

## **Interactive Brokers LLC Business Continuity Plan Disclosure**

### **I. Introduction**

In accordance with applicable regulations, Interactive Brokers LLC has developed a Business Continuity Plan to assist the firm in appropriately responding to a significant business disruption as promptly as possible under prevailing conditions. Among other things, IB's Business Continuity Plan:

- Identifies Emergency Contact Personnel to the firm's regulators;
- Describes the systems infrastructure protections that the firm has established in an effort to minimize the potential adverse effects of a disruption (for example, redundancy of telecommunications and power generation, fire protection and building security);
- Describes the firm's daily back-up of specified data and records and maintenance of back-up media at secure off-site locations;
- Identifies the firm's Disaster Recovery Site(s) and the methods that the firm would use to recover particular data and operations at the site;
- Identifies important firm operations and where applicable, describes how those operations could be re-established in the event of a disruption;
- Identifies the means by which IB will provide customers prompt access to their funds and securities and/or the ability to transfer their funds and positions to another broker or futures commission merchant in the event of a disruption of such magnitude that IB does not intend to continue business; and
- Describes the means by which IB will communicate with its customers, employees, business constituents and regulators in the event of a disruption.

In the event of a significant business disruption, IB intends to continue its operations to the extent reasonable and practical under the circumstances and will place utmost priority in re-establishing the data and operational systems necessary to provide its customers with prompt access to their funds and securities.

IB intends to respond to disruptions of particular scope as follows:

### **II. Branch Office Disruption**

**Basic Access to Funds and Securities in the Event of a Branch Office Disruption:** Critical systems and personnel necessary to provide customers with access to their funds and securities generally are not dependent on operation of IB's branch offices (Chicago, London, Hong Kong and Zug, Switzerland). Thus, IB does not anticipate that even a significant disruption to the operations of a single IB branch office would have more than a temporary impact – if any – on customers' basic access to their funds and securities.

**Connection to IB Trading System for Certain Customers:** In the event of a significant disruption to certain branch offices, customers that connect to the IB online trading system (e.g., the IB Trader Workstation) through the branch office likely would temporarily lose the ability to connect to the trading system. This likely would last only briefly, as connections for these customers could be reestablished through other IB offices in as little as a matter of hours. Recovery time probably would be minimal (measured in hours or days). Customers would still

have the ability to place trades by telephone during the temporary outage. Customers' access to account functions other than trading (e.g., deposits and withdrawals, account management, etc.) likely would be unaffected, as connections for many internet based functions other than trading are not location-dependent.

We remind our customers that electronic and computer-based facilities and systems such as those provided by IB are inherently vulnerable to disruption, delay or failure. As specified in the IB Customer Agreement, customers must maintain alternative trading arrangements in addition to their IB accounts for the placement and execution of customer orders in the event that the IB system is unavailable.

**Connection to Market Centers in Same Region as Branch:** A significant disruption in a branch office could temporarily impact all IB customers' ability to execute trades on market centers in the same geographic region of the branch office, because necessary communications lines or personnel could be affected. In this case, IB would strive to reconnect to affected markets from its Greenwich, CT headquarters, another branch office, or through a third party. Recovery time to restore some basic ability to trade on local markets probably would be minimal (measured in hours or days).

**Other Branch Office Functions:** Most important operations performed in IB branch offices, such as Customer Service, Account Application Processing, Compliance, etc. are also performed in other IB offices and could be migrated to similarly-trained personnel in other branch offices promptly. Accordingly, IB does not anticipate that localized failures in a branch office would have a substantial negative impact on the firm's ability to respond to customer needs. Recovery time would be minimal.

### III. Headquarters Disruption

**In the Event of a Modest Disruption at IB's Headquarters:** IB has generally designed its systems, procedures and personnel structure such that there is significant redundancy and cross-capability. Limited disruptions affecting particular communications lines, particular pieces of computer hardware, or particular systems typically can be addressed quickly through use of redundant systems with similar capability. Likewise, the firm has significant capacity and capability in its branch offices, both in terms of systems and personnel, such that limited disruptions in particular areas at the firm's headquarters may be ameliorated quickly.

