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ITG - Q2 2015 Investment Technology Group Inc Earnings Call

EVENT DATE/TIME: AUGUST 04, 2015 / 12:30PM GMT



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PRESENTATION

Operator

Good morning and thank you for joining us to discuss ITG's second-quarter 2015 results. My name is Ed, and I will facilitate the call today. After the speakers' remarks, there will be a question-and-answer period. I will provide further instructions before we take questions.

As a reminder, this session is being recorded. I would now like to turn the call over to JT Farley of ITG. Mr. Farley, please go ahead.

JT Farley - *Investment Technology Group, Inc. - Managing Director IR & Corporate Communications*

Thank you, Ed, and good morning. In accordance with Safe Harbor regulations, I would like to advise you that the forward-looking statements we will be making this morning are subject to a series of risks and uncertainties that may cause actual results to differ materially from those statements. These forward-looking statements speak as of today, and you should not rely upon them as representing our views in the future. While we may elect to update these forward-looking statements in the future, we undertake no obligation to do so.

I advise you to read about the risk factors that may affect forward-looking statements in this morning's press release, as well as in our SEC filings. Press releases and the PowerPoint slides which accompany this presentation are available for download in the Investor Relations section of ITG.com. Speaking this morning are ITG's Chair, Maureen O'Hara; Interim CEO, Jarrett Lilien; and CFO, Steve Vigliotti. To start, I would like to turn it over to Maureen.

Maureen O'Hara - *Investment Technology Group, Inc. - Chairman*

Thank you, JT, and thank all of you for joining the call this morning. Jarrett and I will make some introductory remarks and cover recent events, and then Steve Vigliotti will review the performance of the business. Afterwards, we'd be happy to answer some questions.

As we reported in yesterday's press release, recent developments, including the just-concluded independent review the Board conducted with the assistance of outside counsel, made it clear that now is the right time for ITG to turn to new leadership. Last week, we announced a potential settlement with the staff of the Division of Enforcement of the SEC. We're encouraged by this and hope that the settlement will be approved by the SEC in short order. There is no firm timetable for this except to tell you that we are working with the SEC to move this forward as quickly as possible.



On behalf of the Board, I want to thank our fellow Board member, Jarrett Lilien, who's a very accomplished financial services executive, for agreeing to serve as the Company's interim CEO. For those of you who don't know Jarrett, he's been a Director of ITG since April 2015. He is also the Managing Partner of Bendigo Partners, a venture capital investment firm which he founded in 2008. Many of you know him from his tenure as a senior executive at E*TRADE Financial Corporation. We're lucky to have him. And with that, I'll turn it over to Jarrett.

Jarrett Lilien - *Investment Technology Group, Inc. - interim CEO.*

Thanks, Maureen, and I thank all of you for being here this morning. In my short tenure as a Director at ITG, it has been clear to me that we have an exceptional team with an exceptional product at an exceptional Company. I'm proud to be here, and I'm proud to be part of this organization.

Yesterday I joined Maureen for an employee town hall meeting. We also had the opportunity to spend time with the executive team. I can tell you that we all share the same vision and the same mission, which is to focus relentlessly on our clients and make it clear that we are their trusted ally in the market.

ITG has a distinguished heritage of trust and integrity. There's no question that this reputation has been tested, but we now have the opportunity and the responsibility to win it back, and more so, to make it stronger than ever before. There's more work to do to restore confidence with our customers and our shareholders, and we will do this through our actions, which always speak louder than words.

With yesterday's actions, we have moved decisively to assign accountability for the past. And while one of my goals is to ensure that we learn from this and to ensure that something like this never happens again, my bigger goal is to get everyone facing forward again and focused on ITG's future, which I firmly believe continues to be a bright one.

With that, let me turn it over to Steve to go through the results.

