

Statement of Policies

Respect for the Law: Interactive Brokers Canada Inc. and its officers and employees must scrupulously observe, in letter and spirit, all laws governing business and securities activities. Interactive Brokers Canada Inc. and its officers and employees must deal fairly, honestly and in good faith with clients.

Confidentiality of Client Information: Confidentiality of client information is a fundamental principle of our firm. Interactive Brokers Canada Inc. may release confidential client information only in accordance with Addendum 9 *IBG Privacy Statement* and Addendum 10 *Privacy Law and the Collection, Use and Disclosure of Personal Information by Interactive Brokers Canada Inc.* of the Interactive Brokers Canada Inc. Client Agreement. The misuse of confidential information or misuse of any insider information not generally disclosed, for personal gain or for the benefit of anyone else, is prohibited and grounds for immediate dismissal of an employee.

Interactive Brokers Canada Inc. or its affiliates may, at times, have material information relating to certain securities which neither the client nor Interactive Brokers Canada Inc. or its affiliates may, under law, use for the benefit of an account.

Conflicts of Interest: To maintain public confidence and respect, we have adopted policies and procedures to assist us in identifying and controlling any conflicts of interest that we may face.

a) Business Activities: With regards to our business activities, we have identified the following conflicts and indicate how we manage these in your best interest:

- (i) **We earn compensation by selling products and services to you for which you pay us.** We therefore endeavor to be fully transparent on fees and commissions and fully inform you in advance so that you know what you will be paying and we offer a wide variety of pricing options to choose from;
- (ii) **Different products and services have differing levels of compensation.** Our compensation is therefore disclosed to you and all products and services are chosen by the client or an independent advisor chosen by the client. We do not sell you securities which we own (called principal trades). We do not engage in trading of securities for our own account (called proprietary trading);
- (iii) **We may receive compensation from certain securities issuers and other third parties based on their products we sell to you, such as “trailer or service fees”.** Securities regulations require issuers to provide specific disclosure in the offering document of such arrangements and the compensation we will receive. We provide such disclosure to our clients;
- (iv) **We are compensated in other ways as a result of the business you may do with us, including interest spreads on un-invested cash deposits with us.** We are not paid underwriting fees by issuers. We do not have relationships with issuers that may allow us to benefit from you buying the issuer’s securities. Various forms of other compensation we may receive are disclosed to you;

- (v) **We may sell you publicly-traded securities of a company that is related or connected to us.** All investments are selected by you or an independent advisor chosen by you. We do not solicit orders or provide recommendations of advice;
- (vi) **We may receive imposed “maker-taker” fees and rebates imposed by several stock and options exchanges in connection with trades we direct to such exchanges through affiliates or directly.** Our affiliate or affiliates of Interactive Brokers LLC operates an Alternative Trading System (ATS) in accordance with SEC Regulation ATS on which it executes client trades against each other or against one or more professional liquidity providers who send orders into the IB ATS. Through affiliates, we also maintain connections to “dark pool” ATS’s that execute a portion of client stock orders and in this context we receive rebate payments for routing client orders to such dark pools. Industry regulations dictate our best price and best execution obligations to you. We do not sell our order flow to another broker to handle and route. Instead, we have built a real-time, high-speed Best Execution Order Routing System (IB SmartRoutingSM), which is designed to optimize execution price, speed and total cost of execution for stocks and options. We constantly enhance the SmartRouting system to adapt to changes in markets, new exchanges, new trading rules, etc. Our SmartRouting system continually scans competing market centers and automatically seeks to route orders to the best market, taking into account factors such as quote size, quote price, exchange or ATS transaction fees or rebates and the availability of price improvement (execution at a better price than the National Best Bid or Offer (NBBO));
- (vii) **Our affiliate or affiliates of Interactive Brokers LLC own(s) minority interests in One Chicago (security futures exchange), ISE Securities Exchange and Boston Options Exchange Group LLC, which operates the Boston Options Exchange.** We disclose to you our affiliate or affiliates’ ownership interest in marketplaces. Our systems are programmed to obtain the best prices for our clients and not to route orders based on our ownership interest in an exchange or market center;
- (viii) **We will generally route a client option order to our affiliate options market maker affiliates, which would benefit our market making affiliates which increase their market share in options contracts, from which they attempt to earn a market making spread.** Industry regulations dictate our best price and best execution obligations to you. One or more of our affiliates are significant market makers on options exchanges. If an affiliate is offering the best price in the national market or is willing to provide an execution at a better price than the NBBO for our client order, we generally will route the order to an options exchange where the affiliate is more likely to trade with the order. This will benefit you our client because you will receive an execution at NBBO or better – and will also benefit the affiliate, which increases its market share in options contracts, from which it attempts to earn a market making spread.

