Virtu ITG Ventures Ltd

& its subsidiary

Virtu ITG Europe Limited

Pillar 3 Disclosures for the year ending 31 December 2020

Dated: 18-June-2021

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1 Introduction

1.1 Introduction

This document sets out the Pillar 3 Disclosures of the consolidated entities of Virtu ITG Ventures Limited ("VIVL"), made up of its 100% owned subsidiary Virtu ITG Europe Limited ("VIEL"). Both entities are Irish registered private limited liability companies and are subsidiaries of Virtu Financial Inc. a NASDAQ listed company and hereafter referred to as "Virtu Inc.". The Pillar 3 disclosures (the "Disclosures") are compiled as at 31 December 2020.

The Disclosures are required by Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the "CRR") and the Capital Requirements Directive 2013/36/EU (the "CRD") (herein referred to together as "CRD IV").

VIEL is regulated by the Central Bank of Ireland ("CBI") and is authorised as an Investment Firm under Regulation 8(3) and deemed authorised under Regulation 5(2) of the Statutory Instrument No. 375/2017 European Union (Markets in Financial Instruments) Regulations 2017.

1.2 Regulatory Background

CRD IV is a capital adequacy framework for credit institutions and investment firms in the European Union. Its purpose is to provide for a comprehensive and risk-sensitive capital adequacy structure within credit institutions and investment firms and to promote enhanced risk management systems and controls amongst financial institutions. CRD IV is made up of three prudential components called "Pillars":

- ***Pillar 1*** sets out the methodology for the calculation of the Company's minimum regulatory capital requirements to meet the Company's credit, market and operational risks.
- ***Pillar 2*** requires the Company to fully assess its risks and to ensure there is a credible link between its risk profile and the capital it maintains. The Pillar 2 assessment is also called the Internal Capital Adequacy Assessment Process ("ICAAP").
- ***Pillar 3*** requires the Company to make public disclosures of certain specific information concerning capital adequacy, risk exposures and risk management arrangements in order to promote greater market discipline and transparency through the disclosure of key information about a firm's capital adequacy, risk exposures and risk management arrangements.

The Disclosures meet VIVL's and VIEL's obligations with respect to Pillar 3 and the requirements outlined in Articles 431-455 of the CRR. The Disclosures are drafted having regard to such guidance as issued by the European Banking Authority ("EBA") from time-to-time and taking into account the recently published EBA Report on Assessment of Institutions' Pillar 3 Disclosures.

1.3 Scope, Frequency, location and verification of disclosures

The Disclosures are in respect of the Company and on a consolidated basis by VIVL. The Disclosures have been prepared as at 31 December 2020, which is the fiscal year end of VIVL and VIEL. VIEL also discloses information on an individual basis, which can also be found in this document.

The Company publishes its Pillar 3 Disclosures on the Virtu Financial group's website at the following address https://www.virtu.com/regulatory-disclosures/.

These disclosures have been prepared solely for the purpose of fulfilling the Company's Pillar 3 disclosure requirements and are not used by management for any other purpose. They have not been audited nor do they constitute any form of audited financial statement.

2 Summary of business changes during the year

This Disclosure is the Company’s 2020 Pillar 3 disclosure updated to reflect the Company’s current business model and metrics as at year-end 31 December 2020.

On 1 March 2019, the Company’s now ultimate parent, concluded its acquisition of Investment Technology Group Inc. (“ITG”) and its subsidiaries including the European subsidiary, which was subsequently named Virtu ITG Europe Limited, a Central Bank of Ireland agency brokerage and multilateral trading facility operator.

VIEL is regulated and authorised by the Central Bank of Ireland as an Investment Firm under Regulation 8 (3) and deemed authorised under Regulation 5 (2) of the Statutory Instrument No. 375/2017 European Union (Markets in Financial Instruments) Regulations 2017 and has the following investment services authorised: (1) Reception and transmission of orders in relation to one or more financial instruments; (2) Execution of orders on behalf of clients; (3) Dealing on own account; (4) Investment advice; and (5) Operation of multilateral trading facilities.

Following the acquisition, Virtu has devoted significant resources to execute a plan to bring Virtu’s leading technology, risk management and operational efficiency to ITG’s array of agency solutions to better serve a global client franchise. In Europe, following a strategic review in Q2 2019, it was determined that the Company would take on existing clients of Virtu Financial Ireland Limited (“VFIL”), the existing European subsidiary of Virtu, so that the Company could focus and build on its institutional equity agency brokerage service. This migration of has now been completed.

The Company's revised business model, electronic strategies and risk systems and controls in addition to its updated governance framework are summarised in this Pillar 3 disclosure.

3 Risk Management Framework

3.1 Risk Appetite

Risk appetite is defined as the aggregate level and types of risk an organization is willing to assume within its risk capacity to achieve its strategic objectives and business plan. Risk capacity is defined as the maximum level of risk the Company can assume given its current level of resources before breaching constraints determined by regulatory capital and liquidity needs, the operational environment and obligations, constraints from a conduct perspective to shareholders, clients and other stakeholders.

The risk appetite for the Company is encapsulated in the entities budget and medium-term business plan, which is aligned with the Company's overall business risk appetite and is sanctioned by the Board of Directors ("the Board") on an annual basis. Consequently, the Company's risk appetite is reflective of its strategy, including organisational objectives, business plans and shareholders' expectations. The Company acknowledges a willingness and capacity to take on risks and is inclusive of a tolerance for loss or negative events that can be reasonably quantified, such as operational risk losses resulting from trade errors, lost revenue because of third party outages (venues, brokers etc.) and others, such losses are referred to as expected losses.

The Company's risk appetite incorporates a balanced mix of both quantitative and qualitative measures. The quantitative measures include financial targets, for example capital adequacy, transaction processing costs and others as well as expected losses for events that are reasonably quantified. These are tracked, monitored and managed by the Management Team, through a series of key performance indicators and by the Risk Officer, through a series of Key Risk Indicators.

Qualitative measures refer to reputational impact, management effort and regulatory compliance amongst others. In consideration of the Company's risk profile, the Board has set the following risk appetite.

Credit & Counterparty Risk (CCR) Appetite:

<u>Credit Risk</u>

There is a very low appetite for Credit risk. The Company will only extend credit to an affiliate/subsidiary company in full consideration of and compliance with the Group's Liquidity Risk Management Framework and Intercompany Lending Policy. This framework requires that any loan with a maturity of more than 10 days or values at more than £5 million will require pre-approval from the Board of Directors of the relevant entity making the loan.

<u>Counterparty Risk</u>

There is medium appetite for Counterparty risk.

Counterparties can be broadly placed within two categories;

- Banks in which the VIEL has cash deposits and therefore there is a risk that those funds become unavailable in the event the bank (counterparty) is unable to provide access to those funds.
- Trading counterparties in which there is an obligation to deliver cash to pay for shares purchased or shares for shares sold; the risk here is initially a settlement delay followed by a settlement default.

The Company has robust credit approval and treasury policies with the primary objective of preserving principal, maintaining liquidity obligations and limit capital and credit risk exposure due to customer defaults.

Market Risk Appetite:

There is no appetite for Market risk.

VIEL has no “intent to trade” and consequently does not run a trading book for proprietary trading purposes.

However from time to time positions and consequently market risk will occur as a result of operational risk events such as errors and accommodations for which there is an expected loss tolerance agreed and approved by the Board as part of the budget and business planning approval process.

VIEL’s policy is to trade immediately out of any positions resulting from a trade error or accommodation. When that is not possible (markets closed, liquidity) and the position is material or the markets are volatile, the policy is to put on a hedge.

Liquidity & Funding Risk Appetite:

There is no appetite for VIEL being unable to meet all payment obligations as and when they become due.

The Company has a liquidity metric called the liquidity survival horizon, expressed as the length of time the Company is able to fulfil all its fixed overhead obligations in a stressed scenario that simulates a cease in all revenues and related variable costs.

The Finance Department and Head of Finance acting in the capacity of treasury management will ensure they are able to identify measure and manage the liquidity requirements of the Company through the monitoring of operational liquidity as well as determining and securing the Company’s longer term funding requirements.

The Company has zero tolerance as relates to breaches of its regulatory capital requirements and has in place near real-time monitoring of said requirements and alerting mechanisms that provide early warning when requirements versus own funds are marginal or stressed.

The Company’s risk appetite as regards capital adequacy would be considered breached (operating outside of appetite) if the excess of own funds to capital requirements was equal to or less than 5% for 6 consecutive days.

Operational Risk Appetite:

Operational Risk is pervasive, managed across the organisation and a consequence of operating the business; consequently articulating a risk appetite is more challenging than doing so for other risk types.

To this end the business has, in addition to the impact on earnings approach, extended the operational risk appetite to include statements across i) information technology, ii) fraud and corruption & iii) information management.

