

## **Interactive Brokers Canada Inc. - Conflicts of Interest Statement**

Dear Client,

To maintain public confidence and respect, Interactive Brokers Canada Inc. (“we”) adopted policies and procedures to assist us in identifying and controlling any material conflicts between your interests and those we may face when offering you our brokerage products and services.

When addressing material conflicts of interest, we are mandated by applicable regulations to do so in the best interest of you, the client. Our firm and its officers and employees must put the interests of our clients first, ahead of our own interests and any other competing considerations.

We must address material conflicts of interest by either avoiding those conflicts or by ensuring we mitigate those conflicts sufficiently so that the conflict has been addressed in the client’s best interest.

We will avoid a material conflict of interest if there are no appropriate controls available in the circumstances that would be sufficient to otherwise address the conflict in your best interest. Similarly, if a particular conflict is capable of being addressed by using controls, but the specific controls being used are not sufficiently mitigating the effect of the conflict, we will avoid that conflict until we have implemented controls sufficient to address the conflict in your best interest. We will avoid a conflict if that is the only reasonable response in the circumstances that is consistent with our obligation to address conflicts in the best interest of our clients even if this means foregoing an otherwise attractive business opportunity or type of compensation for the firm.

At this time, we have identified, in no special order of importance, the following conflicts which may materially affect your interests as one of our clients.

Although we provide you with this disclosure about conflicts, which we view as critical to your ability to make an informed decision about how to manage and evaluate your client relationship with us, we stress however that disclosure alone is not sufficient to address a material conflict of interest in the best interest of clients. Not only does disclosure sometimes fail to mitigate the risks related to conflicts of interest, but in some instances disclosure of conflicts may aggravate the potential risks to a client’s interests.

We expect you will use disclosure about material conflicts of interest to help inform your decision when evaluating our business practices, conflicts management and overall performance on an ongoing basis.

As a result, we provide you with fulsome disclosure regarding material conflicts of interest and statements of our commitments to act fairly and to protect your privacy which we hope will be meaningful to you as our client.

Interactive Brokers Canada Inc.

August 2024

1. **We earn compensation by selling products and services to you for which you pay us.**

Nature of Conflict – This conflict is related to the compensation we receive from you in the carrying on of our business activity as an investment broker.

Extent of Conflict – This conflict arises every time you buy products and services from us for which you pay us a fee. The more products and services you buy from us, the more revenue we stand to generate.

Potential Impact to You – You may view our communications to you as biased towards incentivizing you to purchase more products and services from us than is necessary considering your personal situation. You may not understand that fees are payable for our products and services and you may not understand the full extent of the revenue we stand to generate from the products and services we sell you.

Risk this Conflict Could Pose to You – It may not be in your best interests to decide to restrict or limit your purchases of products and services from us for the primary reason of limiting the revenues we may generate. You may underestimate the fees you pay us and the corresponding compensation we receive from you, and this may adversely impact the performance of your investments over time.

How this Conflict Has Been Addressed- We endeavor to be fully transparent on fees and commissions we charge for our products and services and strive to inform you fully, plainly and completely, in advance so that you know exactly what you will be paying and for what. Fees and spreads in connection with any services provided to your account, or transactions between us and our international brokerage affiliates when applicable, including those associated with your account that qualifies as a registered plan and our outside plan trustee, are disclosed, where relevant, on our website. We receive commissions, fees and other compensation as set out on our website in our *Pricing* section and under the *Fees and Charges* section of the trade confirmations and monthly account statements provided to you. All products and services are chosen by you or your independent investment advisor. We do not, as a matter of policy, provide recommendations or advice to you nor do we communicate with you solely for the purpose of generating revenue for us without any benefit to you. We have implemented policies and procedures to require the review and approval of marketing materials to ensure, among other things, that our marketing is accurate and not misleading.

## 2. **Different products and services we offer have differing levels of compensation.**

Nature of Conflict – This conflict is also related to the compensation we receive from you in the carrying on of our business activity as an investment broker.

Extent of Conflict – This conflict is triggered every time you opt to purchase one product or service over another because different products and services may carry different fees.

Potential Impact to You – You may view our communications to you as biased towards incentivizing you to increase your use of our services and products that carry a higher fee or that you perceive to be more profitable for us. You may not understand that fees may differ depending on the products and services we sell you and you may not understand the full extent of the fees you pay us for different products and services.