b) Nature of Relationship between Interactive Brokers Canada Inc. and its affiliates:

Some officers and directors of Interactive Brokers Canada Inc. are also directors or officers of its affiliates, and some officers and directors of its affiliates may also, from time to time, be officers or directors of Interactive Brokers Group, Inc., a Related Issuer of Interactive Brokers Canada Inc.

c) Related Issuer to Interactive Brokers Canada Inc.: A person or company is a “related issuer” to Interactive Brokers Canada Inc. if, through the ownership of or direction or

control over voting securities or otherwise, the person or company is an influential security holder of Interactive Brokers Canada Inc., or if Interactive Brokers Canada Inc. is an influential security holder of the person or company, or if each of them is a related issuer of the same third person or company.

The following is a related issuer to Interactive Brokers Canada Inc.:

Interactive Brokers Group, Inc. traded on the Nasdaq (Global Select Market) under symbol *IBKR*

d) **Connected Issuers to Interactive Brokers Canada Inc.:** An issuer is a “connected issuer” to Interactive Brokers Canada Inc. if there is a relationship between the issuer and Interactive Brokers Canada Inc., a related issuer of Interactive Brokers Canada Inc., or a director or officer of Interactive Brokers Canada Inc. or a related issuer, that might cause a reasonable prospective purchaser of the securities of the connected issuer to question whether Interactive Brokers Canada Inc. and the issuer are independent. In addition, in certain circumstances, issuers with whom Interactive Brokers Canada Inc. affiliates has a business relationship may be considered connected issuers of Interactive Brokers Canada Inc. Interactive Brokers Canada Inc. does not have any connected issuers.

e) **Disclosure:** Where a client deals in securities of a related or connected issuer to Interactive Brokers Canada Inc., any confirmation or report of trades in respect of such transaction will indicate that the issuer is related or connected to Interactive Brokers Canada Inc.

f) **Related Registrants:** An affiliate of Interactive Brokers Canada Inc. operates an alternative trading system in accordance with SEC Regulation ATS. One or more affiliates of Interactive Brokers Canada Inc. own an equity interest in One Chicago, ISE Securities Exchange and Boston Options Exchange Group LLC and the affiliates may have a nominee director serving on the boards thereof. As such, may be considered to have an economic interest in the trading of securities on an exchange owned or controlled by one of these market venues. No person or company is required to obtain products or services from these market venues or their affiliates as a condition of Interactive Brokers Canada Inc. or its affiliates continuing to supply a product or service.

g) **Related Canadian Registrants:** In addition to Interactive Brokers Canada Inc., Timber Hill Canada Company is an IIROC registered dealer that a) may act as an underwriter of new ETF units purchased by clients of Interactive Brokers Canada Inc. and that b) will act as an executing broker on client trades executed on the Bourse de Montréal Inc. Interactive Brokers Canada Inc. will generally route a client option order to its options market maker affiliate if the affiliate is offering an improved price for the client order. Certain directors and officers of Interactive Brokers Canada Inc. may also be directors and officers of this related registrant.