Steven Vigliotti - *Investment Technology Group, Inc. - CFO*

Thank you, Jarrett. While we started the year with strong momentum in the first quarter, we saw a sequential decline in marketwide trading in all regions we operate, except Asia-Pacific, due to lower volatility. Revenues did improve to \$140.5 million compared to \$138.5 million in the second quarter of last year, but our adjusted net income declined to \$11.4 million, or \$0.32 per diluted share, due to higher transaction processing costs. We did, however, see a second consecutive record quarter of revenue and earnings from our Asia-Pacific segment.

As noted on slide 4, we generated consolidated revenues of \$140.5 million during the second quarter, down 6.2% from the first quarter of 2015 and up 1.5% from the second quarter of 2014. On a GAAP basis, we incurred a net loss during the quarter of \$0.30 per share compared to net income of \$0.47 per share in the first quarter of 2015 and net income of \$0.35 per share in the second quarter of 2014.

On slide 5 we have detailed the non-operating items included in our GAAP results for the second quarter of 2015. There were no non-operating items, either in the first quarter of this year or the second quarter of 2014. As previously announced, we recorded a reserve for a probable settlement with the SEC of \$20.3 million and incurred related costs of \$2.3 million, totaling \$22.6 million pre-tax and \$21.6 million after taxes, or \$0.62 per share. The tax benefit recognized was primarily on the related legal and other fees and not on the actual reserve. Excluding these charges, adjusted net income for the second quarter of 2015 was \$0.32 per share. For the remainder of this discussion, all references to results and costs will be on an adjusted basis, excluding these items.

Slide 6 presents our consolidated results along with separate breakdowns of the results from our North American and Europe and Asia-Pacific operations as well as our corporate activity. Starting with the first quarter of 2015, we changed our segment measures and are now presenting our regional segment results excluding corporate activity. Corporate activity includes investment income as well as costs not associated with operating ITG's regional and product group business lines including, among others, the costs of being a public company, intangible amortization, interest expense, the costs of maintaining a global transfer pricing structure, and certain non-operating items. Previously, the majority of these costs were presented in the US.

On a year-over-year comparative basis, consolidated expenses were up \$5 million, while consolidated revenues were up \$2 million. The reduction in our margin to 9.7% in the second quarter, compared to 14.9% in the first quarter of 2015 and 12.5% in the second quarter of 2014, was driven in part by increased transaction processing costs. Our consolidated effective tax rate was down to 17.1% for the quarter, reflecting the regional mix of our earnings. Our North American effective tax rate was 32.4% due to a number of adjustments, including the write-down of a reserve. Excluding these adjustments, our North American effective tax rate would have been consistent with the first quarter of 2015, at approximately 40%. Our European and Asia-Pacific effective tax rate was nearly the same as the first quarter of 2015, at 14.4%.

Our North American businesses posted earnings of \$0.18 per share in the second quarter on revenues of \$92.2 million, and our combined European and Asia-Pacific businesses posted net income of \$0.22 per share in the second quarter on revenues of \$48.1 million. Corporate activity lowered adjusted net income by \$0.08 per share in the second quarter.

On slide 7 you can see the impact of translating the second quarter of 2015 income statements of our foreign subsidiaries to US dollars using current exchange rates as compared to exchange rates in effect in the second quarter of 2014. Current exchange rates lowered consolidated net income by \$1.6 million, or \$0.05 per share, as compared to exchange rates in effect in the second quarter of 2014. You can also see the larger impact on gross revenues and expenses. There was no material change to net income, revenues, or expenses from using current exchange rates as compared to exchange rates in effect in the first quarter of 2015.

On slide 8 we break down the performance of our North American operations between the US and Canada. During the second quarter of 2015, we generated revenues of \$75.5 million with a pre-tax margin of 7.6% in the US. This compares to \$80.5 million in revenues with a pre-tax margin of 13.7% in the first quarter of 2015 and \$77.3 million of revenues with a pre-tax margin of 12.8% in the second quarter of 2014. As previously guided in our volume releases, commission revenues reflect the impact of a lower average revenue per share, due primarily to a higher proportion of volume from sell-side clients.

