



Interactive Brokers Luxembourg SARL Order Execution Policy

Introduction

This document sets out Interactive Brokers Luxembourg's ("**IBLUX**") order execution policy ("**Policy**") in respect of its retail and professional clients ("**you**" or "**Client**") for transactions in financial instruments. This document summarises the arrangements that IBLUX has put in place to provide its clients with best execution when IBLUX executes an order on their behalf.

General

IBLUX provides execution-only electronic brokerage services to you. The orders you submit to IBLUX through the Interactive Brokers Group's ("**IB**") trading platforms are executed by IBLUX on your behalf by electronically routing them to markets or dealers using IB's proprietary order routing technology.

What is Best Execution?

When IBLUX executes an order on your behalf, IBLUX will take all sufficient steps to obtain the best possible result for you taking into account the best execution factors including price, costs, speed, likelihood of execution, size, nature of an order and any other consideration relevant to the execution of the order such as the nature of the relevant market, prevailing market conditions and possible market impact. The relative importance of each of the execution factors may depend on:

- » the characteristics and nature of the order, including any specific instructions you might have given;
- » the characteristics of the financial instruments that are the subject of your order; and
- » the characteristics of the execution venues (if there is more than one) to which the order can be directed.

How is the relative Importance of Execution Factors Determined?

IBLUX determines whether you are a retail or professional client at account opening in accordance with the Markets in Financial Instruments Directive. The other execution factors are applied on a trade-by-trade basis taking into account whether the order is marketable or not. A marketable order is a buy order with a price at or above the lowest offer in the market or a sell order with a price at or below the highest bid in the market. For marketable orders, the primary execution factor is either total consideration or price depending on your instruction. The total consideration represents the price of the financial instrument and the costs related to execution, which include all expenses

incurred by the client which are directly related to the execution of the order, including execution fees, clearing and settlement fees and other fees paid to third parties involved in the execution of the order. For non-marketable orders, the primary execution factor is typically likelihood of execution followed by cost. Both in the case of marketable and non-marketable orders, the remaining execution factors – order size, nature of the order and any other consideration relevant to the efficient execution of your order – are generally secondary and applied where they may optimise the primary factors.

Order Execution Process

When submitting an order through the IB trading platforms, you may choose smart order routing or provide specific instructions to directly route your orders to your chosen venue. Your orders may be filled in one or multiple market transactions across one or more execution venues. IBLUX will deal fairly and in due turn with all orders received from its clients. To the extent it is reasonably practicable to do so, IBLUX will deal with all orders in accordance with this Policy and its general terms and conditions.

Smart Order Routing

IBLUX offers smart order routing for products that are listed on more than one execution venue. SmartRouting is a proprietary computerised routing algorithm designed to optimise both speed and either price or total consideration, by continuously scanning the bids and offers at each of those competing execution venues and automatically routing orders directly to the best execution venues or dealer.

Approach to SmartRouting

SmartRouting is premised upon the principle that an order is most likely to be executed at the optimal price, at the greatest speed and with the highest levels of accuracy and certainty of completion if that order is submitted via direct access to a fully automated market venue. Moreover, to the extent that an order is associated with a product listed on multiple market venues, smart order routing is achieved by constantly reviewing the bids and offers at each of those venues and by directing the order to the venue offering the best total consideration or the best price, if price has been selected as the primary execution factor. For retail clients, the best possible result achievable for the client is determined by reference to the total consideration. Total consideration is the prioritised factor where the "Cost-Considered when Routing" functionality is active in the IB trading platforms, which is the default option unless the client selects "Price". Otherwise SmartRouting will direct the order to the venue providing the best price.

Client Instructions

Clients may provide specific client instructions for any given order. The IB trading platforms offer access to numerous order types, including both native (exchange-supported order type) and simulated (order type created by IB). The IB trading platforms also enable clients to provide order instructions with respect to pricing, timing, speed, price improvement and other advanced trading functions. Where you provide specific instructions to route orders directly via the IB trading platforms to the order book of a particular venue of your choice, you should be aware that any specific instructions may prevent IBLUX from taking the steps that IBLUX has designed and implemented in this Policy to obtain the best execution. To the extent that IBLUX is able to accommodate such requests, IBLUX will give the specific

instructions precedence over the SmartRouting process, this may result in a different outcome for the trade than that which solely relies on SmartRouting.

