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High-Frequency Firm Virtu Buys Cohen Capital's Amex Unit

(Updates with comments from Crosthwait, Concannon and Lee starting in fourth paragraph.)

Dec. 12 (Bloomberg) -- Virtu Financial LLC, the automated trading firm founded by former New York Mercantile Exchange Chairman Vincent Viola, acquired a market-making unit that handles NYSE Amex stocks from Cohen Capital Group LLC.

The purchase makes New York-based Virtu the largest overseer of trading in shares listed on Amex, known as the American Stock Exchange before NYSE Euronext bought it for \$260 million in 2008, the statement said. Financial details weren't disclosed. While the deal also gives Virtu a designated market-maker license for New York Stock Exchange companies, Cohen Capital Group doesn't represent any NYSE-listed shares.

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Virtu is the latest high-frequency trading firm to become a primary market maker on a NYSE Euronext venue. Getco LLC in Chicago agreed in November to buy Bank of America Corp.'s designated market-maker business on NYSE, making it the second-largest firm after Barclays Plc handling stocks listed on the world's biggest exchange. Knight Capital Group Inc. took over the NYSE business of Kellogg Group LLC a year ago.

"In today's electronic, fast-paced world where knowledge of market structure and technology infrastructure are key, both Getco and Virtu have a real competitive advantage," Alison Crosthwait, Toronto-based managing director of global trading strategy at Instinet Inc., said in a phone interview. It makes sense that "some of these older-school firms would sell to newer-school firms that can do it better," she said.

Virtu Investors

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Virtu acquired automated trading firm Madison Tyler Holdings LLC in July, according to Chris Concannon, a partner at Virtu and former executive at Nasdaq OMX Group Inc. Private-equity company Silver Lake Partners LP invested in Virtu around that time, he said in a phone interview. Silver Lake previously invested in TD Ameritrade Holding Corp., Interactive Data Corp., Instinet Group Inc., Island ECN Inc. and Nasdaq OMX.

Virtu is taking over trading responsibility for about 170 companies and 80 closed-end funds listed on NYSE Amex, the statement said. The switch begins today. Other NYSE Amex market makers include Brendan E. Cryan & Co., 101-year-old J. Streicher & Co. and Knight, according to NYSE's website.

"This acquisition is consistent with Virtu's primary business objective of providing highly efficient, fully obligated, customized liquidity to investors across all markets," Viola, chairman and chief executive officer of Virtu, said in the statement. Viola was chairman of Nymex, now part of Chicago-based CME Group Inc., from 2001 to 2004, and co-founded of Madison Tyler. "We are excited about playing an important part of the NYSE and NYSE Amex marketplace," he said.

[Story: What Michael Lewis Gets Wrong About High-Frequency Trading](#)

Nasdaq, Bats

Virtu is a market maker on stock exchanges run by Nasdaq OMX and Bats Global Markets Inc. and other platforms. The company makes markets in U.S., European and Asian equities, financial futures, fixed income, currencies, options, energy products, metals and other commodities around the world. Concannon declined to comment on Virtu's expansion plans.

"The listed companies that we'll be trading range from small- to higher-liquidity companies," Concannon said. "What's attractive about this acquisition is the diverse names that we will be trading and supporting."

[Story: Is High-Frequency Trading Insider Trading?](#)

Some of the companies are New Gold Inc., Northern Oil & Gas Inc., and the American depository receipts of British American

Tobacco Plc, he said. NYSE Amex lists 516 issues, according to NYSE Euronext spokesman Richard Adamonis.

Island ECN

Concannon was responsible for transaction services at Nasdaq OMX, NYSE Euronext's main U.S. rival, until he left in 2009. Before joining Nasdaq in 2003 he was at Instinet Group. Earlier he held positions at Island, an alternative venue that challenged Nasdaq and Instinet before merging with the New York- based brokerage firm. Nasdaq bought the resulting Inet trading platform in 2005.