Risk this Conflict Could Pose to You – If you misunderstand the compensation you pay us, this may cause you to make investment decisions that may be biased towards ensuring you only pay for lower priced products or services independent of their merit in light of your personal situation. This may be detrimental to you and may impact the performance of your investments over time.

How this Conflict Has Been Addressed- We endeavor to be fully transparent on all of our fees and commissions and use all best efforts to fully inform you in advance so that you know what you will be paying, and by offering different pricing options to choose from. Our compensation is therefore disclosed to you and all products and services are chosen by you or your independent investment advisor. 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). Fees and spreads in connection with any services provided by us or our affiliates to your account, or transactions between us and our international brokerage affiliates when applicable, including those associated with your account that qualifies as a registered plan and our outside plan trustee, are disclosed, where relevant, on our website. We receive commissions, fees and other compensation as set out on our website in our *Pricing* section and in the *Fees and Charges* section of the trade confirmations and monthly account statements provided to you. We have implemented policies and procedures to require the review and approval of marketing materials to ensure, among other things, that our marketing is accurate and not misleading.

**3. We are indirectly compensated because of the business you may do with us, including interest spreads on un-invested cash deposits with us.**

Nature of Conflict – This conflict is also related to our compensation in the carrying on of our business activity as an investment broker.

Extent of Conflict – This conflict is triggered every time you hold uninvested cash in a brokerage account with us.

Potential Impact to You – You may not understand that we earn income by investing your cash balances with a financial institution that pays us interest income on your cash balances which income we do not directly credit back to your account.

Risk this Conflict Could Pose to You – If you misunderstand how we hold your cash balances, you may not appreciate the revenue we receive by investing them with a financial institution. You may also prefer to hold these cash balances in a separate account in your name at the financial institution of your choice where you could possibly earn returns on these cash balances.

How this Conflict Has Been Addressed- We also endeavor to be fully transparent on such other ways we may be compensated because of the type of business you do with us. All products and services are chosen by you or by the independent investment advisor chosen by you. Where applicable, we receive other compensation as set out on our website in our *Pricing* section. We do not use your uninvested cash to finance our business operations as permitted by law. Instead, we always maintain your cash balances in a segregated account at an acceptable financial institution offering CDIC or equivalent coverage.

#### **4. We may have paid a referral fee to a person or entity outside of Interactive Brokers that referred you to us.**

Nature of Conflict – This conflict is also related to our regulated broker dealer business activity in general.

Extent of Conflict – This conflict is triggered only to the extent that you were referred by a person or entity outside of Interactive Brokers Canada Inc. and a referral fee was paid to such person by us.

Potential Impact to You – You may believe we are incentivized to charge you a higher price for our products and services to compensate for the referral fee we paid to this third-party.

Risk this Conflict Could Pose to You – You may view our communications to you as biased towards incentivizing you to purchase more products and services from us than is necessary considering your personal situation to compensate for this referral fee.

How this Conflict Has Been Addressed- The referral arrangement between us and the person referring you to us will be set out in a written agreement which will be entered into in advance of any referrals being made. It is intended to help you make an informed decision about the referral arrangement and to help you assess any conflicts of interest. In this case, details of how the referral fee is calculated and paid and to whom it is paid will be provided to you. It is our intention that this agreement ensures that you understand, namely, the extent of the referrer's financial interest in the referral arrangement, and the nature of any existing or reasonably foreseeable conflict of interest that may arise from the referral arrangement. Furthermore, we endeavor to be fully transparent on all of our fees and commissions and use all best efforts to fully inform you in advance so that you know what you will be paying, and by offering different pricing options to choose from. Our compensation is therefore disclosed to you and all products and services are chosen by you or your independent investment advisor so you can appreciate that a referred client never ends up paying more for our products and services than any other non-referred clients.

## **5. We may conduct activities with affiliated international brokerage entities.**

Nature of Conflict – This conflict is related to our regulated broker dealer business where we offer products and services related to international products and services, including trading of foreign securities or currencies and fully-paid securities lending services.

Extent of Conflict – This conflict is triggered only to the extent that you choose to, or your independent investment advisor chooses to purchase a product or service for which we rely on our international affiliates to help us provide such international products and services to you.