h) **Dealing with Affiliates:** From time to time, where permitted, Interactive Brokers Canada Inc. will enter into transactions in respect of securities borrowing and lending, custody, brokerage, derivatives and foreign exchange on behalf of a client with an affiliate of Interactive Brokers Canada Inc. , whether the affiliate is acting in an agency or principal

capacity. Interactive Brokers Canada Inc. or an affiliate may earn commissions, fees and/or spreads in connection with providing any of these services. Where Interactive Brokers Canada Inc. sells you securities owned by Interactive Brokers Canada Inc. or an affiliate (called principal trading), Interactive Brokers Canada Inc. will indicate on the trade confirmation that the trade was executed on a principal basis. In fixed income product transactions, Interactive Brokers Canada Inc. or an affiliate may act as principal. Interactive Brokers Canada Inc. may charge commissions on these transactions. The trade confirmation for each transaction will indicate whether Interactive Brokers Canada Inc. acted as principal or agent and, in the case of fixed income product transactions, a stated yield to maturity will be provided to allow a client to assess the competitiveness of the pricing. Interactive Brokers Canada Inc. and parties related to it may earn revenue from remuneration paid by trading destinations, including electronic communication networks and exchanges in connection with trades we direct to such markets, directly or through our affiliates.

i) **Corporate Revenue and Representative Income Sources:** Interactive Brokers Canada Inc. may earn revenue from other sources, some of which may be seen as involving a conflict or potential conflict. These sources of revenue include:

- fees paid directly or indirectly by issuers in connection with new issues of shares or other securities;
- fees paid by issuers, offerors or others in connection with takeover bids, corporate reorganizations, solicitation of proxies and other corporate actions;
- mutual fund “trailing commissions” paid by mutual fund companies, to Interactive Brokers Canada Inc., which also earn revenue on the sale of the funds. Specific disclosure is provided in the mutual fund’s offering documents (e.g. prospectus or Fund Facts);
- remuneration paid by trading destinations, including electronic communication networks, and exchanges in connection with trades on markets where Interactive Brokers Canada Inc. sends orders, through its affiliates or directly; and
- fees and spreads in connection with any services provided by Interactive Brokers Canada Inc. or its affiliates to the client account, or transactions between Interactive Brokers Canada Inc. or its affiliates and the client account, and registered plan administration and trusteeship. Where applicable, Interactive Brokers Canada Inc. receives commissions, fees and other compensation as set out in the *Commission Schedules and the Statements of Disclosure of Rates and Fees*, trade confirmations and managed account agreements provided to clients and included in our regular client reporting under the Fees and Charges section.

j) **Referral Fee Disclosure:** A referral fee may also be paid if clients have been referred to Interactive Brokers Canada Inc. by a person or entity outside of Interactive Brokers Canada Inc. The referral arrangement will be set out in a written agreement which will be entered into in advance of any referrals being made. In this case, details of how the referral fee is calculated and paid and to whom it is paid will be provided to the client.

o) **Outside Business Activities:** At times, individuals may participate in outside business activities such as serving on a board of directors, participating in community events or pursuing personal outside business interests. Interactive Brokers Canada Inc. has policies in place which require individuals to avoid situations where a conflict of interest may arise.

p) **Offices Located Within Shared Premises** - Applicable to Timber Hill Canada Company: An Interactive Brokers Canada Inc. office may be located within premises shared with affiliates providing securities related products and services. Interactive Brokers Canada Inc. is an investment dealer and by entering into this agreement with Interactive Brokers Canada Inc. you are dealing with a separate organization whose products and services may differ from those associated with other entities, including Timber Hill Canada Company. The securities sold by Interactive Brokers Canada Inc. may fluctuate in value, based on market conditions. Unless we advise you otherwise with respect to a particular security, securities sold by Interactive Brokers Canada Inc. are not insured by the Canadian Deposit Insurance Corporation or any other government deposit insurer and are not guaranteed.

q) **Fairness Policy:** Interactive Brokers Canada Inc. maintains standards directed to ensuring fairness for clients as set out below:

Each director, officer and employee of Interactive Brokers Canada Inc. will, as applicable:

(a) Ensure that he/she deals fairly with all accounts when taking investment action;

(b) Use his/her best efforts to mitigate any conflict of interest between himself/herself, and disclose any related material conflict of interest.;

(c) In assisting clients, exercise diligence, independence (including in the case of securities of a related issuer of Interactive Brokers Canada Inc. where additional conflict controls are in place), and thoroughness in analyzing investments, making investment recommendations and taking investment action; and

(d) Strive towards a high standard of ethical business and personal conduct and professionalism in adherence to our Code of Conduct & Ethics Policy, comply with the Personal Trading Policy requiring pre-approval of personal trade requests, and review and attest to these policies annually