At a high-level the operational risk appetite is based on an impact on earnings approach.

This involves looking at how much the Company could potentially lose due to operational risk losses. In setting operational risk appetite both the impact on solvency and reputation are considered.

3.2 Risk Management, Culture & Structures

The Board seeks to have in place an integrated and institution-wide risk culture. This cultural approach means that employees are aware of their responsibilities relating to risk management, understand the risks the Company faces and is aware of how such risks are managed within the Company. This risk culture is developed through staff training, formal and informal reporting, meetings and formal communications to staff from Senior Management as regards the Company's risk policies and procedures.

The Company has established regular and transparent reporting mechanisms so that the Directors and all relevant functions within the Company are provided with reports in a timely and meaningful manner. This enables the sharing of relevant information about the identification, measurement or assessment and monitoring of risks both vertically and horizontally.

To achieve its risk objectives, the Board has put in place a permanent independent Risk Management Function supervised by the Chief Risk Officer. The Risk Management Function is organisationally separate from the activities that it is assigned to monitor and control, but it is not isolated from them.

The Company's control environment is highly automated, through the use of Virtu Financial Group's proprietary technology infrastructure. The Company's infrastructure incorporates automated risk protections and risk limiting tools to protect against operational, trading and other potential risk areas. Within the Company there is a strong focus on rigorous risk management techniques and early identification of issues with escalation protocols to the Board.

The governance framework is based upon the concept of three internal lines of defence against risk. This concept aims to ensure that accountability for the management of risk is pushed "towards the coal-face" to ensure that it is embedded in day-to-day management, but the boundaries between lines of defence should not be considered rigid. This concept ensures that each line reports independently to the Board and to the relevant Sub-Committees. The three lines of defence are as follows:

1st line: The First Line of Defence is the individuals who adhere to the policies and standards and principles established by the Board and are responsible for day to day business management. Each business line owns the risks and controls for its respective business and retains full accountability for control of related business issues.

2nd line: The Second Line of Defence is performed by the control functions including:

- The Risk Management Function supervised by the Chief Risk Officer;
- The Finance Function supervised by the Head of Finance; and
- Compliance Function managed by the Company's Compliance Officers.

3rd line: Independent assurance stakeholders comprising Internal Audit and External Audit. The Internal Audit function provides assurance to the Company's Risk Committee, Audit Committee, Remuneration Committee and the Board on the adequacy of the Company's systems of internal controls, risk management and governance processes. The function of Internal Audit is undertaken by EisnerAmper Ireland, the Irish subsidiary of a global audit and risk management assurance services provider.

The External Audit function provides independent assurance to the Audit Committee and the Board on the adequacy of the internal controls, accounting systems and accuracy and completeness of the financial statements. External Audit is provided by PwC.

3.3 The Board of Directors

The Board has responsibility for implementing and monitoring the Company's risk management policies and procedures, including the identification and proper management of each of the key risks that the Company faces. As such, the Board is accountable to shareholders for the overall direction and control of the Company and for managing the Risk Management Framework. The Board is committed to ensuring that high standards of governance are in place to protect the interests of shareholders and all other stakeholders of the Company, and in doing so promotes the highest standards of integrity, transparency and accountability.

The Board normally comprises two independent non-executive directors, two non-executive directors affiliated to the Company's ultimate parent entity and two executive directors (the "Directors"). The Firm is currently in the late stages of recruiting a second independent non-executive director to complete the membership of the Board.

The Directors are appointed based on their skills, qualifications and experience whilst ensuring that they have appropriate time to devote to their responsibilities as a Board member in consideration of the commitments of other professional roles they may have. As of 31 December 2020, the Directors held the following directorship appointments:

Directorship Type	Director	Number of Directorships *
Executive Director	Mr R. Boardman	1
Independent Non-Executive Director	Mr K. O'Doherty	13
Non-Executive Director	Mr B. Fairclough	1
Executive Director	Mr D. Carbery	1
Non-Executive Director	Mr D. Furlong	3

**Directorships within the same corporate group counted as 1*

During 2020, the Board met 7 times.

3.4 Subcommittees of the Board

The Directors have delegated responsibility for supervision of certain functions within the Company to various sub-committees of the Board and to senior management who report to the Board at periodic meetings.

3.4.1 Audit Committee

The Audit Committee has specific responsibility to assist the Board in fulfilling its oversight responsibilities in respect of the Company and its affairs relating to the financial reporting process. This includes the integrity of the financial information provided to the Board, the Company's parent, the Central Bank of Ireland, the Companies Registration Office, the effectiveness of the Company's systems of internal control and internal audit, the statutory audit of the annual and consolidated accounts, the independence of the statutory auditor or audit company, and in particular the provision of additional audit or advisory services to the Company.

The membership of the Audit Committee is comprised of non-executive Directors of the Company and is chaired by an independent non-executive director.

During 2020, the Audit Committee met 5 times.

3.4.2 Risk Committee

The Risk Committee is appointed by the Board of Directors of the Company. The primary function of the Committee is to assist the Board in fulfilling its oversight of the appropriateness of the Company's operational risk management framework and the significant operational risks in the Company's business. The Committee takes into account the current and prospective macro-economic environment in preparing advice to the Board on the Company's overall risk appetite and tolerance.

The Committee consists of no fewer than two members and each member is a member of the Board and is chaired by an independent non-executive director.

During 2020, the Risk Committee met 4 times.

3.4.3 Remuneration Committee

The Remuneration Committee is chaired by a Non-Executive Independent Director and the committee has specific responsibility for oversight of remuneration policies and their implementation by the Company. The membership of the Remuneration Committee is comprised of the non-executive Directors of the Company. The Chairman of the Board, an Independent Non-Executive Director, is also the Chairman of the Remuneration Committee.

During 2020, the Remuneration Committee met twice.

3.5 Reporting to the Board

The Sub-Committees report directly to the Board via their respective Committee Chairmen at each sitting of the Board. The Senior Management Team also report directly to the Board at each meeting on each of their functional areas and provide detailed periodic reports on metrics in the areas of finance, legal, compliance, risk management, trading, technology & IT and general business.

4 Risk Assessment

The Board considers that risk management arrangements of the Company are appropriate and that they provide the Board with assurance that the risk management systems put in place are adequate with regard to the institution's profile and strategy.

4.1 Operational Risks

Operational risks are the risks of direct or indirect losses arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit and market risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

General operational risks include those risks arising from inadequate internal processes or systems, external events or inadequate employee performance. To mitigate against such risks the Company has a comprehensive suite of process controls, automated risk controls, procedures, monitoring and reporting programs which ensure that these risks are identified and mitigated rigorously.

Information and communication technology (“IT”) risk is a sub-classification of Operational Risk and relates to the impact of current or prospective risk of losses to the Company due to the inappropriateness or failure of technical infrastructures which can in turn compromise the availability, integrity, accessibility and security of such infrastructures and of data. The Company is a technology enabled company and accepts that its business model increases its exposure to material levels of technology risk. To mitigate the likelihood of such risks occurring, the Company has implemented multiple levels of failover and contingency arrangements that ensure the continued operation of the Company's processes and risk controls in the event of a technological interruption or failure. In addition, the Company has a suite of monitoring controls, which examine the health of the Company's hardware, infrastructure and software performance. These monitoring tools are supervised in real-time by dedicated risk, operations and trading teams who have predefined procedures to manage a risk event, should it occur.

Legal risk is a sub-classification of Operational Risk and is defined as the risk of a loss of legal, human or financial integrity, reputation or capital as the result of government action, legislation, contract or other laws or regulations. Compliance risk is the risk of adverse legal outcomes, market conduct risk which include risks associated with regulatory sanctions, material financial loss, or loss to reputation a financial institution may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organisation standards, and codes of conduct applicable to its activities. As a regulated entity, the Company operates in a highly regulated environment and may therefore be subject to such risks. In order to manage legal and compliance risks, the Company has a dedicated Compliance Team, which oversees the Company’s compliance and legal risk management framework.

4.2 Market Risk

Market risk can be defined as the risk of losses in on and off-balance sheet positions arising from adverse movements in market prices. From a regulatory perspective, market risk stems from all the positions included in the Company’s trading book as well as from commodity and foreign exchange risk positions in the whole balance sheet.

With regard to the Company’s agency execution services, the Company is not typically exposed to market risk. However, from time-to time market risk may arise as a result of trading errors or client adjustments. In such cases the Company would seek to trade out of any market risk or hedge such positions.

The Board of the Company therefore have no appetite for market risk. The Chief Risk Officer monitors the Company’s overall compliance with its market risk appetite and monitors the Company’s market risk management policies and procedures.

