INVESTMENT TECHNOLOGY GROUP INC
Form DEF 14A
March 15, 2004

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to §240.14a-12

Investment Technology Group, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

ý No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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Investment Technology Group, Inc.

380 Madison Avenue,
New York, New York 10017

Notice of Annual Meeting of Stockholders
To Be Held May 5, 2004

To the Stockholders of Investment Technology Group, Inc.:

NOTICE IS HEREBY GIVEN that Investment Technology Group, Inc., a Delaware corporation ("ITG"), will hold its annual meeting of stockholders at ITG's principal executive offices at 380 Madison Avenue, 4th Floor, New York, New York 10017, on Wednesday, May 5, 2004 at 1:00 p.m. (local time), and any adjournments or postponements thereof, for the following purposes:

(1) To elect seven directors to our board of directors to serve until the next annual meeting and until their successors have been duly elected and qualified.

(2) To ratify the appointment of KPMG LLP as our independent auditors for the 2004 fiscal year.

(3) To transact such other business as may properly come before the annual meeting or any one or more adjournments thereof.

Our board of directors has fixed the close of business on March 8, 2004 as the record date for determining the stockholders entitled to notice of and to vote at the annual meeting. Only holders of record of ITG common stock at the close of business on March 8, 2004 are entitled to notice of, and to vote at, the annual meeting. A complete list of stockholders entitled to vote will be available during normal business hours at our principal executive offices located at 380 Madison Avenue, 4th Floor, New York, New York 10017 for a period of ten days prior to the annual meeting for examination by any ITG stockholder for purposes germane to the annual meeting.

Our board of directors unanimously recommends that you vote FOR the proposed slate of directors and FOR the ratification of the appointment of KPMG LLP as our independent auditors.

You are cordially invited to attend the annual meeting in person. Whether or not you expect to attend the annual meeting, please sign and mail promptly the enclosed proxy that is being solicited on behalf of our board of directors. A return envelope that requires no postage if mailed in the United States is enclosed for that purpose. Alternatively, you may vote via telephone or the Internet as directed on the enclosed proxy card. The proxies of stockholders who attend the meeting in person may be withdrawn and such stockholders may vote personally at the meeting.

By Order of the Board of Directors,

P. Mats Goebels
Secretary

New York, New York
March 15, 2004

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THE ANNUAL MEETING

Date, Time and Place of the Annual Meeting

We will hold the annual meeting at 1:00 p.m. (local time), on Wednesday, May 5, 2004, at our principal executive offices at 380 Madison Avenue, 4th Floor, New York, New York 10017.

Matters to Be Considered at the Annual Meeting

We will hold the annual meeting for the following purposes:

(1) To elect seven directors to serve until the next annual meeting and until their successors have been duly elected and qualified.

(2) To ratify the appointment of KPMG LLP as our independent auditors for the 2004 fiscal year.

(3) To transact such other business as may properly come before the annual meeting or any one or more adjournments thereof.

Voting at the Annual Meeting; Record Date; Quorum

On March 8, 2004, the record date for the annual meeting, there were 43,803,748 shares of our common stock outstanding and entitled to vote at the annual meeting. Please note the following:

Each stockholder of record on March 8, 2004 is entitled to cast one vote per share.

This vote may be cast at the annual meeting either in person or by properly completed proxy.

The presence, in person or by proxy, of the holders of a majority of our outstanding common stock entitled to vote at the annual meeting is necessary to constitute a quorum at the annual meeting.

The election of directors will be determined by a plurality of the votes cast. A properly completed proxy indicating "FOR ALL NOMINEES EXCEPT" with respect to the election of one or more directors will not be voted with respect to the director or directors indicated, although it will be counted for purposes of determining whether there is a quorum.

For the ratification of the appointment of KPMG LLP as the independent auditors for the 2004 fiscal year, the affirmative vote of the holders of a majority of the shares represented in person or by proxy at the annual meeting and entitled to vote will be required for approval. A representative of KPMG LLP is expected to be in attendance at the annual meeting with the opportunity to make a statement and respond to questions.

Proxies

We are furnishing you this proxy statement in connection with the solicitations of proxies by and on behalf of our board of directors for use at the annual meeting. Proxies in the form enclosed, or as directed via the telephone or Internet, which are properly completed and received and not subsequently revoked, will be voted at the annual meeting. These proxies will be voted in accordance with the directions specified thereon, and otherwise in accordance with the judgment of the persons designated as proxies. In the case of written proxies, if no directions are indicated on a properly executed proxy, such proxy will be voted in favor of the proposals.

If any other matters are properly presented at the annual meeting for consideration, the persons named in the enclosed forms of proxy and acting thereunder generally will have discretion to vote on such matters in accordance with their best judgment. Notwithstanding the foregoing, proxies voting against a specific proposal may not be used by the persons named in the proxies to vote for

adjournment of the meeting for the purpose of giving management additional time to solicit votes to approve such proposal.

The grant of a proxy does not preclude you from attending the annual meeting and voting in person. You may revoke a proxy at any time before it is voted. Proxies may be revoked by:

delivering a written notice of revocation bearing a later date than the proxy before the vote is taken at the annual meeting;

duly executing a later dated proxy relating to the same shares of common stock and delivering it as indicated below before the vote is taken at the annual meeting; or

attending the annual meeting and voting in person.

Attendance at the annual meeting will not in and of itself constitute a revocation of a proxy. Any written notice of revocation or subsequent proxy must be delivered to Equiserve Trust Company, N.A., P.O. Box 8265, Edison, New Jersey, 08818-8265, or Investment Technology Group, Inc., 380 Madison Avenue, 4th Floor, New York, New York 10017, Attention: Secretary, before the vote is taken at the annual meeting.

We will bear all expenses of our solicitation of proxies for the annual meeting. In addition to solicitation by use of the mails, proxies may be solicited from stockholders by our directors, officers and employees. Solicitation may take place in person or by telephone, facsimile or other means of communication. Such directors, officers and employees will not be additionally compensated, but may be reimbursed for reasonable out-of-pocket expenses in connection with such solicitation. Arrangements may be made with brokerage houses, custodians, nominees and fiduciaries for forwarding of proxy solicitation materials to beneficial owners of our common stock held of record by such brokerage houses, custodians, nominees and fiduciaries. We will reimburse such brokerage houses, custodians, nominees and fiduciaries for their reasonable expenses incurred in doing so. We have retained The Altman Group to assist in soliciting proxies for a fee of approximately $4,000 plus reasonable expenses.

Treatment of Broker Non-Votes and Abstentions at the Annual Meeting

All shares of our common stock represented by properly completed proxies received prior to or at the annual meeting and not revoked will be voted in accordance with the instructions indicated in such proxies. In the case of written proxies, if no instructions are indicated on a properly executed returned proxy, such proxies will be voted FOR the approval of each of the matters set forth on the proxy card. It is not expected that any matter other than those referred to herein will be brought before the stockholders at the annual meeting. However, if other matters are properly presented, the persons named as proxies will vote in accordance with their best judgment with respect to such matters, unless authority to do so is withheld in the proxy.

