

Virtu Financial Ireland Limited

Conflicts of Interest Disclosure (MiCAR)



VIRTU
FINANCIAL



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1 General Nature of Conflicts of Interest

Virtu Financial Ireland Limited ("VFIL", "the Firm", "we") is required to identify, prevent, manage and disclose conflicts of interest in accordance with Article 72 of MiCAR. Through this disclosure, the Firm aims to inform the actual and potential clients on the general nature and sources of conflicts of interest that may arise in relation to the crypto-asset services provided, which is an exchange of crypto-assets for funds or other crypto assets, as well as the measures established by the Firm to mitigate these conflicts.

Conflicts of interest may arise between the following parties, and may be potentially detrimental to the clients and the Firm itself:

- The Firm and clients;
- The Firm and the broader Virtu Group, including other European affiliates;
- The Firm's staff or management body and the Firm, Virtu Group (including other European affiliates), or clients;
- Two or more clients.



2 Sources of Conflicts of Interest

Conflicts of interest that are potentially detrimental to the clients may currently arise in the following situations:

- Obtaining a financial or other benefit at a client's expense, e.g. by establishing pricing methodologies that disadvantage clients;
- Providing similar or overlapping crypto-asset services within the wider Virtu Group, including other European affiliates;
- Favours intra-group liquidity sources from the Virtu Group affiliates with overlapping crypto-asset services, when better liquidity is available elsewhere, which leads to a negative outcome for the clients;
- Having group ownership interests in third-party crypto-asset service providers; or
- Carrying out the same business as a client.

As VFIL's crypto-asset business grows over time, the Firm anticipates that other potential conflicts may arise in future, which can be appropriately mitigated in accordance with its existing conflicts of interest framework:

- Having interest in the outcome of a service provided to a client that is distinct from the client's interest in that outcome;
- Favours interests of one or more clients over another;
- Receiving inducements from third parties in relation to the crypto-asset services provided to the clients;
- Performing or promoting crypto-asset services that may involve conflicting interests (e.g. operation of a trading platform for crypto-assets, placing of crypto-assets, providing advice on crypto-assets, etc.); or
- Operating remuneration practices that create conflicts.

Therefore, clients may potentially suffer financial detriment due to biased decision-making, preferential treatment, conflicted pricing, or incentives that prioritise the Firm's or broader Virtu Group's interests over their own.

Conflicts of interest that are potentially detrimental to the Firm may currently arise in the following situations:

- Sharing internal resources within the European affiliates across support functions, such as finance, HR, IT, second line of defence;
- Personal account dealing, including using sensitive information for personal investments;
- Work-from-home arrangements; or
- Professional, personal and close family relationships, including other directorships and outside activities of employees and directors that may impair their judgement, obtain them financial benefits at the expense of the Firm, or create any other conflicts.

Therefore, the Firm may potentially face operational, financial, supervisory and conduct risks from conflicted staff behaviour, misuse of information, shared resources or personal interests impairing objective decision-making.

Following an assessment of its activities and procedures, the Firm has confirmed that its actual and potential conflicts of interest are adequately mitigated, in particular due to the fact that neither VFIL nor its European affiliates has access to any pre-trade crypto-asset data.



3 Mitigation of Conflicts of Interest

The Firm has implemented a range of measures to prevent and mitigate actual and potential conflicts of interest set out above, including:

- Operating a single business line without any access to pre-trade crypto-asset data and not offering conflicting crypto-asset services;
- Not trading on exchanges in which Virtu Group affiliates have ownership interests;
- No other European affiliates provide crypto-asset services or related business lines which could conflict or compete with the Firm's crypto-asset services;
- Publishing transparent pricing methodology based on objective factors;
- Ensuring that clients retain full discretion to accept or reject bi-lateral quoted prices offered by the Firm, client orders are not treated in a manner that favour one client over another, and the Firm cannot influence clients in a way that compromise their interests;
- Managing conflicts arising from overlapping crypto-asset services within the broader Virtu Group through the Firm's pricing methodology, client-retained decision-making, the outsourcing framework, and the overall conflicts of interests framework;
- Establishing clear terms of business with clients and contractual arrangements with staff;
- Implementing various processes for identifying and assessing risks related to conflicts of interest;
- Setting out an appropriate organisational structure and allocating responsibilities, reporting lines and oversight within the Firm;
- Establishing logical and physical segregation, access controls and segregation of duties, systems and access rights to data;
- Implementing policies covering conflicts, conduct, remuneration, personal dealing, inducements, gifts and entertainment, outside interest, confidentiality, market abuse and financial crime;
- Regular declaration and disclosure of conflicts by staff and directors;
- Escalation procedures, including anonymous reporting mechanisms for whistleblowing, and various staff communication channels;
- Trade and communication surveillance;
- Independent second-line monitoring and risk assessments;
- Sound and controlled remuneration practices designed to minimise actual or potential conflicts of interest;
- Outsourcing framework for intra-group and third-party arrangements;
- Ongoing training program for employees and directors.