4.3 Liquidity Risk

Liquidity risk represents the risk that the Company does not have sufficient liquid assets to meet short and medium-term liquidity requirements over an appropriate set of time horizons, that the

Company does not maintain adequate levels of liquidity buffers, under both normal and stressed conditions or the Company does not have sufficient funding plans to support strategic objectives. The liquidity position of the Company is monitored on a daily basis by finance and operations, with management information on liquidity provided on a regular basis to senior management and periodically reported to the Board. On an annual basis, a five-year forward-looking liquidity plan is prepared by the finance function and reviewed by the Board.

The Board has concluded that as of 31 Dec 2020, the Company has sufficient funds available to meet all operational requirements, future operations and stated objectives.

4.4 Credit Risk, Custodian Risk, Default Risk

Credit (Custodian, Default) risk is the current or prospective risk to earnings and capital arising from counterparty's failure to meet the terms of any contract or its failure to perform as agreed.

The Company's primary credit risks relate to exposures arising from Company deposits and balances held with banks and General Clearing Members, to institutions and exposures to clients arising from agency and client receivables as well as balances owed to the Company by third parties (including affiliates) exposing it to credit risk or risk of default. Agency client settlements, which are unable to be centrally cleared are conducted on the basis of "delivery versus payment", which minimizes the risk of exposure to more substantial trading positions. This does not, however, eliminate risk entirely in circumstances in which the counterparty fails and the value of stock awaiting settlement against payment has changed adversely. Such defaults could have an adverse effect on the Company's financial results, financial condition and cash flows. For the purpose of the calculation of risk weighted exposures relating to credit risks, external credit assessment institutions are used.

The Company has a diversified client base and does not consider there to be a significant risk of individual client default impacting the viability of the overall business. Pre-settlement exposure to clients is monitored by the Company's Risk management function, and the Company has effective procedures in place to identify and manage potential settlement failure. This enables management to respond very quickly in the event of emerging risk issues arising from overall exposure to, and/or the specific creditworthiness of, a particular counterparty or group of counterparty or client. The Board has delegated the responsibility for allocating and monitoring counterparty/client credit limits to the Risk Committee. Compliance and Risk liaise with Operations and Trading to manage the assignment of the limits to the Company's counterparties and clients.

The Company encountered no credit or default scenarios with its counterparties or clients during the period.

4.5 Settlement Risk

Settlement risk is the risk that one party will fail to deliver the terms of a contract with another party at the time of settlement. The Company does not hold positions in the trading book and all counterparty/client exposures are incurred in the ordinary course of settlement, which in Europe is over two business days.

Overall, the Company considers that settlement risk is extremely low with the risk of loss to be suffered due to incorrect settlement considered to be negligible.

5 Capital Resources & Capital Adequacy

5.1 Capital Resources

As at 31 December 2020 and at all times throughout the year, the Company complied with its prudential minimum capital requirements of CRD IV in that the capital resources were in excess of the capital required by the Company.

The Company's capital resources consist of Tier 1 capital, the characteristic being that Tier 1 capital is available to absorb losses, ranks for repayment on winding up after other debts and has no fixed costs attached. The Company's Tier 1 capital comprises ordinary shares and retained earnings. The Company also has intangible assets, which are deductible for the purposes of calculating its Capital resources. The following is the Company's Capital resources calculated in line with CRD IV requirements:

CAPITAL RESOURCES*	As at 31-Dec-20	As at 31-Dec-19
	EUR '000	EUR '000
Tier 1 Capital		
Ordinary Share Capital	114	120
Share Premium	1,609	1,701
Capital Contributions	-	-
Other Reserves	(585)	(666)
Retained Earnings	60,791	64,236
Adjustments to Tier 1		
intangible assets	(6,512)	(8,410)
Value adjustments due to the requirements for prudent valuation	-	-
Total Tier 1 Capital	55,417	56,981

* COREP for period 31 December 2020.

VIEL's audited financial statements for the year ending 31-Dec-2020 recorded a net profit after tax of EUR 14,893,881. VIEL's COREP as at 31-Dec-2020 reflects Own Funds of EUR 55,417.

Reconciliation of Accounting Capital with Regulatory Capital	
	€'000
Total shareholders equity	74,422
Regulatory adjustments	(7,097)
Unaudited portion of current year profit and loss	(11,908)
Common Equity Tier 1 Capital	**55,417**

5.2 Capital Ratios

The Common equity tier 1 capital ("CET1") is the highest quality form of regulatory capital under CRD IV that comprises the Company's capital contributions and retained earnings, and deducting specified regulatory adjustments. The CET1 ratio is a measure of Tier 1 capital compared to its risk weighted assets. The Company's CET 1 ratio, Tier 1 ratio and Total capital ratio are the same as the Company's capital is only made up of capital of the highest quality as defined in CRD IV.

CAPITAL RATIOS	As at 31-Dec-20	As at 31-Dec-19
CET 1 Capital ratio	16.55%	17.26%
T1 Capital ratio	16.55%	17.26%
Total Capital ratio	16.55%	17.26%

5.3 Return on Assets

Article 90 of the CRD requires institutions to disclose return on assets as a key indicator, calculated as net profit divided by total balance sheet. For the year ended 31 December 2020, VIEL's return on assets was 23%.

5.4 Capital Adequacy

The Company's regulatory capital policy seeks to ensure that the Company has sufficient capital to cover the risks of its business and support its strategy, and at all times complies with CRD IV regulatory capital requirements.

Formal procedures are in place to monitor and manage capital resources on an active and timely basis. Responsibility for day-to-day monitoring of capital adequacy rests within the Compliance and Risk Management functions. Reports are produced to monitor regulatory capital and forecasts are distributed to the Board and senior management on a regular basis.

Pillar 1 sets out the methodology for the calculation of the Company's risk weighted exposures as a percentage of Common Equity Tier 1 Capital and as a by-product, the Company's minimum regulatory capital subject to its conditions of authorisation. The Company calculates Operational Risk capital requirements in accordance with the fixed overhead approach.

As at 31 December 2020, the Company's Capital Requirements were as follows:

CAPITAL REQUIREMENTS	As at 31-Dec-20	As at 31-Dec-19
	EUR '000	EUR '000
Pillar 1 Regulatory Capital Requirements		
Credit & Counterparty Credit Risks *	3,178	3,104
Settlement & Delivery Risks	-	-
Position, FX and Commodity Risks *	1,295	231
Operational Risk	22,317	23,072
Total Capital Requirement	26,790	26,407

*Using Standardised Approach

5.5 Pillar 1 – Capital Requirements

The following outlines how the Company's Pillar 1 capital is calculated.

5.5.1 Pillar 1 - Methodologies

The Company calculates Pillar 1 capital requirements in accordance with the regulatory capital requirements of CRD IV. The risks arising in the Company which gives rise to the requirement for capital under CRD IV is as follows:

- Credit and Counterparty Risk arises from exposures on the Company's balances held with or due from GCMs, banks and amounts due from other third parties.
- Settlement & Delivery risks arise for the Company where issues occur during the settlement process.
- Operational Risk arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit and market risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

5.5.2 Pillar 1 - Calculations

The following disclosures details the calculations for Pillar 1 requirements as at 31 December 2020 with prior year comparatives provided.

5.5.2.1 Credit risk

All calculations have been calculated using the standardised approach to credit risk as determined by CRR Article 111. The main source of credit risk exposure arises from the Company's agency brokerage client and market receivables.

The breakdown of the calculation is as follows:

CREDIT RISK EXPOSURES AND CAPITAL REQUIREMENTS	Year ended 31 December 2020		Year ended 31 December 2019	
	Risk Weighted Asset EUR '000	Capital Requirements EUR '000	Risk Weighted Asset EUR '000	Capital Requirements EUR '000
Credit Risk Exposures				
Institutions	9,904	792	3,278	262
Corporates	13,673	1,094	14,037	1,123
Public Sector Entities	2	0	2	0
Claims on institutions and corporate with a short-term credit assessment	9,130	730	8,501	680
Central governments or central banks	-	-	-	-
Other items	7,022	562	12,986	1,039
Total	39,731	3,178	38,804	3,104

The geographic distribution of each class of exposure is as follows as at the reporting date:

GEOGRAPHIC ANALYSIS OF CREDIT RISK EXPOSURES 12/31/2019	Republic of Ireland EUR '000	United Kingdom EUR '000	United States of America EUR '000	Sweden EUR '000	France EUR '000	Bermuda EUR '000	Other EUR '000
Credit Risk Exposures							
Central governments or central banks	-	48	-	-	750	-	-
Institutions*	243	29,403	1,036	14,773	4,458	13,810	2,436
Other exposures	1,915	5,675	-	-	1,031	-	-
Total exposures	2,158 -	35,126	1,036	14,773	6,239	13,810	2,436

GEOGRAPHIC ANALYSIS OF CREDIT RISK EXPOSURES 12/31/2020	Republic of Ireland EUR '000	United Kingdom EUR '000	United States of America EUR '000	Sweden EUR '000	France EUR '000	Bermuda EUR '000	Other EUR '000
Credit Risk Exposures							
Central governments or central banks	-	-	-	-	-	-	-
Equity	111	-	-	-	-	-	-
Institutions*	3,673	53,543	20,114	1,750	6,711	13,069	7,734
Other exposures	1,732	2,855	-	-	680	-	-
Total exposures	5,516 -	56,398	20,114	1,750	7,391	13,069	7,734

**includes institutions and corporates with and without short term credit rating*

Other geographic areas above include Switzerland, Cyprus, Israel, Germany, Turkey, Norway, Belgium, Austria, Sweden, Spain and Italy.