An automated system administered by our transfer agent will tabulate votes cast by proxy at the annual meeting, and our transfer agent will tabulate votes cast in person at the annual meeting. Brokers who hold shares in street name for customers who are the beneficial owners of such shares are prohibited from giving a proxy to vote such customers' shares with respect to any proposal in the absence of specific instructions from such customers. Broker non-votes and abstentions, tabulated separately, will be included in the determination of the number of shares present at the annual meeting and whether a quorum is present. Broker non-votes and abstentions will not be counted in determining whether a nominee is elected. In determining whether any other proposal has been approved, abstentions will be counted as votes against such proposal and broker non-votes will not be counted as votes either for or against such proposal.

Annual Report to Shareholders, Corporate Governance Guidelines, Code of Business Conduct and Ethics and Committee Charters

A copy of our 2003 Annual Report to Shareholders is enclosed along with our Form 10-K. You may also obtain a copy of our Annual Report and Form 10-K without charge by writing to: Investment Technology Group, Inc. 380 Madison Avenue, Fourth Floor, New York, New York, 10017, attn: Investor Relations. Our 2003 Annual Report to Shareholders and Form 10-K are also available through our website at http://www.itginc.com/investor.

Since 2002, we have taken a number of steps to update the framework of corporate governance at ITG. Our board of directors adopted Corporate Governance Guidelines and a Code of Business Conduct and Ethics, which governs our directors, officers and employees. In 2002, we also formed a nominating and corporate governance committee, described in more detail below under "Election of Directors and Compensation Matters-Committees of the Board of Directors and Meetings", and have adopted new or amended charters for each of the audit, compensation and nominating and corporate governance committees. All of these documents are available on our website at http:/ /www.itginc.com/investor/governance.

ELECTION OF DIRECTORS AND COMPENSATION MATTERS

The number of directors to be elected at the annual meeting has been fixed at seven by the nominating and corporate governance committee. Such directors will be elected to serve until the next annual meeting of stockholders and until their successors shall have been duly elected and qualified. Each of Frank E. Baxter and Neal S. Garonzik are retiring from the board of directors and, accordingly, are not standing for election at the 2004 meeting of stockholders.

Each nominee listed below has been nominated for election by the nominating and corporate governance committee of our board of directors and has consented to serving as a director if elected. In the event that any nominee shall be unable to serve as a director (which is not now anticipated), proxies will be voted for substitute nominees recommended by the board of directors or the board of directors may elect to reduce the number of directors. All of the nominees for election as a director are presently members of the board of directors.

The board of directors has determined that Mssrs. Burdett, Jacobs, King, Wolfson and Ms. O'Hara are "independent" within the meaning of the New York Stock Exchange ("NYSE") listing standards. Our board of directors' policies for determining director independence are available on our website at http:/ /www.itginc.com/investor/governance.

Nominees to Board of Directors

The following information is submitted concerning the nominees for election as directors.

Name	Age	Position
Raymond L. Killian, Jr.	66	Chairman of the Board of Directors
Robert J. Russel	49	Chief Executive Officer, President and Director
J. William Burdett	64	Director
William I Jacobs	62	Director
Robert L. King	53	Director
Maureen O'Hara	50	Director
Mark A. Wolfson	51	Director

Raymond L. Killian, Jr. has been the Chairman of our board of directors since January 1997 and a director since March 1994. Mr. Killian served as the President and Chief Executive Officer from March 1994 through January 1997 and again from September 1998 through June 2002. He directed the

activities of our company beginning in 1987. Mr. Killian was a director of Jefferies Group, Inc. ("Jefferies") from January 1997 to January 1999, an Executive Vice President of Jefferies from 1985 to 1995, a director and an Executive Vice President of Jefferies & Company, Inc. from 1985 to 1991 and served as National Sales Manager of Jefferies & Company, Inc. from 1985 to 1990.

Robert J. Russel became Chief Executive Officer and a director in July 2002 and President in February 2003. Previously he was a Managing Director and led our strategic planning and business development efforts. Mr. Russel was also responsible for our marketing efforts and our direct access business strategy. Mr. Russel joined ITG as Senior Vice President in November 1996. Prior to joining our company, Mr. Russel spent nine years with Reuters in senior roles in a variety of departments including general management, business development, technology, and marketing and sales.

J. William Burdett has been a director since July 2001. From 1988 until March 2001, Mr. Burdett was Chairman and Chief Executive Officer of the Burdett Buckeridge Young Group ("BBY"), which is comprised of the two Australian broker/dealer companies; BBY and Australian Clearing Services. From 1970 until 1987, Mr. Burdett was a partner and director of A.C. Goode & Co., one of the largest stock-brokering/investment banking companies in Australia. Mr. Burdett was a non-executive director of BBY and ITG Australia Ltd., a subsidiary of ITG from November 2000 through November 2002.

William I Jacobs has been a director since June 1994. Mr. Jacobs is a private investor and corporate director. Prior to October, 2002, Mr. Jacobs was Managing Director and Chief Financial Officer of The NewPower Company. Prior to May 2000, Mr. Jacobs was Senior Executive Vice President-Strategic Ventures of MasterCard International, Inc. and was Executive Vice President-Global Resources of MasterCard International, Inc. from 1995 to 1999. From 1993 to 1994, Mr. Jacobs served as a financial consultant to several firms and universities. Mr. Jacobs was founder, Executive Vice President, Chief Operating Officer and a director of Financial Security Assurance, a monoline bond insurer, from 1985 to 1993 and, prior to 1985, the President and Managing General Partner of S&B Insurance Services Company.

Robert L. King has been a director since June 1994. Mr. King has been the Chairman and Chief Executive Officer of Requisite Technology, Inc., which helps companies to create, organize and manage product and service information for efficient web-based finding, buying and selling, since October 2001. Mr. King was the President and Chief Executive Officer of Corporate Express, Inc., a distributor of office and computer supplies, from 1998 to 2001. Mr. King has also been a director of Corporate Express, Inc. since 1993 and served as the President and Chief Operating Officer of Corporate Express, Inc. from 1993 until 1998. Prior to 1993, Mr. King was employed by FoxMeyer Corporation, a distributor of health and pharmaceutical products, where he was Chief Executive Officer from 1989 to 1993, President from 1988 to 1993 and Chief Operating Officer from 1988 to 1989.

Maureen O'Hara has been a director since January 2003. She is the Robert W. Purcell Professor of Finance at the Johnson Graduate School of Management, Cornell University. She holds degrees from the University of Illinois (B.S. Economics) and Northwestern University (M.S. Economics and Ph.D. Finance). Dr. O'Hara joined the faculty at Cornell in 1979. She has had visiting appointments at UCLA, the London Business School, the University of New South Wales and Cambridge University. Professor O'Hara's research focuses on issues in market microstructure, and she is the author of numerous journal articles as well as the book Market Microstructure Theory (Blackwell: 1995). In addition, Dr. O'Hara publishes widely on a broad range of topics in finance, including banking, law and finance, and experimental economics. She has served as President of the Western Finance Association and recently served as President of the American Finance Association.