Potential Impact to You – You may not understand that we rely on our international brokerage affiliates to offer you access to these specific foreign markets when offering certain products or services and perceive us to be acting in a biased way by choosing to conduct such international business through one or more affiliated entities, as opposed to a third-party, arm's length firm for example.

Risk this Conflict Could Pose to You – From time to time, where permitted, we will enter into transactions in respect of securities borrowing and lending, custody, brokerage, derivatives and foreign exchange on your behalf of a client with one of our international brokerage affiliate, whether the affiliate is acting in an agency or principal capacity. We may pay, and one or more of our affiliates may earn commissions, fees and/or spreads in connection with providing any of these services. Also, we are reliant on our international affiliates to provide you with certain products and services which may prove to be more costly to you than if we used a third-party provider, assuming our affiliates are not providing us with a cost-efficient solution for those products and services.

How this Conflict Has Been Addressed- We endeavor to be fully transparent in our intercompany relationships and highlight in the client agreement and in the account statements we provide to you the business relationship we maintain with our affiliate, Interactive Brokers LLC. We endeavor to be fully transparent on all of our fees and commissions and use all best efforts to fully inform you in advance so that you know what you will be paying, and by offering different pricing options to choose from. Our compensation is therefore disclosed to you and all products and services are chosen by you or your independent investment advisor. All products and services are chosen by you or by the independent investment advisor chosen by you. We do not solicit orders or provide recommendations or advice, nor do we provide product and account type appropriateness services. Where a client deals in foreign securities, any confirmation or report of trades in respect of such transaction will indicate that the trade was executed on a principal or agency basis 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. We have implemented policies and procedures to require the review and approval of marketing materials to ensure, among other things, that our marketing is accurate and not misleading.

## **6. Our officers or employees may carry on outside business activities.**

Nature of Conflict – This conflict is related to our regulated broker dealer business where we have the duty to act in your best interest at all times when offering you products and services, we must act in an unbiased way, that is regardless of any other interests which may arise from our officers and employees' involvement in other activities outside of Interactive Brokers Canada which may conflict with their duties as officers and employees of Interactive Brokers Canada Inc.

Extent of Conflict – This conflict is triggered only to the extent that you choose to, or your independent investment advisor chooses to purchase a product or service for which our officers or employees outside business activities would come into conflict with your best interest as our client.

Potential Impact to You – You may lose confidence in our ability to carry out our duties to you as a client if you feel like we are somehow steering you towards certain products and services where our officers or employees may have an outside business interest.

Risk this Conflict Could Pose to You – You may purchase from us a product or service that does not meet your best interests. Such a risk can arise when officers or employees engaged in outside business activities are remunerated for these activities or because of the nature of the relationship between the officers and employees and the outside entities which retain their services.

How this Conflict Has Been Addressed- Before approving any of these outside business activities, we consider potential conflicts of interest. If we cannot properly control a potential conflict of interest, we simply do not permit the outside activity. Also, if registered with the relevant securities authorities, employees must disclose to these authorities all outside business activities and all changes in outside business activities after registration. Required disclosure includes whether the officer or employee receives compensation or not, any employment and business activities outside of Interactive Brokers Canada Inc., all officer or director positions, and any other equivalent positions held, as well as positions of influence. All products and services are chosen by you or by the independent investment advisor chosen by you. We do not solicit orders or provide recommendations or advice, nor do we provide product and account type appropriateness services. We have implemented policies and procedures to require the review and approval of marketing materials to ensure, among other things, that our marketing is accurate and not misleading.

## 7. We may sell you publicly traded securities of an issuer that is related<sup>1</sup> to us.

Nature of Conflict – This conflict is related to our regulated broker dealer business where we offer products and services related to trading publicly-listed securities, including those issued by our indirect corporate parent company, Interactive Brokers Group, Inc., symbol IBKR, which a Nasdaq-listed issuer which securities can be purchased and sold in your brokerage account.

Extent of Conflict – This conflict is triggered only to the extent that you choose to, or your independent investment advisor chooses to make the investment decision to invest in the publicly-traded securities of IBKR.

Potential Impact to You – You may not understand that these specific publicly listed securities involve our indirect parent company and by being able to transact these securities in your brokerage account, you may be misled into considering consider this a recommendation or an invitation on our part for you to invest in such securities.