__Industry analysis of exposures__

The Company's exposures at the balance sheet date comprise of regulated financial services firms and financial services entities.

The average credit exposure of each class of exposure is as follows during the period:

AVERAGE CREDIT RISK EXPOSURES AND CAPITAL REQUIREMENTS	1 January to 31 December 2020		1 January to 31 December 2019	
	Total Exposure	Capital Requirements	Total Exposure	Capital Requirements
	EUR '000	EUR '000	EUR '000	EUR '000
Credit Risk Exposures				
Institutions	28,244	549	10,071	273
Corporates	13,339	1,067	13,709	845
Public sector entities	13	1	15	-
Central governments or central banks	-	-	600	-
Claims on institutions and corporate with a short-term credit assessment	44,818	718	43,585	725
Other items	6,767	660	9,737	1,107
Total	93,181	2,995	77,716	2,950

The residual maturity of each class of exposure is as follows as at the reporting date:

Residual Maturity of credit exposures 2019	On demand €'000	0<3 Months €'000	3<6 months €'000	6 months<1 year €'000	1<3 years €'000	Total Exposures €'000
Central governments and central banks	-	798	-	-	-	798
Public sector entities	-	13	-	-	-	13
Institutions	-	9,160	-	-	-	9,609
Corporates	-	217	-	13,812	-	14,029
Retail	-	-	-	-	-	-
Claims on institutions and corporate with a short term credit assessment	25,434	17,073	-	-	-	42,507
Equity	-		-	-	-	-
Other	-	328	-	1,650	6,644	8,622
Total Exposures	25,434	27,589	-	15,462	6,644	75,578

Residual Maturity of credit exposures 2020	On demand €'000	0<3 months €'000	3<6 months €'000	6month < 1yr €'000	1<3 years €'000	Total Exposures €'000
Central governments and central banks	-	-	-	-	-	-
Public sector entities	-	-	-	-	-	-
Institutions	-	44,386	-	-	-	44,386
Corporates	-	1,362	-	13,070	-	14,432
Retail	-	-	-	-	-	-
Claims on institutions and corporate with a short term credit assessment	30,959	8,755	-	-	-	39,713
Equity	-	-	-	-	-	-
Other	-	40	-	1,639	3,380	5,059
Total Exposures	30,959	54,542	-	14,708	3,380	103,589

Total exposure value split by external rating :

Total Exposure split by external rating 2019	Standard and Poors €'000	Total Rated €'000	Total unrated €000	Total €000
Exposure Class				
Central governments and central banks	-	-	798	798
Public sector entities	-	-	13	13
Institutions	-	-	9,610	9,610
Corporates	-	-	14,028	14,028
Retail	-	-	0	-
Claims on institutions and corporate with a short term credit assessment	42,507	42,507	0	42,507
Equity	-	-	0	-
Other	-	-	8,622	8,622
				-
Total exposures	42,507	42,507	33,071	75,578

Total Exposure split by external rating 2020	Standard and Poors €'000	Total Rated €'000	Total unrated €'000	Total €'000
Exposure Class				
Central governments and central banks	-	-	-	-
Public sector entities	-	-	-	-
Institutions	-	-	44,386	44,386
Corporates	-	-	14,432	14,432
Retail	-	-	-	-
Claims on institutions and corporate with a short term credit assessment	39,713	39,713	-	39,713
Equity	-	-	-	-
Other	-	-	5,059	5,059
Total exposures	39,713	39,713	63,876	103,589

Credit quality assessment step as at the reporting date:

Total exposure value split by credit quality Assessment Step 2019	Step 1 €'000	Step 2 €'000	Step 3 €'000	Step 4 €'000	Step 5 €'000	Total rated €'000	Total unrated €'000	Total €'000
Exposure class:								
Central governments and central banks	-	-	-	-	-	-	798	798
Public sector entities	-	-	-	-	-	-	13	13
Institutions	-	-	-	-	-	-	9,610	9,610
Corporates	-	-	-	-	-	-	14,028	14,028
Retail	-	-	-	-	-	-	-	-
Claims on institutions and corporate with a short-term credit assessment	42,507	-	-	-	-	42,507	-	42,507
Equity	-	-	-	-	-	-	-	-
Other items	-	-	-	-	-	-	8,623	8,623
Total exposures	**42,507**	-	-	-	-	**42,507**	**33,072**	**75,579**

Total exposure value split by credit quality Assessment Step 2020	Step 1	Step 2	Step 3	Step 4	Step 5	Total rated	Total unrated	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Exposure class:								
Central governments and central banks	-	-	-	-	-	-	-	-
Public sector entities	-	-	-	-	-	-	-	-
Institutions	-	-	-	-	-	-	44,386	44,386
Corporates	-	-	-	-	-	-	14,432	14,432
Retail	-	-	-	-	-	-	-	-
Claims on institutions and corporate with a short-term credit assessment	39,713	-	-	-	-	39,713	-	39,713
Equity	-	-	-	-	-	-	-	-
Other items	-	-	-	-	-	-	5,059	5,059
Total exposures	**39,713**	**-**	**-**	**-**	**-**	**39,713**	**63,876**	**103,589**

To calculate risk-weighted exposure amounts, risk weights have been applied to all exposures unless it has been deducted from own funds.

Risk weights are applied based on the exposure class to which the exposure is assigned and to the extent to which a credit assessment by a nominated ECAI is available.

External credit assessments have been used to determine risk weight of an exposure where the ECAI has been endorsed in accordance with Regulations. For the purposes of applying a risk weight the exposure value is multiplied by the risk weight specified in accordance with CRR Part Three Articles 114 -134.

Short term credit assessments have been used for all credit exposures to institutions and corporates as they all classify as short term.

The following ratings apply to the credit quality assessment steps

Step 1: AAA to AA (S&P)

Step 2: A+ to A- (S&P)

Step 3: BBB+ to BBB- (S&P)

Step 4: BB+ to BB- (S&P)

Step 5: B+B- (S&P)

Step 6: CCC+ and below (S&P)

Past Due and Impaired Exposures

As of 31 December 2020, there were no material past due or impaired exposures.

Credit Risk Mitigation techniques

As of 31 December 2020, the Company has an intercompany netting agreement with affiliates, which allow intercompany payables and receivables with these parties to be netted into a single account thereby mitigating credit risk.

5.5.2.2 Settlement risk

Settlement risk is generally understood as the risk that an executed transaction is not settled as expected through a settlement system. Settlement risk is calculated in accordance with CRR Article 378.

In accordance with Article 378 of the CRR, the Company calculates own funds requirements for transactions in equities that settle after their due settlement date as the price difference to which the Company is exposed.

The price difference is calculated as the difference between the agreed settlement price of the equity and the current market value, where the difference involves a loss for the Company. The price difference is then multiplied by the appropriate factor specified by Article 378 in order to calculate the Company's own funds requirements for settlement risk. The company only has non-trading book settlement exposures. As of 31 December 2020, there was no instances of equities settling after their due settlement date with a relevant price difference to incur a capital cost.

SETTLEMENT RISK EXPOSURES	31-Dec-2020 EUR '000	31-Dec-2019 EUR '000
Unsettled transactions in the non-Trading Book		
0 - 4 days (Factor 0%)	462,021	555,670
5 - 15 days (Factor 8%)	29,988	794
16 - 30 days (Factor 50%)	7,404	910
31 - 45 days (Factor 75%)	1,388	1,206
46 days or more (Factor 100%)	451	2,020
Total unsettled transactions	501,252	560,600
Total settlement risk exposure amount	-	-
Settlement Risk Capital Requirement	-	-

5.5.2.3 Market risk

The Company is not typically exposed to market risk. However, from time-to time market risk may arise as a result of trading errors or client adjustments. In such cases, the Company would seek to trade out of any market risk or hedge such positions immediately. Before the hedge is completed, the Company is exposed to the potential for adverse changes in assets or liabilities arising from movements in the prices of equities, bonds, ETFs, derivatives, currency exchange rates and interest rates on its trading book.