Mark A. Wolfson has been a director since June 1994. Mr. Wolfson has been a managing partner at Oak Hill Capital Management Inc., a private investment company, since 1998, and Vice President of Keystone, Inc., the primary investment vehicle of Robert M. Bass, since 1995. He is also a consulting professor at the Graduate School of Business, Stanford University, where he has been a faculty member since 1977, including a term as Associate Dean from 1990 through 1993. He has also taught at the University of Chicago and Harvard University. Mr. Wolfson has been a director of eGain Communications Corporation since 1998.

Executive Officers

The executive officers of our company are appointed by, and serve at the discretion of, our board of directors. Other than Mr. Russel, for whom information is provided above, the following sets forth information as to the other executive officers of our company.

Name	Age	Position
Angelo Bulone	38	Senior Vice President and Controller
Ian Domowitz	52	Managing Director
P. Mats Goebels	37	Managing Director, General Counsel and Secretary
Christopher J. Heckman	43	Managing Director
Anthony J. Huck	40	Managing Director
David Meitz	40	Managing Director
Howard C. Naphtali	50	Managing Director and Chief Financial Officer

Angelo Bulone is Senior Vice President and Controller. Mr. Bulone joined our company in April 1997 and, as our principal accounting officer, is responsible for all accounting operations and financial and regulatory reporting. From 1993 to 1997, Mr. Bulone held the position of vice president and controller at I/B/E/S International, Inc.

Ian Domowitz is a Managing Director responsible for analytical and research products. He joined ITG in April 2001. Mr. Domowitz was the Mary Jean and Frank P. Smeal Professor of Finance at Pennsylvania State University from June 1998 to April 2001, and a Professor at Northwestern University from September 1982 to May 1998.

P. Mats Goebels is Managing Director, General Counsel and Secretary. He joined our company in 1998 and is responsible for all legal and regulatory matters. Mr. Goebels was a corporate attorney at the New York offices of Sullivan & Cromwell from 1995 to 1998, and of Weil, Gotshal & Manges from 1991 to 1995.

Christopher J. Heckman is a Managing Director who, along with Mr. Huck, is co-head of our sales and trading group. He joined our company in January 1991 as a sales trader and became manager of institutional sales and trading in January 1997.

Anthony J. Huck is a Managing Director who, along with Mr. Heckman, is co-head of our sales and trading group. He joined ITG in 1994 as a Vice President responsible for Portfolio Trading. From 1990 to 1994, Mr. Huck managed domestic and international customer program trading in the Equity Derivatives Group at Nomura Securities International.

David L. Meitz is a Managing Director responsible for Software Development, Technology and Trading Support Services and Information Security/Business Continuity. He joined our company in July of 2002 from Reuters America, Inc. where he held the position of Executive Vice President since 1995. Mr. Meitz previously held technology and customer service management positions at CitiBank, N.A. and Quotron Systems, Inc.

Howard C. Naphtali is Managing Director and Chief Financial Officer. He joined our company in April 1997 and was appointed as Managing Director and Chief Financial Officer in 2000. From 1988 to 1997, Mr. Naphtali worked for Reuters America Inc. where he served as

Senior Vice President and Chief Financial Officer as well as Senior Vice President and Chief Operating Officer of Quotron Systems, Inc. (a wholly owned subsidiary of Reuters).

Certain Significant Employees

The following sets forth information as to certain employees who make and are expected to continue to make significant contributions to our business.

Alasdair Haynes has been the CEO of ITG Europe since its inception in early 1998. He joined the company following a 20-year career in investment banking working in London, Paris and Singapore. Mr. Haynes began his career at Morgan Grenfell and subsequently held senior positions with Bankers Trust and UBS. In 1996 he moved to HSBC where he was Director and Head of Global Equity Derivatives.

Ken Hight joined ITG in March 2000 and was responsible for the establishment of ITG Canada. Prior to joining ITG, Mr. Hight spent seven years with TD Securities where he was a Deputy Chair responsible for Global Institutional Equities and a member of the Executive Committee, Underwriting Committee, and Risk Management Committee. Prior to that, Mr. Hight held a number of senior positions with TD Bank in Australia, Canada, and the U.S.

Greg Robinson has been responsible for ITG Australia since its establishment in 1997. Prior to joining ITG, Dr. Robinson was an Executive Director and founding shareholder of BBY, an institutional stockbroker established in 1988. In his last role at BBY he was responsible for the quantitative research group that operated POSIT under license in the Australian market from 1995 to 1997. Before entering the broking industry in 1986 with A.C. Goode & Co. he was a Research Fellow at the University of Melbourne.

James Mark Wright is a Managing Director and is responsible for direct access and consulting services. He joined ITG in 1992 as Vice President of Software Development and has held several roles since then, including manager of the software development organization for ITG and chief information officer.

Director Compensation

Each of our non-employee directors receives an annual retainer of $50,000, payable in quarterly installments. Under our Directors Retainer Fee Subplan, adopted in 2002, the annual retainer fee is payable, at the election of each director, either in (i) cash, (ii) ITG common stock valued at $50,000 on the grant date, or (iii) under a deferred compensation plan which provides deferred share units valued at $50,000 on the grant date which convert to freely sellable shares when the director retires from our board of directors. Directors who are our employees are not compensated for serving as directors.

Each non-employee director also receives fees of $1,000 for attendance at each of our regular meetings of the board of directors and $2,000 for any special board meetings. The chairman of each committee of the board of directors receives an additional annual retainer of $3,000, and all committee members receive $750 for attendance at each meeting of a committee of the board of directors. Directors of ITG are also reimbursed for out-of-pocket expenses.

Under our Non-Employee Directors' Stock Option Plan adopted in 1995, we grant an option to purchase 24,564 shares to each person who first becomes a non-employee director at the time of initial election or appointment, and an option to purchase 6,141 shares to each non-employee director on the 45th day after each annual stockholders meeting. These options are granted with an exercise price per share equal to 100% of the fair market value of a share on the date of grant. Such options expire at the earliest of (1) five years after the date of grant, (2) 12 months after death, disability or retirement after reaching age 65, and (3) 60 days after an optionee ceases to serve as a director for reasons other than death, disability or such retirement. Options vest and become exercisable in equal installments on the first, second and third anniversaries of the date of grant. Only directors who are not our employees are eligible to participate in this plan.

Each director may participate in our Charitable Gifts Matching Program pursuant to which we match 100% of charitable contributions made by such directors up to a maximum dollar amount of $2,000 per person per year. In 2003, the children of our directors were eligible to participate (along with the children of all employees of our company and Jefferies) in the Stephen A. Jefferies Educational Grant Program which provides scholarship awards for secondary and post-secondary education based on factors such as financial need, academic merit and personal statements. All applications are presented to the selection committee anonymously. Our directors' and employees' eligibility to participate in this program ceased in 2004.