Other revenues in the US were \$1.2 million, down from \$2 million in the first quarter of 2015 and from \$5.1 million in the second quarter of 2014. The decline in other revenues as compared to the second quarter of 2014 reflects lower levels of transaction advisory services revenue and stock loan revenue.

Our US expenses rose 3% from the second quarter of 2014, even as revenues declined, due to higher transaction processing costs associated with increased trading volumes from lower-rate sell-side clients and an increase in the use of trading products and services by clients that incur higher execution costs.

Our compensation ratio was 43.6% in the second quarter of 2015 as compared to 42% in the first quarter of 2015 and 42.2% in the second quarter of 2014.

In Canada, our business performed well in a difficult market environment. In local currency terms, our commission revenues were up 12% versus the second quarter of 2014, ahead of the 7% growth in volumes marketwide. Our dark pool match now hit new record volumes and during the quarter represented approximately 5.5% of total Canadian volume, single counted. Our Canadian results also benefited from downward mark-to-market adjustments on cash settle stock awards to our employees, which lowered costs by \$400,000.

The comparison of our Canadian results to the second quarter of 2014 were negatively impacted by currency translation and a \$900,000 reduction in recurring revenue from reporting more of our global connectivity revenue and all of our corporate energy research revenue in the US. Stock-based compensation had a similar downward adjustment in the second quarter of 2014.

On slide 9 we break down the results of our European and Asia-Pacific businesses. The Greek debt crisis caused significant market volatility in Europe during the quarter. While this increased overall marketwide trading activity, it also caused global asset managers, who represent our core client base, to limit their exposure to these markets, particularly from mid-May onwards. This resulted in a higher concentration of sell-side business, which tends to rise along with volatility and caused the drop in our average commission rate.



European revenues were up 8% over the second quarter of last year to \$33.6 million, even with the lower commission rate and the negative impact of currency translation. Our European margin dipped to 23.1% this quarter, primarily reflecting the impact of higher transaction processing costs due to the impact of the lower commission rate and, to a lesser degree, an increase in trading in more expensive markets.

Asia-Pacific revenues increased 20% over the second quarter of 2014 to \$14.5 million, our second consecutive quarterly record, reflecting in part the growth in commissions from our electronic brokerage products such as our trading algorithms and POSIT Alerts. While the growth in our value traded was less than the overall growth in value traded in our five main regional markets, much of that increase was due to the surge in trading in Hong Kong, which was fueled by retail investors.

Our Asia-Pacific compensation ratio dipped again, to 35.3%, reflecting the scale we are able to realize with revenue growth and the impact of leveraging global technology resources. This improved scale pushed profitability to a record \$1.6 million for the quarter, our fourth consecutive quarter of profitability.

On slide 10 we offer supplementary information for the last five quarters on revenues broken out by our four product groups and for investment income, which we categorize as corporate. As you can see from this table, revenues were down sequentially in all product groups, primarily reflecting lower trading activity. On a year-over-year basis, revenues were flat to up for all groups, most notably electronic brokerage, due primarily to growth in Asia-Pacific.

On slide 11 we present supplementary pre-tax income information for our four product groups and for our corporate activity for the second quarter of 2015, along with the margin rates for the first quarter of 2015 and the second quarter of 2014. While the margin rate for analytics was steady, electronic brokerage platforms and research sales and trading all saw reduced margin rates as compared to both the first quarter of 2015 and the second quarter of 2014.

The sequential reduction in margin for electronic brokerage and platforms primarily reflected lower levels of marketwide trading. The reduction in the margin rate for research sales and trading included the impact of one-time costs to close our healthcare research business and, to an extent, an important data contract. The margin for research sales and trading would have been approximately 7% without these charges.