Where an equity position were to arise, VIEL avails of the derogation in Article 94 of the CRR and provides for credit risk regulatory capital rather than position risk.

5.5.2.4 Operational Risk

VIEL is a CRR Article 96.1(a) investment firm that deals on own account only for the purposes of fulfilling or executing a client order. Article 96.1(2) of the CRR directs these investment firms to calculate their operational risk requirement as prescribed by Article 97 of the CRR. This involves holding eligible capital of at least one quarter of the fixed overheads of the preceding year. This is known as the Fixed Overhead Requirement ("FOR").

Firms are required to calculate fixed overheads of the preceding year, using figures resulting from the applicable accounting framework, by subtracting certain allowable items from the total expenses after distribution of profits to shareholders in their most recent audited financial statements.

5.6 Asset Encumbrance

The asset encumbrance disclosure has been produced in line with the 2014 EBA Guidelines on disclosure of encumbered and unencumbered assets and the tables are based on the EBA reporting templates. An asset should be treated as encumbered if it has been pledged or if it is subject to any form of arrangement to secure, collateralise or credit enhance any on-balance-sheet or off-balance-sheet transaction from which it cannot be freely withdrawn (for instance, to be pledged for funding purposes). Assets pledged that are subject to any restrictions in withdrawal, such as assets that require prior approval before withdrawal or replacement by other assets, should be considered encumbered.

As part of its General Clearing Member ("GCM") relationships and managing its funding requirements, assets may be encumbered to support lines of credit from institutions.

Template A – Encumbered and unencumbered assets

	Assets as at 31 December 2019	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
		EUR '000	EUR '000	EUR '000	EUR '000
		010	040	060	090
010	**Assets of the reporting institution**	30,975		604,822	
020	**Loans on demand**				
030	Equity instruments				
040	Debt securities				
120	Other assets	30,975		604,822	

	Assets as at 31 December 2020	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
		EUR '000	EUR '000	EUR '000	EUR '000
		010	040	060	090
010	**Assets of the reporting institution**	29,340		560,984	
020	**Loans on demand**				
030	Equity instruments				
040	Debt securities				
120	Other assets	29,340		560,984	

Template B – Collateral received

	As at 31 December 2019	Fair value of encumbered collateral received or own debt securities issued	Unencumbered Fair value of collateral received or own debt securities issued available for encumbrance
		EUR '000s	EUR '000s
130	**Collateral received by the reporting institution**	-	-
140	Loans on demand		
150	Equity instruments		
160	Debt securities		
240	**Own debt securities issued other than own covered bonds or asset-backed securities**		

	As at 31 December 2020	Fair value of encumbered collateral received or own debt securities issued	Unencumbered Fair value of collateral received or own debt securities issued available for encumbrance
		EUR '000s	EUR '000s
130	Collateral received by the reporting institution	-	-
140	Loans on demand		
150	Equity instruments		
160	Debt securities		
240	Own debt securities issued other than own covered bonds or asset-backed securities		

Template C: Encumbered assets/collateral received and associated liabilities

Template C-Sources of encumbrance		
	As at 31 December 2019	**Matching liabilities, contingent liabilities or securities lent**
		EUR '000s
		010
010	**Carrying amount of selected financial liabilities**	-
010	**Carrying amount of selected financial liabilities**	
020	Derivatives	
030	of which: Over-The-Counter	
040	Deposits	
050	Repurchase agreements	
060	of which: central banks	
070	Collateralised deposits other than repurchase agreements	
080	of which: central banks	
090	Debt securities issued	
100	of which: covered bonds issued	
110	of which: asset-backed securities issued	
120	**Other sources of encumbrance**	**30,975**
170	**TOTAL SOURCES OF ENCUMBRANCE**	**30,975**

Template C-Sources of encumbrance		
	As at 31 December 2020	Matching liabilities, contingent liabilities or securities lent
		EUR '000s
		010
010	**Carrying amount of selected financial liabilitie**	-
010	**Carrying amount of selected financial liabilities**	
020	Derivatives	
030	of which: Over-The-Counter	
040	Deposits	
050	Repurchase agreements	
060	of which: central banks	
070	Collateralised deposits other than repurchase agreements	
080	of which: central banks	
090	Debt securities issued	
100	of which: covered bonds issued	
110	of which: asset-backed securities issued	
120	**Other sources of encumbrance**	29,340
170	**TOTAL SOURCES OF ENCUMBRANCE**	29,340

5.7 Capital Buffers

CRD introduced a number of additional capital requirements were phased in gradually from 1 January 2016 to 1 January 2019 to apply to institutions. These are designed to provide additional financial buffers within firms to absorb future losses as a result of external market loss impacts.

The following buffers applicable to the Company:

- Capital Conservation buffer: in anticipation of a potential financial downturn of CET 1 capital of up to 2.5%.
- Countercyclical buffer: this requires additional CET1 capital of up to 2.5% to be held where their credit growth is deemed to be excessive leading to a build-up of system wide risk. It should be noted however, that the countercyclical buffers have been reduced, in most cases reduced to 0%, to soften the impact of the COVID 19 pandemic on financial institutions.

As at the balance sheet date, the buffers were the following:

	2020		2019	
	EUR'000		EUR'000	
Capital Conservation buffer	8,372	2.50%	8,252	2.50%
Countercyclical buffer	-	Dependent on country	-	Dependent on country

For further detail on a country-by-country breakdown of counter-cyclical buffer exposure, please see Appendix1.

5.8 Other Risks

Pillar 1 – Other Risks

Pillar 1 does not consider some risks, such as strategic risk, concentration risk, liquidity risk, and reputational risk, all of which can prove to be substantial during a risk event.

Pillar 2

Pillar 2 represents a review process used to assess if the additional capital deemed as necessary to supplement the Pillar 1 calculation is adequate. Pillar 2 requires the Company to fully assess its risks and to ensure there is a credible link between its risk profile and the capital it maintains in accordance with its Internal Capital Adequacy and Assessment Process (“ICAAP”).

The ICAAP supplements the Pillar 1 minimum regulatory capital requirements by considering a broader range of risk types and the Company's risk and capital management capabilities. Under Pillar 2, the adequacy of the Company's minimum capital is not defined by the minimum regulatory capital requirement under Pillar 1 but rather by the Company itself subsequent to the Company assessing and quantifying the risks it faces and the effectiveness of systems and controls in place to mitigate those risks. After assessing and quantifying the risks it faces, the Company determines whether the capital it holds is adequate to meet those risks. The Pillar 2 identification and quantification of risks and evaluation of mitigating factors is detailed in the Company's Risk Universe and reflected in its most recent ICAAP document approved by the Board.

On an annual basis the Company’s Board, in conjunction with the Risk Committee and the Compliance, Risk and Finance functions assess internal capital adequacy as part of the ICAAP process.

The ICAAP sets out the Company's analysis of its Pillar 2 requirements. By virtue of the ICAAP being a risk based document, it is continually updated to reflect a changing risk based reality, being updated at least annually or when the Company’s risk materially alters. This methodology enables the Company to adjust its capital profile as necessary taking into account material market changes or changes to its internal environment.

In order to determine the Pillar 2 capital requirements the Company undertakes a comprehensive risk assessment and sensitivity analysis based on exceptional but plausible scenario analysis which is documented in the Risk Universe. All material risk areas, including credit, market and operational risks have been assessed and taken into consideration when assessing the Company's internal Pillar 2 capital requirements in addition to non-Pillar 1 risks such as legal, concentration, Company risks etc. On a periodic basis, Senior Management review its ICAAP assumptions, risk based scenarios and wind-down assumptions. The ICAAP is reviewed by the Board on an ongoing basis.

6 Remuneration

6.1 Introduction

The Company is subject to Article 450 of the CRR and is required to disclose certain metrics and features relating to the Company's remuneration policies, decision making processes, linkages between pay and performance and disclosure of remuneration of staff who have a material risk impact on the Company's activities.

The Company's Remuneration Policy defines the categories of staff identified as senior management, staff engaged in control functions and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the Company's risk profile in accordance with EBA guidelines.

6.2 Overview

As part of the Company's Governance framework, the Board has established a Remuneration Committee, a sub-committee of the Board of Directors with specific responsibility for remuneration policies and principles and for overseeing their implementation in the Company.

The Remuneration Committee is primarily responsible for Company-wide remuneration policy with respect to remuneration, bonus and incentive arrangements and compensation payments; to consider the appropriateness of remuneration payments considering the risk profile, long term objectives and goals of the Company; and to ensure the Remuneration Policy is in compliance with applicable laws and codes.

The members of the Committee are the Non-Executive Directors of the Company.