Committees of the Board of Directors and Meetings

Our board of directors held five regular meetings and three special meetings during 2003. Each incumbent member of the board of directors who was a director during 2003 attended, during their term of office, at least 75% of the total number of meetings of the board of directors and committees thereof of which such director was a member. As a general matter, board members are expected to attend our annual stockholders meetings. At our 2003 meeting, all members of the board of directors and nominees for election to the board were present. Our non-management directors meet regularly in executive sessions without any management directors present. Since January 1, 2003, Mr. Killian has presided as lead director at each executive session of our non-management directors. Our board of directors has an audit committee, a compensation committee and a nominating and corporate governance committee. Each committee of the board of directors is authorized to obtain advice and assistance from internal or external legal, accounting or other advisors as it determines necessary to carry out its duties and any expenses in connection with such advice or assistance will be borne by ITG.

The current audit committee members are Mr. Jacobs, Chairman, Mr. Garonzik, Mr. King, Ms. O'Hara and Mr. Wolfson. The Audit Committee is appointed by the board to be directly responsible for the appointment, compensation and oversight of the work of any registered public accounting firm employed by the company and to assist the board in oversight of (1) the integrity of the financial statements of the company, (2) the compliance by the company with legal and regulatory requirements, (3) the independent auditor's qualifications and independence, and (4) the performance of the company's internal audit function and independent auditors. These functions are described more fully under "Report of the Audit Committee". Our board of directors has determined that Mr. Jacobs, Chairman of the audit committee, is a "financial expert" as such term is defined by the rules of the Securities and Exchange Commission ("SEC"). During 2003, there were nine meetings of the audit committee. Each member of the audit committee attended at least 75% of such meetings.

The current compensation committee members are Mr. Garonzik, Chairman, Mr. Jacobs, Mr. King, Ms. O'Hara and Mr. Wolfson. The compensation committee is appointed by the board to discharge the board's responsibilities relating to compensation of the company's directors and executive officers. The compensation committee has overall responsibility for approving and evaluating the director and executive officer compensation plans, policies and programs of the company. During 2003, there was one meeting of the compensation committee. All committee members were in attendance at such meeting.

The current nominating and corporate governance committee members are Mr. King, Chairman, Mr. Burdett, Mr. Garonzik and Mr. Jacobs. The nominating and corporate governance committee is appointed by the board (1) to identify individuals qualified to become board members, and to select, or to recommend that the board select, the director nominees for the next annual meeting of stockholders; (2) to develop and recommend to the board the corporate governance guidelines applicable to the company; (3) to oversee a review by the board of the board and its committees' performance and of management's performance; and (4) to recommend to the board director nominees for each committee, including the nominating and corporate governance committee. The nominating and corporate governance committee was formed in November of 2002. The nominating and corporate

governance committee will consider nominees recommended by stockholders. In evaluating candidates, the committee considers the attributes of the candidate (including skills, experience, international versus domestic background, diversity, age, and legal and regulatory requirements) and the needs of the Board, and will review all candidates in the same manner, regardless of the source of the recommendation. Stockholders who wish to submit nominees for director consideration by the nominating and corporate governance committee may do so by submitting such nominees' names in writing, in compliance with the procedures and along with the other information required by our by-laws, to the Secretary of ITG at 380 Madison Avenue, 4th Floor, New York, New York 10017. During 2003, there was one meeting of the nominating and corporate governance committee. All committee members were in attendance at such meeting.

In 2003, a special committee of our board of directors was formed, which met three times. The special committee members were Mr. Jacobs, Chairman, Mr. King and Ms. O'Hara. The chairman of the special committee received a retainer of $35,000 and each member received a retainer of $30,000. Each committee member received fees of $7,500 for each meeting of the special committee attended. The special committee was disbanded in June 2003.

Code of Ethics

Our Board of Directors has adopted a Code of Business Conduct and Ethics governing the conduct of our directors, officers and employees, including our chief executive officer, chief financial officer and principal accounting officer. A copy of the Code of Business Conduct and

Ethics is available on our website at *http://www.itginc.com/investor/governance*. We intend to disclose future amendments to, or waivers from, the Code of Business Conduct and Ethics on our website within two business days following the date of any such amendment or waiver.

Executive Compensation

Summary Compensation Table

The following table sets forth, for the years indicated, each component of compensation paid or awarded to, or earned by, our chief executive officer during 2003 and the four other most highly compensated executive officers serving as of December 31, 2003 (collectively, the "Named Executive Officers").

		Annual Compensation(1)				
Name and Principal Position	**Year**	**Salary**	**Bonus**	**Other Annual Compensation(2)**	**Securities Underlying Options**	**All Other Compensation(3)**
Robert J. Russel	2003	$ 540,000	$ 578,886	$ 50,320	120,000	$ 17,415
President and Chief	2002	437,500	766,899	29,371	200,000	17,182
Executive Officer	2001	275,000	565,000	18,450	15,000	24,161
Christopher J. Heckman	2003	450,000	497,616	37,940	70,000	14,000
Managing Director	2002	362,500	944,842	32,461	100,000	13,334
	2001	225,000	1,175,000	35,250	20,000	20,400
Anthony J. Huck	2003	450,000	497,616	37,940	70,000	14,000
Managing Director	2002	362,500	944,842	32,461	100,000	13,334
	2001	225,000	1,175,000	35,250	20,000	21,724
Howard C. Naphtali	2003	450,000	413,847	36,923	75,000	14,000
Managing Director	2002	375,000	635,285	25,725	100,000	13,334
	2001	250,000	625,000	14,138	30,000	24,161
Steven J. Sorice	2003	450,000	497,616	37,940	70,000	14,000
Former Managing Director(4)	2002	362,500	944,842	32,461	100,000	13,334
	2001	225,000	1,175,000	35,520	20,000	20,400

(1) The amounts shown include cash compensation earned by the Named Executive Officers as well as amounts earned but deferred mandatorily.

(2) For 2002, 2001 and the first quarter of 2003, a portion of each of the Named Executive Officers' compensation was mandatorily deferred and each such Named Executive Officer was granted units representing our common stock with a fair market value equal to 115% of such deferred amount under the Stock Unit Award Program. The following portions of their total cash compensation were deferred: 5% of the first $100,000, 10% of the next $100,000, 15% of the next $400,000, and 20% of total cash compensation in excess of $600,000. The amounts in the table represent the value of the 15% of additional units granted pursuant to the mandatory deferral described in the preceding sentence. All units are settled by issuance of the underlying common stock three years from the date of grant.

For the remaining quarters of 2003, our Stock Unit Award Program was amended as follows: each named executive officer was granted units representing our common stock with a fair market value of 130% of the deferred amount. The units representing 100% of the total compensation deferred are at all times fully vested and non-forfeitable; however the units are restricted to settlement to common shares half of which are to be distributed on the third anniversary for the deferral and the remaining half on the sixth anniversary of deferment. The match representing 30% of deferred composition vests 50% on the third anniversary of the match and the remaining 50% at the end of the sixth year of the match, provided the Named Executive Officer is employed by ITG at such time.

The number of stock units and the value of such units in respect of the 30% match on deferred compensation for the last three quarters of 2003 for each Named Executive Officer is as follows:

Name	Number of Stock Units	Value at Grant Date
Mr. Russel	2,410	$ 43,600
Mr. Heckman	1,800	32,517
Mr. Huck	1,800	32,517
Mr. Naphtali	1,776	32,123
Mr. Sorice	1,800	32,517

Mr. Sorice's matching stock units were forfeited upon cessation of his employment.