On slide 12 we have presented our US volume and rate capture statistics. Our average daily executed volume was down 4% versus the first quarter of 2015, but was up 23% versus the second quarter of 2014. As you can see on this slide, our average overall revenue capture rate per share declined to 42 mils from 45 mils in the first quarter and 50 mils in the second quarter of last year.

The drop in rate was attributable to the previously disclosed shift in the mix of our volume to sell-side clients and to a decline in rate from sell-side clients. Sell-side clients represented 59% of our volume in the second quarter compared to 56% in the first quarter and 49% in the second quarter of last year. The rate from buy-side clients was flat from both the first quarter of 2015 and the second quarter of 2014.

We ended the quarter with \$211.8 million of cash and cash equivalents on our balance sheet, up from \$205.8 million at March 31, due primarily to higher payable balances. Our excess cash at June 30, over and above what we need for regulatory capital and compensation liabilities, was \$20 million, down from \$45 million at March 31 due to the impact of the settlement reserve and a higher capital need in the US to avoid excess margin calls for clearance.

During the quarter we repurchased 280,000 shares for \$8.1 million and paid our first quarterly dividend of \$2.4 million. On a year-to-date basis, we have returned \$26.9 million to stockholders in the form of share buybacks and dividends, which is \$5.6 million in excess of our year-to-date free cash flow. As you saw in today's announcements, we declared our second quarterly dividend.

We are not changing our 2015 capital return guidance at this time, although we expect our capital return to be lower in Q3, given the extended period of inactivity. We will monitor ongoing business levels and make sure you are aware if there are any changes to our guidance.

Looking forward, I would like to offer the following observations. Our US average daily volume for July was approximately 197 million shares at an average rate slightly below our second-quarter average. The average daily commissions in July in our Canadian, European, and Asia-Pacific businesses

was down a combined 3% compared to the second quarter, but was up from the third quarter of last year. In the three trading days since we announced the potential SEC settlement, our market share of international trading was roughly unchanged on a blended basis from the second quarter 2015 levels, while in the US, our volume market share was down about 25%.

While we recorded the reserve for the potential settlement in the second quarter, there was and still is a fair amount of work to do in the third quarter to reach a final settlement order. As a result, we expect a significant amount of legal and other fees related to this matter in the third quarter.

And with that, I'd like to open the call to Q&A. Operator, please open up the lines for questions.

QUESTIONS AND ANSWERS

Operator

Thank you. (Operator Instructions.) Ashley Serrao, Credit Suisse.

Ashley Serrao - Credit Suisse - Analyst

A question for Jarrett. Jarrett, I understand you'll be serving on an interim basis. But since the firm is at a pretty critical juncture, I was hoping you'd give us a sense of how much authority you have over strategic decisions in the near term.

Jarrett Lilien - Investment Technology Group, Inc. - interim CEO.

Well, I can answer some of that. Maureen might want to jump in as well. But the instruction that I was given is that I've got the full authority of a CEO. And obviously, working closely with the Board, I'm in a perfect position to consider any strategic alternatives that need to be considered.

Maureen O'Hara - Investment Technology Group, Inc. - Chairman

Absolutely agree with Jarrett, right? Jarrett is the interim CEO. He is the CEO of this Company, and this is actually an exciting time, I think, for ITG. We have a lot of strategic initiatives that we're considering, and there is absolutely no halt in what we believe is we hope to be the strategic momentum. And for that, we need a CEO who will be 100% involved and engaged, and Jarrett's exactly that.

Ashley Serrao - Credit Suisse - Analyst

Okay, and then a question for you, Maureen. Will the Board be taking any actions from a compensation standpoint against Mr. Gasser? I'm trying to get a sense of whether ITG will benefit any way from any RSU forfeitures or compensation and bonus claw-backs.

Steven Vigliotti - Investment Technology Group, Inc. - CFO

Hey, Ashley, the Board is still working through those issues. We will have an 8-K coming out later this week with more detail, so we'll just wait until that comes out to cover that.