Decision making process for determining remuneration policy

The Company's Remuneration Policy defines the decision-making process and focuses on ensuring sound and effective risk management through:

- providing a stringent governance structure for setting goals and communicating these goals to employees;
- including both financial and non-financial goals in performance and result assessments;
- including compliance with regulatory requirements and internal procedures in performance and results assessments;
- identifying such staff who can have a material impact on the risk profile of the Company and designing and rewarding staff members with appropriate incentives in a manner that is compatible with long-term oriented and prudent risk-taking approach; and
- providing rules as to the nature, composition and execution of staff members total remuneration assessments and distributions.

In taking any decisions in relation to employee remuneration, the Company's policy defines the process for assessing staff, awarding remuneration and how it ensures the remuneration award is consistent with the principles of effective risk management.

6.2.1 Remuneration pool criteria

Performance-based remuneration pools must be based on an assessment of the Company's budgeted performance and a number of key performance indicators ("KPIs") reflecting the trend in the Company's focus areas. The KPIs assessed by the Company include, but are not limited to profit before tax compared with budget, relative contribution of local performance towards the performance of the overall group, assessment of risk-adjusted return, effective risk management; and compliance with internal business procedures and regulatory obligations.

Sustainability of financial position for the Company is also an input variable into the performance-based remuneration pool, particularly resource availability to meet regulatory capital requirements, strategic growth objectives, distribution policy and other liquidity planning requirements.

The Board of Directors decides on the funds to be allocated to the performance-based remuneration pools in accordance with the Remuneration Policy on the recommendation of the Remuneration Committee.

6.2.2 Criteria for setting of individual remuneration

The Company recognizes that the individual performance of senior management and material risk takers is key to delivering sustained and long-term value creation for its shareholders and in attracting, developing and retaining these staff. The intention of the policies on remuneration is to ensure employees feel encouraged to create sustainable results and that the interests of the employees are linked to the interests of the Company's shareholder.

In consideration of the setting of individual remuneration the following is considered:

- Fixed remuneration is determined on the basis of the role of the individual employee, including their relevant professional experience, seniority, professional qualifications or specific skills, responsibilities (which may include services on the Company's Board or the boards of its Affiliates, or any sub-committees of such boards) and job complexity, performance and local market conditions.

- The performance-based remuneration component is designed to motivate and reward high performers, generate shareholder value and have regard for the importance of effective risk management. Performance-based remuneration reflects sustainable and risk adjusted performance as well as performance in excess of that required to fulfil their particular duties.

The nature and parameters of an employee's performance-based remuneration is dependant as to whether their professional activities have a material impact on the Company's risk profile (in accordance with the principle of proportionality) ("Identified Staff") or not.

Where an employee's professional activities are identified as having a material impact on the Company's risk profile, the Board have defined a maximum percentage of performance-based remuneration relative to the fixed remuneration for certain risk takers.

Performance-based pay is always granted at the sole discretion of the Board and no employee shall have any contractual right to such payments, unless and until such pay is awarded on such conditions as the Board of Directors or Remuneration Committee see fit.

Guaranteed variable remuneration is not generally a component of performance-based remuneration though in exceptional cases in the first year of employment it may be rewarded and only where the Company has a sound and strong capital base.

6.3 Design characteristics of Company's remuneration system

6.3.1 Remuneration system

The remuneration policies of the Company have been designed to provide Company-wide remuneration policy with respect to remuneration, bonus and incentive arrangements and compensation payments; to ensure that such remuneration payments are appropriate considering the risk profile, long term objectives and goals of the Company; and to ensure the Remuneration Policy is in compliance with applicable laws and codes.

6.3.2 Performance measurement criteria

The Company's success depends in part on the availability of skilled management and the continued services of key members of its Senior Management team. If the Company fails to attract and appropriately train, motivate and retain skilled and qualified people, its businesses may be negatively impacted.

All employees enjoy an annual performance appraisal interview where Senior Management evaluates the staff member's performance:

- performance against previously set and agreed functional and personal goals for the previous year;
- their contribution to their business area and the overall performance of that business area; and
- agree and set new goals for the following year.

Following the assessment, the recommendation on an employee's variable remuneration level is aggregated into the variable performance pool and presented to the Remuneration Committee for consideration. The total amount of remuneration is based on a combination of the assessment of the performance of the individual and of the business unit concerned and of the overall results of the institution.

6.3.3 Risk adjustment

The Company can make a risk adjustment to variable remuneration to take account of a specific crystallized risk or adverse performance outcome including those relating to misconduct (a 'relevant event'). Risk adjustments include reducing current year variable remuneration, the application of malus (reducing or cancelling deferred incentive awards that have not yet vested), and clawback (recouping already vested awards). Staff members may be subject to malus or clawback of up to 100% of variable remuneration where the staff member:

- participated in or were responsible for conduct which resulted in significant losses to the Company; or
- failed to meet appropriate standards of fitness and propriety expected of the employee in accordance with internal policy, regulation or law.

6.3.4 Deferral and vesting policy

Variable remuneration including deferred portions (if any) is paid or vests only if it is sustainable according to the financial situation of the Company as a whole and justified on the basis of the performance of the Company.

The length of the deferral period (if any) shall be considered by the Remuneration Committee and Board established in accordance with its business cycle, the nature of the business, its risks and the activities of the member of staff in question by the Board.

6.4 Information on the criteria on which the entitlement to shares, options or variable components is based

As part of the variable remuneration, and where specified Group performance and local benchmarks are attained, the Company may award shares or share linked instruments (i.e. share options) linked to certain units or like instruments in Virtu Financial, Inc.

6.4.1 Policy on the ratio of fixed remuneration to variable remuneration

In order to avoid excessive risk taking, the Shareholder of the Company has set a maximum of level of the ratio between the fixed and variable components of remuneration whereby the overall level of the variable component shall not exceed 200% of the fixed component for each Identified Staff member.

6.5 Aggregate quantitative information on remuneration for staff who have a material impact on the risk of the institution

For the year ended 31 December 2020, 11 staff were identified as having a material impact on the risk profile of the Company.

Due to the commercial sensitivity of this information it has been omitted from this publication but may be provided on foot of written request to the Compliance Officer, Virtu ITG Europe Limited, Whitaker Court, Whitaker Square, Block C, Sir John Rogerson's Quay, Dublin 2, Ireland.

Remuneration metrics for key staff:

REMUNERATION METRICS	31-Dec-20 EUR '000	31-Dec-19 EUR '000
Identified Staff		
Fixed Remuneration	3,014	10,967
Variable Remuneration	3,335	3,160
cash	2,650	2,757
cash: # of beneficiaries	11	35
shares	685	403
shares: # of beneficiaries	3	35
Total Remuneration	6,349	14,127
Outstanding deferred remuneration		
of which is vested	1,123	4,696
of which is unvested	2,658	3,370
Deferred remuneration		
awarded during the year	411	1,516
paid out during the year	1,123	563
Remuneration reduced through performance adjustments	-	-
New severance / sign on payments made during the year	-	-
Severance payments awarded during the year	-	10,954

7 Leverage Ratio

Article 451 of the CRR requires institutions to disclose information regarding leverage ratios calculated in accordance with Article 429 and to disclose how it manages excessive leverage.

The leverage ratio is defined as the capital measure, being Tier 1 capital divided by the assets exposures. The leverage ratio is designed as a back-stop measure to risk-based capital requirements with the aim of reducing leverage in a firm and across the financial system as a whole.

VIEL as an Article 96.1(a) firm is exempt from the leverage requirements on a solo reporting basis. However, the Group falls within scope for consolidated reporting as VIVL is a parent financial holding company.

The Company's leverage ratio is 49.54%% (2019: 75.39%) on a CRR IV transitional basis and a full implementation basis. VIEL uses equity, in the form of paid-in capital and retained earnings, rather than debt, to finance its investments. As a result, the business is not highly leveraged from a long-term perspective.

The Company ensures it is in line with the minimum requirement for the leverage ratio.