(3)

The total amounts shown in the "All Other Compensation" column consist of the following:

(a)

In 2003, 2002 and 2001, a profit sharing contribution of $-0-, $-0- and $8,500, respectively, to each Named Executive Officer under our Retirement Savings Plan. Also, in 2003, 2002 and 2001, a matching contribution of $8,000, $7,334 and $6,800, respectively, under our Retirement Savings Plan and a contribution of $6,000, $6,000 and $5,100, respectively, under our Money Purchase Pension Plan.

(b)

In 2003, 2002 and 2001, the amount of a 15% discount on shares of ITG common stock purchased by our Employee Stock Purchase Plan (the "ITG ESPP") for each Named Executive Officer's account with compensation the Named Executive Officer has elected to invest in the ITG ESPP, as follows: Mr. Russel: $3,415, $3,848 and $3,761; Mr. Heckman: $-0-, $-0- and $-0-; Mr. Huck: $-0-, $-0-and $1,324; Mr. Naphtali: $-0-, $-0-, $3,761; and Mr. Sorice: $-0-, $-0- and $-0-.

(4)

Mr. Sorice ceased his employment with ITG in January 2004.

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Option Grants in Last Fiscal Year

During 2003, the following option grants were made to the Named Executive Officers.

Name	Number of Securities Underling Options/SARs Granted (#)	Percent of total options/SARs granted to employees in fiscal year	Exercise or base price ($/Sh)	Expiration date	Grant date present value (2)
Robert J. Russel.	120,000(1)	9.2%	$ 12.84	05/29/2008	$ 598,800
Christopher J. Heckman	70,000(1)	5.4%	$ 12.84	05/29/2008	$ 349,300
Anthony J. Huck	70,000(1)	5.4%	$ 12.84	05/29/2008	$ 349,300
Howard C. Naphtali	75,000(1)	5.8%	$ 12.84	05/29/2008	$ 374,250
Steven J. Sorice	70,000(1)	5.4%	$ 12.84	05/29/2008	$ 349,300

(1)

Performance-based stock options which vest (in whole or in part) only if our three-year cumulative pre-tax income from 2003-2005 meets or exceeds certain performance targets.

(2)

The grant date present value is estimated using the Black-Scholes option pricing model with the following weighted average assumptions: dividend yield 0.0%; risk-free rate of return 2.3%; expected volatility 45%; time to exercise 4.25 years.

Aggregated Option Exercises in Last Fiscal Year and Fiscal Year End Option Values

The following table provides information on option exercises during 2003 by the Named Executive Officers and the value of such officers' unexercised options at December 31, 2003.

Name	Shares Acquired On Exercise (#)	Value Realized ($)	Number of Securities Underlying Unexercised Options at 12/31/03 Exercisable/Unexercisable (#)		Value of Unexercised In-the-Money Options at 12/31/03 Exercisable/Unexercisable ($)(1)
Robert J. Russel.			94,565/325,000	$	118,649/397,200
Christopher J. Heckman			112,040/176,667	$	12,902/231,700
Anthony J. Huck			93,333/176,667	$	12,252/231,700
Howard C. Naphtali			148,406/185,000	$	28,473/248,250
Steven J. Sorice			111,289/176,667	$	12,902/231,700

(1)

At December 31, 2003, the closing bid price per share of our common stock on the NYSE was $16.15, which was the price used to determine the year-end value.

Notwithstanding anything to the contrary set forth in any of our previous filings under the Securities Act or the Securities Exchange Act that might incorporate future filings, including this proxy statement, in whole or in part, the following report of the compensation committee on executive compensation and the performance graph included herein shall not be incorporated by reference into any such filings.

Report of the Compensation Committee on Executive Compensation

To: The Board of Directors and Stockholders of Investment Technology Group, Inc.

Introduction

The compensation committee of the board of directors is responsible for developing and implementing compensation policies, plans and programs for our executive officers to enhance our profitability, and thus stockholder value, by providing for competitive levels of compensation, rewarding performance that enhances profitability and encouraging long-term service. Each of the compensation committee's members is a person who is not a current or former employee of our company and has been determined to be independent by our board of directors.

The principal components of ongoing compensation of executive officers are salary, an annual bonus tied to performance and stock option awards providing incentives and rewards for long-term service and performance. The compensation committee's functions include reviewing salary levels for executive officers on an annual basis, establishing and determining the level of performance targets upon which payment of annual bonuses is conditioned and other terms of such annual bonuses, granting stock options and otherwise administering our Amended and Restated 1994 Stock Option and Long-Term Incentive Plan (the "1994 Option Plan"). The compensation committee acts on behalf of our company in negotiating the terms of, and makes recommendations to the board of directors regarding, the adoption of compensation and benefit plans (including amendments to existing plans) in which executive officers and directors may participate.

Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code") generally eliminates a corporation's income tax deduction in a given year for payments to certain named executive officers in excess of $1.0 million each, unless such payments result from "qualified performance-based compensation. Considering the current structure of executive officer compensation and the availability of deferral opportunities, the compensation committee believes we will not be denied any significant income tax deductions for 2003. The compensation committee will continue to review tax consequences as well as other relevant considerations in connection with compensation decisions.

Compensation of the Chief Executive Officer

Mr. Russel served as a member of our board of directors and as President and Chief Executive Officer throughout 2003. The base annual salary level, the annual bonus level and other compensation terms specified below for Mr. Russel were determined by the compensation committee.

Mr. Russel's compensation package was set as base cash compensation of $540,000 per annum, a discretionary bonus and an incentive bonus equal to a percentage of ITG's pre-tax income. In 2003, Mr. Russel was also granted 120,000 performance-based stock options which vest (in whole or in part) only if our three-year cumulative pre-tax income from 2003-2005 meets or exceeds certain performance targets.

The division of Mr. Russel's 2003 compensation among base salary, discretionary bonus, performance-based bonus, and performance-based stock option grants, was intended to provide total cash compensation and long-term incentive compensation to a degree similar to comparable companies reviewed in 2003.

Mr. Russel is required to participate in our stock unit award program. Under this program, executive officers and other key employees of our company are required to defer receipt of a portion of their total cash compensation. Through the first quarter of 2003, participants were granted units representing our common stock with a fair market value equal to 115% of the deferred compensation, which vested immediately upon the date of grant. Beginning with the second quarter of 2003, participants are granted units representing our common stock with a fair market value equal to 130% of the deferred compensation with the matching units representing 30% of deferred compensation vesting 50% on the third anniversary of the match and the remaining 50% vesting on the sixth year anniversary of the match, provided the participant is employed by ITG at such time. The value of units in excess of the value of deferred compensation is disclosed in the Summary Compensation Table under the "Other Annual Compensation" column.

Compensation of Other Executive Officers

Our compensation program for other executive officers is reviewed annually to provide amounts generally consistent with the range paid by companies in similar industries, but without pegging such amounts to a specific percentile. The targeted annual bonuses for 2003 were intended to provide a significant amount of each executive officer's total annual cash compensation at the target level of performance. This was intended to provide a strong link between pay and performance.

