "market making or HFT firm", but it's really going to be ultimately de minimis, the large asset managers in the fashion forward, if you will, hedge funds and others and quant firms that kind of understand what we are and recognize. We didn't buy ITG to steal customer information. It's kind of preposterous and borderline insulting to suggest we would do that. We would never do that. So people are sticking with us and giving us the benefit of the doubt here.

Richard Repetto, Analyst, Sandler O'Neil: So what are the things – I don't have the benefit of being turned around...

Douglas Cifu, Chief Executive Officer: I know I apologize you.



Richard Repetto, Analyst, Sandler O'Neil: But the things that you really need not talking. We don't want to just focus just on the revenue synergies, but overall the ITG integration, but the cost. Like what are the things that you go to – that you – the office in the headquarters say, hey, we need to get these things done.

Douglas Cifu, Chief Executive Officer: Yeah.

Richard Repetto, Analyst, Sandler O'Neil: In regards to ITG.

Douglas Cifu, Chief Executive Officer: Yeah, it's interesting, but we learned a lot from integrating Knight Capital. I mean, I think we did a – give us a) I guess for ultimately what happened. But to me it all begins in the middle and back office, right. Once you have a fully integrated solution, the inputs to that can vary, but once you streamline kind of the operation of the firm like that, then everything else kind of follows, right. So that is the first thing that we're doing. Thankfully, I guess ironically like ITG had outsourced a lot of that to third party providers. Thankfully, those are pursuant to contracts that have an end date. And because I'm a dictator, we're not extending those contracts, right. So I told everybody when a – such and such contracts, I can't disclose when and with whom they are. They end – they are not being renewed. And we're still going to settle and clear our product. So everything needs to move over to Virtu by a date certain, that's the first thing that has to happen in integration because once you do that, then the inputs, the trading systems you put on top, that's the easier part.

And so that happens first. And obviously, we have a full Algo suite globally, right, that we call frontier, which is very flexible. The feedback from our client base has been extraordinarily positive on it. And so, we're going to migrate all of the ITG algos globally onto the frontier framework, right. And then again, that all goes to the middle and back office. Those are the first, second and third things we're doing. A lot of that work will be done in 2019, right, because we've done it once before with Knight. We have a game plan that's not screwing around. We know how to get it done. And then there's a lot of work around making Triton and the analytics products better.

They run something called Algo Wheel enough you're familiar with it. It's another great product, which again – again making all of these things as multi-asset class. Why Triton doesn't have full FX and fixed income functionality on it in a really meaningful way? It doesn't make any sense to me. That's what the buy side traders want, right. If you're a buy side trader and you got a cross-border equities order, you don't want to have to wheel over here to some other portal if you don't have to, right. If you have a single EMS that provides multi-asset class functionality, it's a home run.

Richard Repetto, Analyst, Sandler O'Neil : So when – with ITG, if you did move up the synergies from I believe about half in 2019 now it's 85...

Douglas Cifu, Chief Executive Officer: 85%, yes, \$133 million gross, yes.

Richard Repetto, Analyst, Sandler O'Neil: Yeah. And so a lot of the migration stuff gets done sometime before year end.

Douglas Cifu, Chief Executive Officer: Yes, we really moved into the office, all that stuff and the technology migration and some of the other synergies for sure already done.



Richard Repetto, Analyst, Sandler O'Neil: So now if you get that side of it done...

Douglas Cifu, Chief Executive Officer: Yes...

Richard Repetto, Analyst, Sandler O'Neil: Then it's all focused on the revenue side...

Douglas Cifu, Chief Executive Officer: Yes, I mean we're always focused on the revenue side. I think doing the Algo migration is a revenue synergy, right, because I'm very confident in the feedback and from a TCA perspective on how performant our algos are and so in a best ex post-MiFID II world, right. It's all based on performance. It's no longer a relationship or a knife and fork business or research driven, right, particularly in Europe, but to a large extent in the United States and in Canada and a little bit in Asia, right. So ultimately it comes down to performance, Rich, right.

And that's really where we're going to shine because if you put us head to head against Algo, against other providers, we're going to be at least competitive and, in many instances, particularly like – like opportunistic seeking type of algos. We're going to be superior because that's kind of our DNA, now bread and butter. And we're really, really transparent with how we routed orders as well. So like those of you that follow like 606 that was literally like if I had to like write a rule for Virtu, it would have been 606, right. Show me why and where you're routed in order as an Algo provider and what we do anyhow, it's forcing everybody to basically do what we do as a business matter. So let's do it, allow us to be heads up against these guys. Like, we don't have research. We're never going to have research, right. We don't have corporate access. We don't have IPO calendar. We have to compete on best execution.

Richard Repetto, Analyst, Sandler O'Neil: So, level set with the audience here, so at 606. You have to say where you're routing? Why you're routing?

Douglas Cifu, Chief Executive Officer: Correct.

Richard Repetto, Analyst, Sandler O'Neil: And give the specifics.

Douglas Cifu, Chief Executive Officer: Correct. That was always like a mystery to me. Like there was a lot of this mystery, oh, you know, I sent a big order and some HFT front and it ran me. And I would say, okay, well come to Virtu, maybe your broker didn't really act in your best interest or didn't have an understanding of the market structure. Not to be arrogant about it, but let's just see. And it's 99 times out of 100, we can explain what happened and then maybe the broker did something stupid, not the fairest but stupid, maybe they routed intuitive, et cetera, et cetera.