Risk this Conflict Could Pose to You – It may be inappropriate for you to be both an investor in, or trade, securities of our parent company and a brokerage client of our company especially if we should run into financial difficulties where you would be potentially exposed to both an insolvency risk (as a client) and a market risk (as an investor in our parent company’s securities).

How this Conflict Has Been Addressed- We endeavor to be fully transparent on our corporate structure in different areas of our public website. All products and services are chosen by you or by the independent investment advisor chosen by you. We do not sell you securities which we own (called principal trades) and we do not engage in trading of securities for our own account (called proprietary trading). We do not solicit orders or provide recommendations or advice, nor do we provide product and account type appropriateness services. Where a client deals in securities of a related or connected issuer to us, any confirmation or report of trades in respect of such transaction will indicate that the issuer is related or connected to us. We have implemented policies and procedures to require the review and approval of marketing materials to ensure, among other things, that our marketing is accurate and not misleading.

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<sup>1</sup> 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. **Interactive Brokers Group, Inc. traded on the Nasdaq (Global Select Market) under symbol IBKR is a related issuer to Interactive Brokers Canada Inc.**



## 8. We may route your order to a marketplace that is related to us.

Nature of Conflict – This conflict is related to our regulated broker dealer business where we offer products and services related to the trading of publicly-listed securities and where market centers, including exchanges offer us financial incentives to trade on their marketplace and thus submit our client orders to preference this particular marketplace over another one. One of our affiliate companies owns a majority interest in ForecastEx LLC which is registered as a Designated Contract Market (“DCM”) and Designated Clearing Organization (“DCO”) with the Commodity Futures Trading Commission (“CFTC”). Another affiliate operates an alternative trading system (IBKR ATS) which is an SEC-regulated marketplace, and one or more other affiliates own (s) minority interests in the International Securities Exchange (ISE stock exchange) and the Boston Options Exchange Group LLC, which operates the BOX OptionsExchange.

Extent of Conflict – This conflict is triggered by the fact that we may have an incentive to route as much of our client orders to such related marketplaces because of the fees they receive from such trading activity and also because of the increased liquidity to these related marketplaces. The conflict is also triggered by the fact that certain institutions provide liquidity to our affiliate’s IBKR ATS and thus pay our affiliate a small commission to transact certain U.S. securities with our client orders, including yours. Also, we may have an incentive to route as much of our clients’ orders to these marketplaces to increase both the liquidity of our related marketplaces and the fees we receive from these institutions to provide liquidity to such marketplaces. As it concerns in particular ForecastEx LLC, the marketplace earns interest on the cash which members deposit to collateralize their bids and an affiliate entity of IBC operates as a liquidity provider.

Potential Impact to You – We may be considered to have an economic interest in the trading of securities or derivatives on these marketplaces owned or controlled by one or more of our affiliates. This conflict may cause you to consider we will indirectly benefit from your trading activities on such marketplaces. Furthermore, this conflict may adversely influence your trading decisions. For example, you may choose to preference certain markets over others solely to ensure we do not route your orders to our related marketplaces.

Risk this Conflict Could Pose to You – You may lose confidence in our ability to service you in an unbiased manner because we may be tempted to route your order to the market centers that provide us with the most incentives, including those marketplaces that are related to us. Your investment performance may be adversely impacted should you decide to let this apparent conflict be your primary guide in determining which market center should be the preferred one for you at any given time.

How this Conflict Has Been Addressed- We endeavor to be fully transparent in our order routing policies and procedures which we make available to you at account opening and on an ongoing basis on our website. We disclose to you our affiliate or affiliates’ ownership interest in marketplaces. No person or company is required to obtain products or services from these related

market venues as a condition of us continuing to supply a product or service. We have built a real-time, high-speed Best Execution Order Routing System (IB SmartRouting<sup>SM</sup>), which is designed to optimize execution price, speed, and total cost of execution for stocks and options. 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. We constantly enhance our routing system to adapt to changes in markets, new exchanges, new trading rules, etc. Our routing system continually scans competing market centers and automatically seeks to route orders to the best market. The fee our affiliate receives from institutions that provide liquidity to our affiliate's ATS, is deliberately set at a minimal level. The arrangements our affiliate entered into with these institutions to provide liquidity to the IBKR ATS may provide faster executions as well as providing better priced executions. We only route your order to the best market to ensure you receive best execution of such orders at all relevant times independent of any exchange rebate programs. All products and services are chosen by you or by the independent investment advisor chosen by you.