Ashley Serrao - Credit Suisse - Analyst

Okay. And then final question for you, Steve. Since this incident, apart from the obvious reduction in excess cash, has the ability to gain any sort of financing or use your credit facilities been impacted in any way?



Steven Vigliotti - *Investment Technology Group, Inc. - CFO*

I think as everyone knows, Ashley, we have a pretty low level of debt on our balance sheet. So should there be a need for financing, that I think our financing partners would be supportive.

Ashley Serrao - *Credit Suisse - Analyst*

Okay, thank you for taking my questions.

Operator

Rich Repetto, Sandler O'Neill.

Rich Repetto - *Sandler O'Neill & Partners - Analyst*

I guess the first question in regards to, you did comment on the market share of the US, or Europe or international being unchanged and US down 25%. And I know we've had one day since the change, but obviously, I think that shows the accountability of the firm. Your expectation -- I know that's got to be a focus going forward -- but how do we look at that, or how are you thinking about market share, and how quickly do you think you can get this back?

Steven Vigliotti - *Investment Technology Group, Inc. - CFO*

Yes, certainly as you know, Rich, we never provide a guidance, so that's a harder time to do that now. I'll turn it over to Jarrett and Maureen for further thoughts, but obviously, we're working through the settlement order. I think that will be another step in us putting this behind us that I think will help our clients get by this.

Jarrett Lilien - *Investment Technology Group, Inc. - interim CEO.*

Yes, Rich, my top priority right now is to restore customer confidence and get that market share back. And I think, obviously, a lot of that is tied to customers seeing the final resolution, and so that's up there as a top priority as well, and we're working on that. And once we have that behind us, my expectation is that -- my hope and expectation -- is that we regain our market share.

Maureen O'Hara - *Investment Technology Group, Inc. - Chairman*

And I'll just support exactly the notions that Jarrett has developed. I think for some of our clients, obviously, the uncertainty about the SEC settlement creates a problem for them. And it is something that we really hope will be resolved quickly. We are dedicating a lot of our time and efforts to this. I think the SEC is trying to work with us on this. So, Rich, I really am optimistic that our clients will recognize that the 28 years of ITG's commitment and this one very regrettable and very unfortunate episode will, hopefully, get behind us, and we can move on and get back to where we've been.

Rich Repetto - *Sandler O'Neill & Partners - Analyst*

Understood, and I know that's out of your control. But hopefully, it comes quickly. The one thing, and I know maybe this is a little bit out of control, but Jarrett, you're interim. Can you talk about the process, or at least the length of the process? How long do you expect to be in the interim position, and when would you expect to have a permanent CEO?



Maureen O'Hara - *Investment Technology Group, Inc. - Chairman*

Rich, why don't I just take that one, because this is, obviously, the Board will be setting up a process to deal with this. It really is our hope that this will be a relatively short interval. I hate to put specific timeframes on it, but I would be very disappointed if we can't bring a more permanent solution within three months. But, of course, it depends on how quickly the process can go. We want to do a careful process, because the leadership at our firm is crucial. And the leadership change is not something that we take lightly. And we will be doing a Board process to do this. We think, actually, that we have a variety of talented people internally. We're also going to be looking externally, and we do hope it will be a relatively short duration before we're able to move to a permanent solution.

Rich Repetto - *Sandler O'Neill & Partners - Analyst*

Okay. And my very last question -- that's helpful -- has to do with, I think we all paid closely attention to your prepared remarks and what you said about the strategic -- I think you said opportunities. And Maureen, I guess the question is, has the Board taken -- you know, you have a change of leadership as far as management. Has the Board taken the time to do a strategic review? Is there a difference stance towards these strategic alternatives, or could you give us just some insight into that?