And so what 606 says is kind of how we started the Virtu businesses. We will show you literally on a tick by tick microsecond by microsecond basis if you so desire and we have the functionality to do that. What the logic of the algorithm was? We'll show you what the intention was and why it was sent to a particular venue either an exchange or an ATS or an internaliser or another wholesaler or broker dealer, right. And we can tie that literally to the market data and show you what the algorithm showed at that moment in time, right. Under 606, you're going to have to do some of those things if you're a broker. So the street is scurrying around trying to get compliant with that and that's Virtu. That's what we're all about.



Richard Repetto, Analyst, Sandler O'Neil: I've asked this question to a lot of the CEOs because I think we've had a unique a couple months in this quarter and you have a new basically company you've integrated. But with ITG coming on in early March, then in April you had market conditions that were low volatility.

Douglas Cifu, Chief Executive Officer: Yes.

Richard Repetto, Analyst, Sandler O'Neil: Pretty sedate...

Douglas Cifu, Chief Executive Officer: Yes.

Richard Repetto, Analyst, Sandler O'Neil: And it's sort of changed around and I know you're not heavily in interest rate, but mobile – higher volatility in May...

Douglas Cifu, Chief Executive Officer: Yes.

Richard Repetto, Analyst, Sandler O'Neil: Inverted yield curve. So, I guess the question is anything surprised you as you've gone through these cyclical swings? What do you call micro cyclical swings over the past couple of months about ITG about the way KCG or...

Douglas Cifu, Chief Executive Officer: Not really, I mean, not really. I mean what I say to myself and to my wife is like when the VIX is 30 I'm not the smartest guy in the world, but I'm also not the dumbest guy when the VIX is six, right. Like at the end of the day, we run Virtu...

Richard Repetto, Analyst, Sandler O'Neil: We agree...

Douglas Cifu, Chief Executive Officer: But she generally agrees yet. At the end of day, we run Virtu for a feast and for a famine, right. So there were time periods where the VIX is going to be lower and volumes are going to be lower and people run around with their hair on fire. Virtu is not going to pay its dividend in this and that, like to me it's just noise. I try my best to ignore it. People ask me about it. At the end of the day, we're running this business for the long-term. We are creating a fully integrated financial services firm that is powered by really robust financial technology where the operating discipline of the firm is such that we can provide superior returns in form of a dividend, but in a adjusted EBITDA margin business that is lowest.

I think Joe was like 52% or 53% and it's highest with 71% right. That's really what we're dealing with. And now, that we've got this full suite of products. There's a lot of growth opportunity both organically and inorganically, right. We're not now limited to looking at a competitor that's a market maker or somebody that does options or this or that, which guys that used to. The full suite of everything, the way I look at it, there's a natural buyer and a natural seller. Everything that happens in between from our pre and post-trade basis, other than owning exchange that I won't do, because I like Jonathan Kellner, I've loved Jonathan Kellner of MEMX. Everything in between is fair game for Virtu, right. Because ultimately that's all friction that we all have to deal with, right. We're going to be the most efficient provider of that service ultimately to the buy side and to the sell side, right.



We're a broker neutral solution on a lot of these instances, right. So, I think we can be competitive with a lot of these products, right. So, we've got an OMS and EMS, we've got an algo wheel, we've got algos, we've got pre and post-trade analytics, right. We have an RFQ platform. We've got post trade allocation system. We've got a clearing system for institutional investors, right. We got liquidity and every asset class you can possibly conceive of in 37 different countries, right. We've got a full suite of products now and it is a lot more that we could add, Rich.

Richard Repetto, Analyst, Sandler O'Neil: You answered my last question about M&A, but like you said – if I had one last question, we were getting over time here right now. But when you say it's wide open, is there – how much more with ITG? Do you feel comfortable? And then are we talking more on the size of the transactions you've done...

Douglas Cifu, Chief Executive Officer: Yes, I mean, we just closed ITG in March 1st, right. So, I can't be too much of a lunatic. Joe will kill me and the guys at Virtu will kill me. We got to get the things done and there's a big transaction to digest. We already paid back \$50 million of a billion or so that we borrowed. And so, like the size of the opportunity I'm kind of agnostic to Rich, right. There are probably some small companies that could probably – we could probably add value to and some larger ones. So, it's not necessarily has to be this or that. I'm not necessarily saying it has to be a giant needle mover. I want to do things that were accretive that strategically make a lot of sense where we think we can add value.

Richard Repetto, Analyst, Sandler O'Neil: Sounds good, thank you very much.

Douglas Cifu, Chief Executive Officer: Thank you everybody.

Richard Repetto, Analyst, Sandler O'Neil: Thank you for giving that guidance...

Douglas Cifu, Chief Executive Officer: Yes...

Richard Repetto, Analyst, Sandler O'Neil: That's stepping up.

Douglas Cifu, Chief Executive Officer: You're welcome.

Richard Repetto, Analyst, Sandler O'Neil: And I want to just say, Jonathan Keller only said really good things about your...

Douglas Cifu, Chief Executive Officer: He did? All right, good.

Richard Repetto, Analyst, Sandler O'Neil: Thank you...

Douglas Cifu, Chief Executive Officer: Yeah, there you go, partial on it. Thanks.



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