	Table LRSum: Summary reconciliation of accounting assets and leverage ratio exposures	**2020**	**2019**
		Applcable Amounts	**Applcable Amounts**
		EUR '000's	**EUR '000's**
1	Total assets as per published financial statements	590,324	635,798
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation		
3	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013 "CRR")		
4	Adjustments for derivative financial instruments		
5	Adjustments for securities financing transactions "SFTs"		
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)		
EU-6a	(Adjustment for intragroup exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013)		
EU-6b	(Adjustment for exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (14) of Regulation (EU) No 575/2013)		
7	Other adjustments	(478,463)	(560,220)
8	**Total leverage ratio exposure**	**111,861**	**75,578**

	Table LRCom: Leverage ratio common disclosure	CRR leverage ratio exposures 2020 EUR '000's	CRR leverage ratio exposures 2019 EUR '000's
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	118,373	83,988
2	(Asset amounts deducted in determining Tier 1 capital)	(6,512)	(8,410)
3	**Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)**	**111,861**	**75,578**
	Derivative exposures		
4	Replacement cost associated with *all* derivatives transactions (ie net of eligible cash variation margin)	-	-
5	Add-on amounts for PFE associated with *all* derivatives transactions (mark-to-market method)	-	-
EU-5a	Exposure determined under Original Exposure Method	-	-
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-
8	(Exempted CCP leg of client-cleared trade exposures)	-	-
9	Adjusted effective notional amount of written credit derivatives	-	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
11	**Total derivative exposures (sum of lines 4 to 10)**	-	-
	Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	-	-
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
14	Counterparty credit risk exposure for SFT assets	-	-
EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b (4) and 222 of Regulation (EU) No 575/2013	-	-
15	Agent transaction exposures	-	-
EU-15a	(Exempted CCP leg of client-cleared SFT exposure)	-	-
16	**Total securities financing transaction exposures (sum of lines 12 to 15a)**	-	-
	Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	-	-
18	(Adjustments for conversion to credit equivalent amounts)	-	-
19	**Other off-balance sheet exposures (sum of lines 17 to 18)**	-	-
	Exempted exposures in accordance with CRR Article 429 (7) and (14) (on and off balance sheet)		
EU-19a	(Exemption of intragroup exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	-	-
EU-19b	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	-	-
	Capital and total exposures		
20	**Tier 1 capital**	**55,417**	**56,981**
21	**Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)**	**111,861**	**75,578**
	Leverage ratio		
22	**Leverage ratio**	**49.54%**	**75.39%**
	Choice on transitional arrangements and amount of derecognised fiduciary items		
EU-23	Choice on transitional arrangements for the definition of the capital measure	55,417	56,981
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) NO 575/2013		-

	Table LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)	CRR leverage ratio exposures 31 December 2020	CRR leverage ratio exposures 31 December 2019
EU-1	Total on-balance sheet exposures (exempted exposures), of which:	111,861	75,577
EU-2	Trading book exposures	-	-
EU-3	Banking book exposures, of which:	-	-
EU-4	Covered bonds	-	-
EU-5	Exposures treated as sovereigns	13	811
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	-	-
EU-7	Institutions	92,914	52,116
EU-8	Secured by mortgages of immovable properties	-	-
EU-9	Retail exposures	-	-
EU-10	Corporate	13,667	14,028
EU-11	Exposures in default	-	-
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	5,267	8,622

8 Country by Country reporting

Article 89 of the CRD requires the Company to report certain information on an annual basis as follows on a consolidated basis:

Nature of Activities-2020	The firm engaged in agency brokerage activities and operated a Multilateral Trading Facility
	€'000
Turnover	133,758
Employee Locations	
No. in Ireland	25
No. in United Kingdom	68
No. in France	11

9 Subsidiary Disclosures

CRD IV introduced an incremental disclosure requirement for significant subsidiaries of EU parent institutions and those subsidiaries which are of material significance to the local market, to disclose certain information on an individual or sub-consolidated basis. The respective disclosures for VIEL on an individual basis are contained in Appendix 2.

Appendix 1

Geographical breakdown of counter-cyclical buffers:

December 2019 Disclosures	000	000	000	000	000	000	000	000	000	000		
	General credit exposures		Trading book exposure		Securitisation exposure		Own funds requirements				Own funds requirement weights	Countercyclical capital buffer rate
	Exposure value for SA	Exposure value IRB	Sum of long and short position of trading book	Value of trading book exposure for internal models	Exposure value for SA	Exposure value for IRB	Of which: General credit exposures	Of which: Trading book exposures	Of which: Securitisation exposures	Total		
	10	20	30	40	50	60	70	80	90	100	110	120
Australia	4	0	0	0	0	0	0	0	0	0	0.00%	0.00%
Austria	3	0	0	0	0	0	0	0	0	0	0.00%	0.00%
Belgium	50	0	0	0	0	0	1	0	0	1	0.03%	0.00%
Bermuda	13,810	0	0	0	0	0	1,104	0	0	1104	35.59%	0.00%
Canada	26	0	0	0	0	0	0	0	0	0	0.01%	0.00%
China	2	0	0	0	0	0	0	0	0	0	0.00%	0.00%
Czech Republic	5	0	0	0	0	0	0	0	0	0	0.00%	1.50%
Denmark	44	0	0	0	0	0	0	0	0	0	0.02%	1.00%
Egypt	2	0	0	0	0	0	0	0	0	0	0.01%	0.00%
Finland	348	0	0	0	0	0	5	0	0	5	0.18%	0.00%
France	6,240	0	0	0	0	0	206	0	0	206	6.66%	0.25%
Germany	426	0	0	0	0	0	6	0	0	6	0.22%	0.00%
Greece	0	0	0	0	0	0	0	0	0	0	0.00%	0.00%
Hong Kong	566	0	0	0	0	0	9	0	0	9	0.29%	2.50%
India	18	0	0	0	0	0	1	0	0	1	0.05%	0.00%
Indonesia	0	0	0	0	0	0	0	0	0	0	0.00%	0.00%
Ireland	2,159	0	0	0	0	0	174	0	0	174	5.63%	1.00%
Isle of Man	0	0	0	0	0	0	0	0	0	0	0.00%	0.00%
Israel	0	0	0	0	0	0	0	0	0	0	0.00%	0.00%
Italy	55	0	0	0	0	0	1	0	0	1	0.03%	0.00%
Japan	123	0	0	0	0	0	2	0	0	2	0.06%	0.00%
Korea, Republic of	0	0	0	0	0	0	0	0	0	0	0.00%	0.00%
Luxembourg	116	0	0	0	0	0	2	0	0	2	0.06%	0.00%
Monaco	0	0	0	0	0	0	0	0	0	0	0.00%	0.00%
Netherlands	172	0	0	0	0	0	2	0	0	2	0.09%	0.00%
Norway	12	0	0	0	0	0	0	0	0	0	0.01%	2.50%
Poland	21	0	0	0	0	0	0	0	0	0	0.01%	0.00%
Portugal	0	0	0	0	0	0	0	0	0	0	0.00%	0.00%
Russia	0	0	0	0	0	0	0	0	0	0	0.00%	0.00%
Singapore	19	0	0	0	0	0	0	0	0	0	0.01%	0.00%
South Africa	1	0	0	0	0	0	0	0	0	0	0.00%	0.00%
Spain	202	0	0	0	0	0	3	0	0	3	0.10%	0.00%
Sweden	14,773	0	0	0	0	0	326	0	0	326	7.61%	2.50%
Switzerland	182	0	0	0	0	0	14	0	0	14	0.47%	0.00%
Turkey	14	0	0	0	0	0	1	0	0	1	0.05%	0.00%
United Kingdom	35,136	0	0	0	0	0	1,311	0	0	1311	42.25%	1.00%
UAE	13	0	0	0	0	0	0	0	0	0	0.01%	1.00%
United States	1,036	0	0	0	0	0	16	0	0	16	0.53%	0.00%
Total	75,578	-	-	-	-	-	3,184	-	-	3,184	100.00%	