Order Types and Algorithms

IB trading platforms provide you with the functionalities to choose your own order types based on the characteristics of the financial instrument, the characteristics of the order, and your own objectives and specific execution strategies. IB trading platforms support over 60 order types and algorithms that allow you to tailor your orders to, among other things, include instructions concerning pricing or timing of orders or to speed execution, provide price improvement, limit risk, time the market and allow privacy. The information on order types and algorithms is made available on the IBLUX website under the Technology menu option and then Order Types and Algos. You may find specific information on the order types and algorithms by sorting the order types and algorithms by product and/or category.

Specifying a Venue

Each execution venue administers its own set of trading rules. Accordingly, if you decide not to select SmartRouting, you should be familiar with the various trading and order handling rules of those market venues to which you intend to direct route your orders. A complete listing of market venues along with website links is made available on the IBLUX website under the Products menu option and then Exchange Listings.

Where IBLUX is a member of a trading venue, IBLUX also executes orders on behalf of IBLUX affiliates. The IBLUX affiliates route their clients' orders to IBLUX and IBLUX executes these orders as venue-specific orders.

Execution Venues

Our policy is to maintain a choice of venues and entities that are most likely to provide you with best execution on a consistent basis. IBLUX considers a wide variety of execution venues and entities based upon the level of relevance the execution venues maintain within their particular region in addition to factors such as product breadth, liquidity, electronic access, costs and speed and likelihood of settlement. IBLUX periodically considers the emergence of new venues which are currently unavailable or changes to existing venues with respect to the product offerings, and takes into account the quarterly execution quality publications to compare possible competing venues. IBLUX conducts trading venues review when there is a material change and at least annually. The venues will typically fall into the classification of regulated markets, Multilateral Trading Facilities, systemic internalisers, and third-party investment firms, brokers and/or affiliates acting as a market maker or liquidity provider.

Third party brokers

Where we use a third party broker to execute transactions we retain an overarching best execution obligation, subject to the facts and circumstances surrounding the relevant market and the terms and instructions provided by you. We satisfy this obligation by undertaking due diligence to validate the adequacy of the third party broker's execution performance and connectivity and to ensure that there are satisfactory arrangements to ensure the confidentiality of our order flow and execution instructions.

Single Venue

For certain financial instruments IBLUX executes on a single venue or with a single liquidity provider, IBLUX will consider periodically whether IBLUX can reasonably expect that the execution venue or liquidity provider will enable us to obtain results for our clients that are at least as good as the results that we can reasonably expect from using alternative execution venues or dealer.

Over-the-Counter Trades Executed by IBLUX

When executing orders in Over-the-Counter ("**OTC**") products including bespoke products, you may utilise the information made available on the Trader Work Station to check the price of the underlying financial instrument used in the estimation of the price of the OTC product and, where you subscribed for market data, by comparing with similar or comparable products to gauge the fairness of the price of the OTC product proposed to you.

Monitoring & Review

IBLUX conducts systematic testing, periodic monitoring of competing quotes received against sample review of executed client orders and considers transaction cost analysis information from a third party provider to assess the effectiveness of our overall execution arrangements. This Policy is reviewed on an annual basis or on the occurrence of a material change in our execution arrangements or in our underlying regulatory obligations. The purpose of the review is to carry out an overall assessment of whether this Policy and IBLUX's execution arrangements are reasonably designed to enable IBLUX to obtain the best possible result for the execution of our client orders. The review will include consideration of venue reviews, including any venue removal and selection, any modifications required to this Policy, including the relative importance of the best execution factors. We will notify you of any material changes to our execution policy. For other updates, including the list of execution venues and entities, please refer to the relevant sections on our website.

Information Regarding Best Execution

This document and other related publications, including the list of execution venues on which IBLUX places significant reliance, an annual publication of information on the top five execution venues IBLUX has used in terms of trading volumes and execution quality of IBLUX, are made available on the IBLUX website.