Addressing Conflicts Specific to ForecastEx LLC Contracts. We have adopted specific conflicts of interest procedures as it concerns the management of all conflicts arising from our affiliation with ForecastEx LLC. We have addressed these as follows: (i) Bids of IBC's affiliated liquidity provider do not receive time priority; (ii) disclosure of investigations relating to IB Group affiliates will be made to CFTC; (iii) the value of the incentive coupon is a function of the daily rate ForecastEx earns (similar to Fed Funds) and the daily closing value of positions held by the FCM; (iv) IBC will pass on 50% of this income to its customers; (v) the affiliated liquidity provider plays an important role in making sure that Customers are able to execute even in other wise illiquid markets. It also ensures that Customers have a way to offset their positions; (vi) the affiliate's bids are executed last at every price point regardless of the time that it entered those bids; (vii) The bids of all other participants are subject to price-time priority which ensures that customers, and especially retail customers, participate at ForecastEx on a level playing field; (viii) ForecastEx does not give advantages or incentives to any market participant over another, and it does not have any market maker programs that provide advantages or incentives to liquidity suppliers. These conflicts will be managed so as to cover all clients who have trading permission to trade forecast contracts listed on this affiliated exchange.

**9. We may receive “maker-taker” fees and rebates imposed/paid by several stock and options exchanges in connection with trades we direct to such exchanges through affiliates or directly.**

Nature of Conflict – This conflict is related to our regulated broker dealer business where we offer products and services related to trading publicly-listed securities and where market centers, including exchanges offer us financial incentives to trade on their marketplaces and thus submit our client orders to one marketplace in preference to another one. Through affiliates of our company, we also maintain connections to “dark pool” ATS’s that execute a portion of client stock orders and in this context and our affiliate may receive rebate payments for routing client orders to such dark pools.

Extent of Conflict – This conflict is triggered to the extent that you choose certain types of orders when buying or selling securities on a public marketplace that offers us special incentives depending on whether your order is an order that may be immediately executed or not.

Potential Impact to You – The charges imposed, or rebates offered by these marketplaces affect your total cost of execution. This conflict may cause you to consider we are not acting in your best interests and solely to maximize our benefit from your trading activities on specific marketplaces. Furthermore, this conflict may adversely influence your trading decisions. For example, you may choose a certain order type over another to ensure we do not receive such rebates or for the sole purpose of protecting your order from being routed by us to a market center that could provide us with a financial incentive.

Risk this Conflict Could Pose to You – You may lose confidence in us because we may be tempted to route your order to the market center that provides us with the most incentives. Your investment performance may be adversely impacted should you decide to let these rebates be your primary guide in determining which order type is the preferred one for you at any given time.

How this Conflict Has Been Addressed- Our SmartRouting System takes into consideration these charges and rebates when determining where to route your orders, trying to minimize your cost of execution. We endeavor to be fully transparent in our order routing policies and procedures which we make available to you at account opening and on an ongoing basis on our public website. No person or company is required to obtain products or services from these market venues or their affiliates as a condition of us or our affiliates continuing to supply a product or service. We only route your order to the best market to ensure you receive best execution of such orders at all relevant times independent of such exchange rebate programs. You may also choose to compensate us for our products and services in a manner that will allow you to receive back from us a substantial portion of the rebates paid by applicable exchanges. All products and services are chosen by you or by the independent investment advisor chosen by you. We disclose to you our affiliate or affiliates’ ownership interest in marketplaces and 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.

### **Our Commitment to Act Fairly**

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.

Interactive Brokers Canada Inc. maintains high standards directed at ensuring fairness for our clients. Each officer and employee of Interactive Brokers Canada Inc. will 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 certain personal trade requests, and review and attest to these policies annually.

### **Our Commitment to your Privacy**

Confidentiality of client information is a fundamental principle of our firm. Interactive Brokers Canada Inc. may release confidential client information only in accordance with the relevant privacy provisions 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.