The annual bonuses payable to the Named Executive Officers include a discretionary bonus and a bonus based on a percentage of ITG's pre-tax income (net of non-recurring items). The annual bonuses payable to our other executive officers were payable out of a "bonus pool" the amount of which was determined based upon pre-tax income (net of non-recurring items). Such executives' bonuses are discretionary bonus payments targeted to an allocation that is determined annually with respect to the bonus pool.

The Committee authorized the grant of 446,500 options during 2003 to the executive officers. All such option awards were performance-based stock options which vest (in whole or in part) only if our three-year cumulative pre-tax income from 2003-2005 meets or exceeds certain performance targets. All executive officers are required to participate in our stock unit award program.

Compensation Committee

Neal S. Garonzik, Chairman
William I Jacobs
Robert L. King
Maureen O'Hara
Mark A. Wolfson

Performance Graph

Set forth below is a line graph comparing the total cumulative stockholder return on our common stock against the cumulative total return of the Russell 2000 index and the mean of the Nasdaq Other Finance Index and the AMEX Securities Broker/Dealer Index, for the five-year period ended December 31, 2003.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In July of 2002 and in connection with Raymond L. Killian's retirement as chief executive officer of the company, we executed an employment agreement with Mr. Killian for the period of January 1, 2003 through December 31, 2006. Under the terms of this agreement, Mr. Killian acts as an advisor to the company and to the chief executive officer and will devote approximately one week per month to those duties. Mr. Killian is paid $600,000 per annum and is entitled to the same benefits generally made available to senior executives of the company. In addition, the agreement provides that Mr. Killian and his spouse will be entitled to medical benefits substantially similar to those made available to senior executives of ITG for the remainder of their lives.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGERS

The following table sets forth certain information, as of March 2, 2004, regarding beneficial ownership of our common stock by (1) each director, (2) each Named Executive Officer, (3) all directors and executive officers as a group and (4) each person known by us to beneficially own 5% or more of our common stock. Information regarding stockholders other than directors, executive officers and employee benefit plans is based upon information contained in Schedules 13D or 13G filed with the SEC. For the purpose of this table, a person or group of persons is deemed to have "beneficial ownership" of any shares which such person or group has the right to acquire within 60 days after such date, but such shares are not deemed to be outstanding for the purposes of computing the percentage ownership of any other person. Unless otherwise indicated in a footnote and subject to applicable community property and similar statutes, each person listed as the beneficial owner of the shares possesses sole voting and dispositive power with respect to such shares. The mailing address of the parties listed below is our principal business address unless otherwise indicated.

Directors	Shares of ITG Common Stock Beneficially Owned(1)	Percentage of ITG Common Stock Beneficially Owned
Raymond L. Killian, Jr.	822,013	1.9%
Frank E. Baxter	768,126	1.8%
J. William Burdett	30,705	*
Neal S. Garonzik	67,607	*
William I Jacobs	88,460	*
Robert L. King	67,371	*
Maureen O'Hara	25,564	*
Mark A. Wolfson	99,636	*
Other Named Executive Officers		
Christopher J. Heckman	154,415	*
Anthony J. Huck	126,441	*
Howard C. Naphtali	206,511	*
Robert J. Russel	161,032	*
Steven J. Sorice	136,646	*
All directors and executive officers as a group (16 persons)	2,740,822	6.3%
5% stockholders		
Wellington Management Company, LLP(5)	4,298,949(2)	9.8%
FMR Corp.(6)	3,455,240(3)	7.9%
Ronald Juvonen (7)	2,447,799(4)	5.6%

* Less than 1%.

(1) Beneficial ownership includes stock options that are exercisable at March 2, 2004, or within 60 days thereafter, as follows: Mr. Killian: 113,052; Mr. Baxter: 18,423; Mr. Burdett: 30,705; Mr. Garonzik: 24,564; Mr. Jacobs: 24,564; Mr. King: 24,564; Ms. O'Hara: 24,564; Mr. Wolfson: 24,564; Mr. Heckman: 112,040; Mr. Huck: 93,333; Mr. Naphtali: 148,406; Mr. Russel: 94,565; Mr. Sorice: 108,833; and all directors and executive officers as a group: 817,926.

(2) This information is as of December 31, 2003 and was derived from a Schedule 13G filed on February 13, 2004 by Wellington Management Company, LLP in its capacity as investment adviser with respect to shares of our common stock owned of record by Wellington's clients. Wellington's clients have the right to receive, or the power to direct the receipt of, dividends from, or the proceeds from the sale of, such shares of our common stock. Wellington shares the power to vote

or to direct the vote with respect to 2,639,899 shares of our common stock and shares the power to dispose of or direct the disposition with respect to 4,298,949 shares of our common stock.

(3) This information is as of December 31, 2003 and was derived from a Schedule 13G filed on February 16, 2004 by FMR Corp., as the parent company of Fidelity Management and Research Corp., an investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940. Various persons have the right to receive, or the power to direct the receipt of, dividends from, or the proceeds from the sale of, such shares of our common stock. FMR Corp. has sole power to dispose of or direct the disposition with respect to 3,455,240 shares of our common stock.

(4)

This information is as of December 31, 2003 and was derived from a Schedule 13G filed on February 13, 2004 by Ronald Juvonen, as managing member of Downtown Associates, LLC, in its capacity as general partner to various investment funds. Mr. Juvonen has the sole power to vote or to direct the vote with respect to 2,447,799 shares of our common stock and the sole power to dispose of or direct the disposition with respect to 2,447,799 shares of our common stock.

(5) The address of Wellington Management Company, LLP is 75 State Street, Boston, Massachusetts, 02109.

(6) The address of FMR Corp. is 82 Devonshire Street, Boston, Massachusetts, 02109.

(7) The address of Ronald Juvonen is c/o Downtown Associates, LLC 674 Unionville Road, Suite 105, Kennett Square, PA 19348.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information as of December 31, 2003 with respect to the shares of common stock that may be issued to our employees and directors under our existing equity compensation plans.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans(b)(Excluding Securities Reflected in the First Column)
Equity compensation plans approved by security holders(a)	5,233,951	$ 25.47	5,424,148
Equity compensation plans not approved by security holders			
Total	5,233,951	$ 25.47	5,424,148

(a) Consists of the Amended and Restated 1994 Stock Option and Long-term Incentive Plan, the Non-Employee Directors' Stock Option Plan, the Directors' Retainer Fee Subplan, the 1998 Amended and Restated Stock Unit Award Program, and the ITG ESPP.

(b) Shares remaining available for future issuance under the various plans include (i) 4,867,939 securities to be issued pursuant to the Amended and Restated 1994 Stock Option and Long-term Incentive Plan, the 1998 Amended and Restated Stock Unit Award Program, and the Directors' Retainer Fee Subplan, (ii) 167,651 securities to be issued pursuant to the Non-Employee Directors' Stock Option Plan, and (iii) 388,558 securities to be issued pursuant to the ITG ESPP.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who beneficially own more than 10% of our outstanding common stock, to file with the SEC initial reports of beneficial ownership and reports of changes in beneficial ownership of our common stock and other equity securities of our company. Directors, executive officers and greater-than-10% stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. During 2003, each of Angelo Bulone, Ian Domowitz, P. Mats Goebels, Christopher J. Heckman, Anthony J. Huck, Raymond L. Killian, Jr., Howard C, Naphtali, Robert J. Russel, and Steven J. Sorice filed one statement of beneficial ownership late. Based on a review of the copies of the forms furnished to us and written representations from our executive officers and directors, all other such persons subject to the reporting requirements of Section 16(a) filed the required reports with respect to 2003 on a timely basis.