December 2020 Disclosures

	'000	'000	'000	'000	'000	'000	'000	'000	'000	'000		
	General credit exposures		Trading book exposure		Securitisation exposure		Own funds requirements				Own funds requirement weights	Countercyclical capital buffer rate
	Exposure value for SA	Exposure value IRB	Sum of long and short position of trading book	Value of trading book exposure for internal models	Exposure value for SA	Exposure value for IRB	Of which: General credit exposures	Of which: Trading book exposures	Of which: Securitisation exposures	Total		
	10	20	30	40	50	60	70	80	90	100	110	120
Australia	1,105	0	0	0	0	0	18	0	0	18	0.56%	0.00%
Austria	1	0	0	0	0	0	0	0	0	0	0.00%	0.00%
Belgium	45	0	0	0	0	0	1	0	0	1	0.02%	0.00%
Bermuda	13,070	0	0	0	0	0	1,043	0	0	1043	32.89%	0.00%
Canada	17	0	0	0	0	0	1	0	0	1	0.01%	0.00%
China	0	0	0	0	0	0	0	0	0	0	0.00%	0.00%
Czech Republic	6	0	0	0	0	0	1	0	0	1	0.00%	1.50%
Denmark	1,490	0	0	0	0	0	24	0	0	24	0.75%	0.00%
Egypt	0	0	0	0	0	0	0	0	0	0	0.01%	0.00%
Finland	759	0	0	0	0	0	12	0	0	12	0.38%	0.00%
France	7,391	0	0	0	0	0	186	0	0	186	5.85%	0.00%
Germany	1,933	0	0	0	0	0	31	0	0	31	0.97%	0.00%
Greece	0	0	0	0	0	0	0	0	0	0	0.00%	0.00%
Hong Kong	4	0	0	0	0	0	1	0	0	1	0.00%	1.00%
India	1	0	0	0	0	0	0	0	0	0	0.05%	0.00%
Indonesia	0	0	0	0	0	0	0	0	0	0	0.00%	0.00%
Ireland	5,516	0	0	0	0	0	233	0	0	233	7.36%	0.00%
Isle of Man	0	0	0	0	0	0	0	0	0	0	0.00%	0.00%
Israel	0	0	0	0	0	0	0	0	0	0	0.00%	0.00%
Italy	476	0	0	0	0	0	8	0	0	8	0.03%	0.00%
Japan	1	0	0	0	0	0	0	0	0	0	0.00%	0.00%
Korea, Republic of	1	0	0	0	0	0	0	0	0	0	0.00%	0.00%
Luxembourg	201	0	0	0	0	0	3	0	0	3	0.10%	0.00%
Monaco	0	0	0	0	0	0	0	0	0	0	0.00%	0.00%
Netherlands	215	0	0	0	0	0	3	0	0	3	0.11%	0.00%
Norway	261	0	0	0	0	0	4	0	0	4	0.13%	1.00%
Poland	20	0	0	0	0	0	1	0	0	1	0.01%	0.00%
Portugal	0	0	0	0	0	0	0	0	0	0	0.00%	0.00%
Russia	0	0	0	0	0	0	0	0	0	0	0.00%	0.00%
Singapore	0	0	0	0	0	0	0	0	0	0	0.00%	0.00%
South Africa	0	0	0	0	0	0	0	0	0	0	0.00%	0.00%
Spain	105	0	0	0	0	0	2	0	0	2	0.05%	0.00%
Sweden	1,750	0	0	0	0	0	28	0	0	28	0.88%	0.00%
Switzerland	955	0	0	0	0	0	52	0	0	52	1.65%	0.00%
Turkey	12	0	0	0	0	0	2	0	0	2	0.05%	0.00%
United Kingdom	56,398	0	0	0	0	0	1,202	0	0	1202	37.84%	0.00%
UAE	13	0	0	0	0	0	1	0	0	1	0.01%	0.00%
United States	20,115	0	0	0	0	0	321	0	0	321	10.13%	0.00%
Total	111,861	-	-	-	-	-	3,178	-	-	3,178	100.00%	

Appendix 2

The below are disclosures satisfying the requirement in CRD IV to disclose certain information on an individual or sub-consolidated basis if the subsidiary is seen to be significant to the Company. The below are individual disclosures in relation to VIEL.

Own Funds Disclosure:

CAPITAL RESOURCES*	As at 31-Dec-20	As at 31-Dec-19
	EUR '000	EUR '000
Tier 1 Capital		
Ordinary Share Capital	556	587
Share Premium	-	-
Capital Contributions	-	-
Other Reserves	-	-
Retained Earnings	54,310	57,389
Adjustments to Tier 1		
Intangible assets	(7,830)	(9,827)
Goodwill	-	(109)
Value adjustments due to the requirements for prudent valuation	-	-
Total Tier 1 Capital	47,036	48,040

*COREP for period 31 December 2020

Capital Ratios:

CAPITAL RATIOS	As at 31-Dec-20	As at 31-Dec-19
CET 1 Capital ratio	18.79%	20.00%
T1 Capital ratio	18.79%	20.00%
Total Capital ratio	18.79%	20.00%

Capital Requirements:

CAPITAL REQUIREMENTS	As at 31-Dec-20 EUR '000	As at 31-Dec-19 EUR '000
Pillar 1 Regulatory Capital Requirements		
Credit & Counterparty Credit Risks *	3,087	2,822
Settlement & Delivery Risks	-	-
Position, FX and Commodity Risks *	1,228	257
Operational Risk	15,708	16,139
Total Capital Requirement	20,023	19,218

*Using Standardised Approach

Credit Risk:

CREDIT RISK EXPOSURES AND CAPITAL REQUIREMENTS	Year ended 31 December 2020		Year ended 31 December 2019	
	Risk Weighted Asset EUR '000	Capital Requirements EUR '000	Risk Weighted Asset EUR '000	Capital Requirements EUR '000
Credit Risk Exposures				
Institutions	9,317	745	1,459	117
Corporates	14,598	1,168	14,636	1,171
Public Sector Entities	-	-	-	-
Claims on institutions and corporate with a short-term credit assessment.	7,942	635	6,507	521
Central governments or central banks	-	-	-	-
Other items	6,733	539	12,676	1,014
Total	38,590	3,087	35,278	2,822

Geographic Distributions of Credit Risk Exposure:

GEOGRAPHIC ANALYSIS OF CREDIT RISK EXPOSURES 12/31/2020	Total EUR '000	Republic of Ireland EUR '000	United Kingdom EUR '000	United States of America EUR '000	Sweden EUR '000	France EUR '000	Bermuda EUR '000	Other EUR '000
Credit Risk Exposures								
Central governments or central banks		-	-	-	-	-	-	-
Equity	111	111	-	-	-	-	-	-
Institutions*	98,531	3,838	47,637	18,646	1,731	5,877	13,829	6,973
Other exposures	5,058	1,678	2,856	-	-	524	-	-
Total exposures	103,700	5,627	50,493	18,646	1,731	6,401	13,829	6,973

Average Credit Risk Exposures:

AVERAGE CREDIT RISK EXPOSURES AND CAPITAL REQUIREMENTS	1 January to 31 December 2020		1 January to 31 December 2019	
	Risk Weighted Asset EUR '000	Capital Requirements EUR '000	Risk Weighted Asset EUR '000	Capital Requirements EUR '000
Credit Risk Exposures				
Institutions	5,637	450	2,679	214
Corporates	14,107	1,128	14,145	1,132
Public sector entities	-	-	-	-
Central governments or central banks	512	40	7,742	619
Claims on institutions and corporate with a short-term credit assessment	7,959	636	-	-
Other items	8,367	669	13,506	1,080
Total	36,582	2,923	38,073	3,046

Asset Encumbrance Disclosures:

	Assets as at 31 December 2019	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
		EUR '000	EUR '000	EUR '000	EUR '000
		010	040	060	090
010	**Assets of the reporting institution**	30,975		591,590	
020	**Loans on demand**				
030	Equity instruments				
040	Debt securities				
120	Other assets	30,975		591,590	

	Assets as at 31 December 2020	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
		EUR '000	EUR '000	EUR '000	EUR '000
		010	040	060	090
010	**Assets of the reporting institution**	29,340		553,985	
020	**Loans on demand**				
030	Equity instruments				
040	Debt securities				
120	Other assets	29,340		553,985	

	As at 31 December 2019	Fair value of encumbered collateral received or own debt securities issued	Unencumbered Fair value of collateral received or own debt securities issued available for encumbrance
		EUR '000s	EUR '000s
		010	040
130	**Collateral received by the reporting institution**	-	-
140	Loans on demand		
150	Equity instruments		
160	Debt securities		
230	Other collateral received		
240	**Own debt securities issued other than own covered bonds or asset-backed securities**		

	As at 31 December 2020	Fair value of encumbered collateral received or own debt securities issued	Unencumbered Fair value of collateral received or own debt securities issued available for encumbrance
		EUR '000s	EUR '000s
		010	040
130	Collateral received by the reporting institution	-	-
140	Loans on demand		
150	Equity instruments		
160	Debt securities		
230	Other collateral received		
240	Own debt securities issued other than own covered bonds or asset-backed securities		

Template C-Sources of encumbrance		
	As at 31 December 2019	**Matching liabilities, contingent liabilities or securities lent**
		EUR '000s
		010
010	**Carrying amount of selected financial liabilities**	
010	**Carrying amount of selected financial liabilities**	
020	Derivatives	
030	of which: Over-The-Counter	
040	Deposits	
050	Repurchase agreements	
060	of which: central banks	
070	Collateralised deposits other than repurchase agreements	
080	of which: central banks	
090	Debt securities issued	
100	of which: covered bonds issued	
110	of which: asset-backed securities issued	
120	**Other sources of encumbrance**	**30,975**
170	**TOTAL SOURCES OF ENCUMBRANCE**	**30,975**

Template C-Sources of encumbrance		
	As at 31 December 2020	**Matching liabilities, contingent liabilities or securities lent**
		EUR '000s
		010
010	**Carrying amount of selected financial liabilitie**	-
010	**Carrying amount of selected financial liabilitie**	-
020	Derivatives	
030	of which: Over-The-Counter	
040	Deposits	
050	Repurchase agreements	
060	of which: central banks	
070	Collateralised deposits other than repurchase agreements	
080	of which: central banks	
090	Debt securities issued	
100	of which: covered bonds issued	
110	of which: asset-backed securities issued	
120	**Other sources of encumbrance**	29,340
170	**TOTAL SOURCES OF ENCUMBRANCE**	29,340