Maureen O'Hara - *Investment Technology Group, Inc. - Chairman*

Well, Rich, I'm not sure. Different from when? I mean, this Board has been looking at strategic opportunities quite a while. And the events of the last week don't really change the perspective of the Board on the opportunities for this Company to take strategic opportunities that will improve the value of the Company and return value to our shareholders. So I don't really think there's any view that differs, and we're excited. I think if you look at the many good things that are happening -- our international strategies have been great -- we just are ready to take opportunities. And certainly, we're engaged in a number of current initiatives that we hope will come to successful fruition.

Jarrett Lilien - *Investment Technology Group, Inc. - interim CEO.*

And where I'm excited about things as well, as I said before, top priority is the customer and top priority is really back to the future and get us forward-facing again. But as Maureen said, what I'm excited about is there are organic growth opportunities here, but there are a series of other strategic alternatives that also exist in the market. So there's a nice combination of opportunity in front of us.

Rich Repetto - *Sandler O'Neill & Partners - Analyst*

Okay, very helpful. Thank you very much.

Operator

Ken Worthington, JPMorgan.

Ken Worthington - *JPMorgan - Analyst*

In terms of the market share, is the decline really coming in the US electronic brokerage, or are we also seeing a proportional impact in research sales, analytics, and platforms?



Steven Vigliotti - *Investment Technology Group, Inc. - CFO*

Yes, we're not seeing any impact on analytics and platforms. And the decline is a little heavier towards electronic brokers, but also felt a little bit in research sales and trading.

Ken Worthington - *JPMorgan - Analyst*

Okay. And since you're getting paid on commissions in many of these areas, I assume that the down 25% is maybe more severe on the electronic brokerage side since you're not seeing the negative impact on the analytics or platform side. Is that a fair way to think about it?

Steven Vigliotti - *Investment Technology Group, Inc. - CFO*

I'm not sure I follow the question. Again, analytics and platforms revenue levels have been affected. Thus far, it's really the volumes in electronic brokerage and RS&T, again, maybe more heavily weighted towards electronic brokerage.

Ken Worthington - *JPMorgan - Analyst*

Okay. And then research, I assume, has contracts and the analytics has contracts, right? So those should continue to be more stable going forward?

Steven Vigliotti - *Investment Technology Group, Inc. - CFO*

Well, research is combined trading and subscription, so there's a mix there on the research sales and trading group.

Ken Worthington - *JPMorgan - Analyst*

Okay. And then within POSIT, how much has liquidity really been impacted since in that system, liquidity begets liquidity? Is liquidity down enough to really be having an impact on the system?

Steven Vigliotti - *Investment Technology Group, Inc. - CFO*

It's pretty much in line with the overall percentage we noted.

Ken Worthington - *JPMorgan - Analyst*

Okay. And then, Maureen, maybe a couple for you. Can you tell us a little bit about what you're looking for in a new CEO? I guess, is Robert Lilien being considered for that position? And then could you talk a little bit about the strategic direction of the firm going forward as well? Thanks.

Maureen O'Hara - *Investment Technology Group, Inc. - Chairman*

Well, I think the strategic direction and what we're looking for in a CEO really can't be separated, right? I mean, the firm has been developing -- our international strategy has been well established, right? So this is a global firm, global technology based, and increasingly going to be a multi-asset firm. So the issues that will be forefront for our search, we'll be looking for someone who we think will be able to help us implement that strategy. We're not setting out to look at any particular type of person. But the firm is evolving, and the increasing use of, and the opportunities that we see in areas like multi-asset certainly will be a factor as we look around.



One of the things that is challenging when you have a multi-global firm like ours is that it is helpful to have someone who has broad experience. And we're going to consider every opportunity the firm has to find a leader, so I'm not going to foreclose any directions for the search.

Ken Worthington - JPMorgan - Analyst

Okay, sorry. And last one, Steve. Are you guys active on the stock repurchase front right now? Are there reasons that preclude you from repurchasing currently?