**In the Event of a Very Significant Disruption at IB's Headquarters:** IB's response to a very significant disruption at its headquarters necessarily will depend on the extent of the damage caused thereby. In the event of a total loss of IB's headquarters, or the data processing center at its headquarters, IB intends to recover, at its Disaster Recovery Site(s), the relevant data and operational systems (e.g., trade and account data and modified versions of its market data, credit vetting and customer authentication capability) necessary to provide customers prompt access to their funds and securities. IB's Disaster Recovery Site(s) are located in remote geographic locations that should not be subject to the same communications, electricity and/or transportation restrictions that may be experienced in the firm's Greenwich headquarters.

During the immediate aftermath period of, for example, a terrorist attack resulting in the destruction of the firm's Greenwich headquarters, the firm does not anticipate that customers could continue to place new trades. IB anticipates that it could recover customer data and position information at its Disaster Recovery Site(s) and establish basic customer access to funds and positions within approximately 2 to 5 days of a total loss of its headquarters operations. Thus, while they could not trade, we anticipate that, within this 2 to 5 day window after the loss of the headquarters facility, customers would be able to request a withdrawal of funds or transfer of their positions to another broker whose operations were unaffected by, for example, the terrorist attack. Although IB's Business Continuity Plan is designed to provide customer access to funds and securities within 2 to 5 days, the actual recovery time will depend on the

nature of the disruption, how many IB facilities and personnel are affected, the state of the national and global financial and banking system, and a host of other factors.

In the event of a very significant disruption or total loss of IB's headquarters facilities, IB anticipates that IB customers may be able to access either of the following websites: [www.ibgdr.com](http://www.ibgdr.com) or [www.interactivebrokers.co.uk](http://www.interactivebrokers.co.uk) to obtain information about the extent of the disruption and the state of IB's operations (assuming that the public internet remained available). Likewise, because most customer service personnel are in offices other than at IB headquarters, IB anticipates that customers would continue to be able to contact IB telephonically. Of course, in the event of a significant outage or major terrorist or other disaster affecting the markets, large numbers of customers likely would try to contact IB at the same time, potentially causing major delays.

Beyond the initial aftermath of a very significant disruption or total loss of the firm's headquarters (i.e., in the time period after the first 5 days), the firm would evaluate the nature of the disruption, the availability of its systems and personnel, its financial condition, the condition of the national and global financial markets, and other factors, and the firm would determine whether to restore full brokerage operations or to discontinue brokerage operations and require its customers to transfer their accounts to another broker.

#### **IV. City Wide Disruptions and Regional Disruptions**

In the event of a significant city-wide or regional disruption in one of the cities in which an IB branch office is located, IB would follow the procedures described in Section II (Branch Office Disruption) above. Since no two IB branch offices are located in the same city or region, we expect that the disruption's effects would be limited (see Section II above). In the event of a significant city-wide or regional disruption, affecting the firm's Greenwich, CT headquarters IB would follow the procedures described in Section III (Headquarters Disruption). IB's Disaster Recovery Site(s) are not located in the same city or region as the firm's headquarters.

#### **V. Important Disclaimers**

IB will adhere to the procedures set forth in its Business Continuity Plan and described in this disclosure to the extent commercially reasonable and practicable under prevailing circumstances. However, there are innumerable potential causes of a business disruption. In addition, disruptions (and the events that caused them) may vary significantly in nature, size, scope, severity, duration and geographic location and will result in distinct degrees of harm to human life; firm assets; the banks, exchanges, clearing houses and depositories with which the firm conducts business; and local, regional and national systems infrastructure (e.g., telecommunications, Internet connectivity, power generation and transportation) that could affect the firm's recovery in vastly disparate ways. In recognition of this, IB reserves the right to flexibly respond to particular emergencies and business disruptions in a situation-specific manner which the firm deems prudent, in its sole discretion. **Nothing in this document is intended to provide a guarantee or warranty regarding the actions or performance of IB, its computer systems, or its personnel in the event of a significant disruption.**

IB may modify its Business Continuity Plan and this disclosure at any time. IB will post updates to its Business Continuity Plan Disclosure on its website. Should you wish to receive a copy of an updated disclosure by mail, please contact the IB Document Processing Department at [newaccounts@interactivebrokers.com](mailto:newaccounts@interactivebrokers.com).