Notwithstanding anything to the contrary set forth in any of our previous filings under the Securities Act or the Securities Exchange Act that might incorporate future filings, including this proxy statement, in whole or in part, the following report of the audit committee included herein shall not be incorporated by reference into any such filings.

REPORT OF THE AUDIT COMMITTEE

The audit committee of ITG's board of directors is composed of five non-employee directors. The board of directors determined during 2003 that each of those directors satisfied independence requirements and other criteria established by NYSE listing standards.

In March 2003, the audit committee amended and restated (and the board of directors approved) the audit committee charter which was included with our 2003 Notice of Annual Meeting of Stockholders and is available on our website at http://itginc.com/investor/governance. This charter replaced the original audit committee charter, adopted by the board in 2000, and is intended to comply with additional requirements imposed upon audit committees under the Sarbanes-Oxley Act and under the NYSE listing standards. The amended and restated charter of the audit committee further clarifies the scope of responsibilities and powers of the audit committee.

The audit committee is directly responsible for the appointment, compensation and oversight of the work of any registered public accounting firm employed by the company and to assist the board in oversight of (1) the integrity of the financial statements of the company, (2) the compliance by the company with legal and regulatory requirements, (3) the independent auditor's qualifications and independence, and (4) the performance of the company's internal audit function and independent auditors. Management has the primary responsibility for ITG's consolidated financial statements and the reporting process, including the internal control systems. ITG's independent auditors are responsible for auditing the consolidated financial statements and expressing an opinion on the conformity of those consolidated audited financial statements with accounting principles generally accepted in the United States of America.

KPMG LLP ("KPMG") served as ITG's independent auditor for 2003, and the audit committee has recommended that KPMG be elected in that capacity for 2004. See "Ratification of Selection of Independent Auditors".

The Audit Committee has considered whether the provision of certain limited non-audit functions provided by KPMG is compatible with maintaining KPMG's independence and concluded that performing such functions does not affect KPMG's independence in performing its function as auditor of ITG. It is the audit committee's policy for the full audit committee to review, in advance, the proposed provision of non-audit services by KPMG.

The Audit Committee has reviewed and discussed with management ITG's audited consolidated financial statements for the year ended December 31, 2003. It has also discussed with KPMG the matters required to be discussed by Statement on Auditing Standards No. 61. The Committee has received the written disclosures and the letter from KPMG required by Independence Standards Board Standard No. 1, and has discussed with KPMG its independence. As the result of such review and discussions, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in ITG's Annual Report on Form 10-K for the year ended December 31, 2003.

Audit Committee

William I Jacobs, Chairman
Neal S. Garonzik
Robert L. King
Maureen O'Hara
Mark A. Wolfson

RATIFICATION OF SELECTION OF INDEPENDENT AUDITORS

KPMG was our independent auditor for the years ended December 31, 2003 and 2002. On March 10, 2004, KPMG was appointed by the audit committee to serve as our independent auditors for 2004.

The ratification of the appointment of KPMG is being submitted to the stockholders at the annual meeting. If such appointment is not ratified, the board of directors will consider the appointment of other accountants.

The board of directors unanimously recommends a vote "FOR" the ratification of the appointment of KPMG as our independent auditors for the 2004 fiscal year.

A representative of KPMG, the independent auditors who audited our consolidated financial statements for 2003, is expected to be present at the meeting to respond to appropriate questions of stockholders and will have the opportunity to make a statement if he or she so desires.

Fees to our Independent Auditor

The following table presents fees for professional services rendered by KPMG for the audit of our annual financial statements for the years ended December 31, 2003 and 2002, and fees billed for audit related services, tax services and all other services rendered by KPMG for such periods.

	2003	**2002**
	(in thousands)	**(in thousands)**
Audit fees(1)	505	489
Audit-related fees(2)	7	166
Tax fees(3)	119	102
All other fees(4)	169	305

(1) The aggregate fees incurred include amounts for the audit of ITG's annual financial statements, the reviews of the financial statements included in our Quarterly Reports on Form 10-Q, including services related thereto such as statutory audits, consents, and assistance with and review of documents filed with the SEC and other regulatory bodies.

(2) Includes assurance and related services that are reasonably related to the performance of the audit of our financial statements.

(3) The aggregate fees incurred for tax services include amounts in connection with tax compliance and tax consulting services.

(4) All other fees includes services primarily related to economic consulting services and, in 2002, internal audit co-source services (which services ended April 30, 2002).

Pre-approval of Services by the External Auditor

The audit committee has adopted a policy for pre-approval of audit and permitted non-audit services by our external auditor. The audit committee will consider annually and, if appropriate, approve the provision of audit services by its external auditor and consider and, if appropriate, pre-approve the provision of certain defined audit and non-audit services. The audit committee will also consider on a case-by-case basis and, if appropriate, approve specific engagements that are not otherwise pre-approved.

Any proposed engagement that does not fit within the definition of a pre-approved service may be presented to the audit committee for consideration at its next regular meeting or, if earlier consideration is required, to the audit committee or one or more of its members. The member or members to whom such authority is delegated shall report any specific approval of services at its next regular meeting. The audit committee will regularly review summary reports detailing all services being provided to ITG by its external auditor.

CONTACTING THE BOARD OF DIRECTORS

You may communicate with our board of directors, including our non-management directors and the chairman of the audit committee, by sending a letter to the ITG Board of Directors, P.O. Box 4369, Grand Central Station, New York, New York 10163, or by calling 1-866-869-8227. Any complaints or concerns relating to ITG's accounting, internal accounting controls or auditing matters will be referred to the chairman of the audit committee. Other concerns will be referred to the chairman of the board with a copy to the chairman of the nominating and corporate governance committee. Any complaints or concerns may be reported anonymously or confidentially. ITG strictly prohibits any retaliation for reporting a possible violation of law, ethics, or firm policy regardless of whom the report concerns.

WHERE YOU CAN FIND MORE INFORMATION

As required by law, we file reports, proxy statements and other information with the SEC. These reports, proxy statements and other information contain additional information about our company. You can inspect and copy these materials at the SEC's Public Reference Room at 450 Fifth Street, N.W., Judiciary Plaza, Washington, D.C. 20549. You can obtain information about the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet Site that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC. The SEC's Internet address is http://www.sec.gov. You can also inspect these materials of our company at the offices of the NYSE, 20 Broad Street, New York, New York 10005 and on our website at http://www.itginc.com/investor.

The SEC allows us to "incorporate by reference" information into this proxy statement, which means that we can disclose important information by referring you to another document filed separately with the SEC. Information incorporated by reference is considered part of this proxy statement, except to the extent that the information is superseded by information in this proxy statement.