Steven Vigliotti - Investment Technology Group, Inc. - CFO

Yes, right now, Ken, we are remaining in a blackout period at least until the settlement order is complete and made public.

Ken Worthington - JPMorgan - Analyst

Okay, awesome. Thank you.

Operator

Chris Allen, Evercore.

Chris Allen - Evercore ISI - Analyst

The 25% decline in US share -- is that being driven by a handful of clients shutting you off, or is it broad-based across your client base?

Steven Vigliotti - Investment Technology Group, Inc. - CFO

It's really a -- it's a combination of both. There's a handful, and there are others that are trading less. It's a combination of both.

Chris Allen - Evercore ISI - Analyst

Got it. Could you guys walk through a timeline of events? We know these events occurred in 2010 and 2011, but when was the Board made aware? When was the SEC made aware? And I'm just trying to think about how this all unfolded and why it took so long to come to light.

Maureen O'Hara - Investment Technology Group, Inc. - Chairman

I think that the challenge we face in addressing that question right now is we have not yet settled with the SEC. And I don't think it really is appropriate at this point to comment on these issues.

Chris Allen - Evercore ISI - Analyst

Okay. Any color you can provide on what necessary steps remain in order to settle with the SEC?



Maureen O'Hara - *Investment Technology Group, Inc. - Chairman*

They have to agree to the settlement at this point. We are still in final negotiations, and the issues are, I believe, very nearly approaching settlement. But to be honest, the SEC is in control of this process more than we are, and I can't really comment on what's happening with their steps down there.

Chris Allen - *Evercore ISI - Analyst*

Okay. And then I guess the last one for me is, why wasn't the management change immediate when this was announced last week?

Maureen O'Hara - *Investment Technology Group, Inc. - Chairman*

Well, let's be clear, right? As I think we mentioned in our press release and client letter, we had done an independent investigation. And our independent investigation had a timeline that, unfortunately, ended a little bit differently from what happened with the disclosure. Our disclosure was dictated by disclosure rules. And I think one of the things that the Board really wanted to be very careful and thoughtful about, right?

The decisions we make with respect to leadership of the firm are not dictated by the convenience of these disclosures, but rather by when you can have sufficient information to make a thoughtful and careful decision. And the Board was not willing to do that until we felt that we had all the information and were able to carefully understand what had happened. And that helped us, then, think through what we believed was the right response for the Company, and that's what we did.

Jarrett Lilien - *Investment Technology Group, Inc. - interim CEO.*

And just to jump in on that, too, as the newest Board member, as you can imagine, there were lots of voices in everybody's ears. And I think the Board did a great job of listening to its own voice, which meant concluding its own investigation and review to come up with its own conclusion. And that's what happened, and it happened quickly. And as soon as that review was over, again, the Board acted decisively. And so again, from my perspective as a new member, I was impressed with the way the Board handled this.

Chris Allen - *Evercore ISI - Analyst*

Thanks a lot.

Operator

Thank you. This concludes the question-and-answer session. I would like to turn the conference back over to Maureen O'Hara for any closing remarks.

Maureen O'Hara - *Investment Technology Group, Inc. - Chairman*

Well, I'd like to thank everyone who joined us today, and I also want to particularly thank our customers for their support. Internationally, we have been really very pleased with the support we've gotten, but I know that all of our customers are important to us. And we really hope that we will be able to bring this situation to a close quickly so that we can return to being the partner for all of our customers. So I want to thank our customers who have supported us and remained committed and resolute. And we hope to be able to say to all of you that we're back and we'll be able to do this as your trusted partner.



I also want to thank our employees. This is a very difficult time. I think ITG as a firm has always been a Company in which we have had just excellent people. And these events should not distract from the fact that we do have, I believe, excellent employees who have worked hard, and this is very distressing for all of us. So I want to thank our employees, I want to thank our customers, and again, thank all of you for joining us on the call today.

Operator

The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.

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