This proxy statement incorporates by reference the information contained in our Annual Report on Form 10-K for the year ended December 31, 2003 (SEC file number 0-23644). We also incorporate by reference the information contained in all other documents that we file with the SEC after the date of this proxy statement and before the annual meeting. The information contained in any of these documents will be considered part of this proxy statement from the date these documents are filed.

Any statement contained in this proxy statement or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this proxy statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this proxy statement.

If you are one of our stockholders and would like to receive a copy of any document incorporated by reference into this proxy statement, you should call or write to Investment Technology Group, Inc., 380 Madison Avenue, 4th Floor, New York, New York 10017, Attention: Investor Relations (telephone: (212) 588-4000). In order to ensure timely delivery of the documents prior to the annual meeting, you should make any such request not later than April 28, 2004.

You should rely only on the information contained in (or incorporated by reference into) this proxy statement. We have not authorized anyone to give any information different from the information contained in (or incorporated by reference into) this proxy statement. This proxy statement is dated March 15, 2004. You should not assume that the information contained in this proxy statement is accurate as of any later date, and the mailing of this proxy statement to stockholders shall not mean otherwise.

OTHER MATTERS; STOCKHOLDER PROPOSALS FOR THE 2005 ANNUAL MEETING OF ITG

As of the date of this proxy statement, our board of directors knows of no matters that will be presented for consideration at the annual meeting, other than as described in this proxy statement. If any other matters shall properly come before the annual meeting or any adjournments or postponements thereof and shall be voted upon, the enclosed proxies will be deemed to confer discretionary authority on the individuals named as proxies therein to vote the shares represented by such proxies as to any such matters. The persons named as proxies intend to vote or not vote in accordance with the recommendation of our board of directors and management.

Stockholders who, in accordance with the SEC's Rule 14a-8, wish to present proposals for inclusion in the proxy materials to be distributed by us in connection with our 2004 Annual Meeting must submit their proposals to our Secretary on or before November 13, 2004. As the rules of the SEC make clear, simply submitting a proposal does not guarantee its inclusion.

In accordance with our by-laws, in order to be properly brought before the 2005 Annual Meeting, a stockholder's notice of the matter the stockholder wishes to present must be delivered to Investment Technology Group, Inc., 380 Madison Avenue, 4th Floor, New York, New York, 10017, Attention: Secretary, not less than 60 nor more than 90 days prior to the first anniversary of the date of this year's Annual Meeting. As a result, any notice given by or on behalf of a stockholder pursuant to these provisions of our by-laws (and not pursuant to the SEC's Rule 14a-8) must be received no earlier than February 3, 2005 and no later than March 6, 2005.

By Order of the Board of Directors,

P. Mats Goebels
Secretary

Investment Technology Group, Inc.
C/O EQUISERVE TRUST COMPANY N.A.
P.O. BOX 8265
EDISON, NJ 08818-8265

Voter Control Number

Your vote is important. Please vote immediately.

Vote-by-Internet	**OR**	**Vote-by-Telephone**
1. Log on to the Internet and go to http://www.eproxyvote.com/itg		**1. Call toll-free 1-877-PRX-VOTE (1-877-779-8683)**
2. Enter your Voter Control Number listed above and follow the easy steps outlined on the secured website.		**2. Enter your Voter Control Number listed above and follow the easy recorded instructions.**

If you vote over the Internet or by telephone,please do not mail your card.
DETACH HERE IF YOU ARE RETURNING YOUR PROXY CARD BY MAIL

ý **Please mark votes as in this example.** **2609**

INVESTMENT TECHNOLOGY GROUP, INC.

1. Election of Directors.	FOR ALL NOMINEES	FOR	WITHHELD	WITHHELD FROM ALL

Nominees:
01. J. William Burdett
02. William I. Jacobs
03. Raymond L. Killian,Jr.
04. Robert L. King

	FOR	AGAINST	ABSTAIN
2. Ratification of the appointment of KPMG LLP as the independent auditors for the 2004 fiscal year.	o	o	o

(please see reverse)

			NOMINEE	05.	Maureen O'Hara
o	o	o	o	06.	Robert J. Russel
				07.	Mark A. Wolfson

For all nominees except as written above

Please mark box at right if you plan to attend the Annual Meeting. o

Mark box at right if an address change or comment has been noted on the reverse side of this card. o

The undersigned hereby acknowledges receipt of the Form 10-K and the Notice of Annual Meeting of Stockholders and the Proxy Statement, and hereby revokes all previously granted proxies.

Signature: ________ Date: ________ Signature: ________ Date: ________

INVESTMENT TECHNOLOGY GROUP, INC.

Dear Stockholder,

Please take note of the important information enclosed with this Proxy. There are a number of issues related to the management and operation of your Company that require your immediate attention and approval. These are discussed in detail in the enclosed proxy materials.

Your vote counts, and you are strongly encouraged to exercise your right to vote your shares.

You may vote in any one of the following three ways:

Vote by mail. Please mark the boxes on this proxy card to indicate how your shares will be voted.

Then sign the card, detach it and return your proxy vote in the enclosed postage paid envelope.

Vote by phone. Call toll-free **1-877-779-8683,** 24 hours a day, 7 days a week from the U.S.

Vote by Internet. Access the web site at **http://www.eproxyvote.com/itg,** 24 hours a day, 7 days a week.

If you vote by phone or using the Internet, please have your social security number and this proxy card available. The sequence of numbers appearing in the box above, just below the perforation, and your social security number are necessary to verify your vote. A phone or Internet vote authorizes the named proxies in the same manner as if you marked, signed, dated and returned this proxy card. If you vote by phone or using the Internet, please do not mail back your proxy card.

Your vote must be received prior to the Annual Meeting of Stockholders, May 5, 2004.

Thank you in advance for your prompt consideration of these matters.

Sincerely,

P. Mats Goebels
Secretary

DETACH HERE

PROXY CARD FOR ANNUAL MEETING OF STOCKHOLDERS
ON MAY 5, 2004

P
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Y

This proxy is solicited by the Board of Directors of the Company. The undersigned hereby appoints Robert J. Russel, Howard C. Naphtali and P. Mats Goebels, and each them, as proxies with full power of substitution, to represent the undersigned and to vote all shares of Common Stock of Investment Technology Group, Inc. held of record by the under-signed on March 8, 2004, or which the undersigned would otherwise be entitled to vote at the Annual Meeting of Stockholders to be held on May 5, 2004, and any adjournment thereof, upon all matters that may properly come before the meeting. All shares votable by the undersigned will be voted by the proxies named above in the manner specified on the reverse side of this card, and such proxies are authorized to vote in their discretion on such other matters as may properly come before the meeting.

Please sign this proxy exactly as your name(s) appear(s) on the books of the Company. Joint owners should each sign personally. Trustees and other fiduciaries should indicate the capacity in which they sign, and where more than one name appears, a majority must sign. If a corporation, this signature should be that of an authorized officer who should state his or her title.

PLEASE VOTE, DATE AND SIGN THIS PROXY ON THE OTHER SIDE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE.

HAS YOUR ADDRESS CHANGED?

DO YOU HAVE ANY COMMENTS?

QuickLinks