

SUMMARY OF THE CONFLICTS OF INTEREST POLICY OF IBKR Luxembourg SARL

1. INTRODUCTION

1.1 The Conflicts of Interest Policy ("Policy") is issued pursuant to the European Directive 2014/65/EU of 15 May 2014 on markets in financial instruments. IBKR Luxembourg SARL ("IBLUX") is committed to its general obligation to act with integrity and fairness towards its clients. The Policy complements IBLUX's overall general obligation and sets out how IBLUX manages potential conflicts of interest where IBLUX provides electronic brokerage services to its clients.

1.2 This document summarises the general circumstances which may give rise to a conflict of interest entailing a material risk of damage to the interests of one or more clients, and specifies procedures that IBLUX follows and measures that IBLUX has adopted in order to prevent and manage such conflicts, taking also into account the relationships with other members of the Interactive Brokers group ("IB Group").

2. GENERAL

2.1 IBLUX provides execution-only electronic brokerage services to its clients. IB does not employ any human "brokers" that manage client accounts. All trading in an IB client account is self-directed by the client or, if the client notifies IB in writing, by an independent advisor or other third-party selected by the client.

2.2 IB customer service personnel are specifically prohibited from providing any investment or trading or tax advice to customers.

2.3 Customers (or the third-parties clients authorize to trade for them) enter their trades online and these trades are then transmitted over the internet to IB for execution on various exchanges and market centres. These trades are then executed against other market participants on the open market.

2.4 As IBLUX does not take the other side of client trades or engage in proprietary trading, offer investment advice, engage in corporate finance business, mutual funds or managed investment schemes, IBLUX is generally not affected by fluctuations in prices of particular products or markets.

2.5 IBLUX's risk management system seeks to ensure that each customer's positions are continuously credit checked and brought into margin compliance if account equity falls short of margin requirements in order to resolve margin deficiencies and prevent account deficits that could potentially affect IB or its customers.

3. IDENTIFICATION OF CONFLICTS OF INTEREST

3.1 In view of the nature of the IBLUX business model, services offered and activities performed, IBLUX takes all appropriate steps to identify, prevent and manage circumstances which may give rise to material conflicts with respect to the relationships such as those between: (i) two clients; (ii) IBLUX's clients and IBLUX; (iii) IBLUX group companies; (iv) employees of IBLUX or its group companies, or any person directly or indirectly linked to IBLUX or its group companies by control. In particular, IBLUX considers parties who:

- are likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- have an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;
- have a financial or other incentive to favor the interest of one client or group of clients over the interests of another client or group of clients;
- carry on the same business as the client; or
- receive money or non-monetary benefits like goods or services from a third party in relation to a service provided to the client other than the standard fees and commissions or otherwise benefit from IBLUX's own remuneration and incentive structures to have a potential conflict of interest with IBLUX's clients.

4. IBLUX POLICIES TO PREVENT AND MANAGE ANY POTENTIAL CONFLICTS OF INTEREST

IBLUX has identified a range of circumstances which may give rise to a potential conflict of interest, none of which are a material risk to IBLUX clients. These potential conflicts are prevented or managed by the following measures and controls:

4.1 Best execution policy

IBLUX has implemented the following measures to meet its best execution obligation to act in clients' best interests when executing clients' orders.

4.1.1 Execution Venue Selection

The venue selection criteria are unrelated to any rebate or incentive for IBLUX or any of its affiliates. Decisions related to the routing of orders and products offered on a single venue or hedged with sole liquidity providers are made after considering the integrity of the arrangement and its adequacy to avoid any conflict of interest arising.

4.1.2 Order Handling

In the event that a manual order entry is necessitated by significant business disruption or circumstances otherwise covered in our continuity plan, IBLUX will allow for execution in accordance with the time of the order reception and carry out comparable client orders sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the client require otherwise.

4.2 Inducement and Remuneration Structure of Intermediary and Referrers

IBLUX's commission structure is independent from the charging structure of any intermediary. IBLUX receives no rebate from nor provides any incentive to, any intermediary with respect to any clients' investment.

4.2.1 Charging Structure of Referral scheme

Clients are made aware of any arrangement in which a third-party is paid a fee for referring the client to IB. This referral fee is either a one-time payment or payable for accounts maintained over a certain period.

4.2.2 **Third Party Research**

IBLUX and its affiliates provide research produced by third parties. Care is taken to ensure that the charging structure applicable to the client is transparent and does not create any incentive to IBLUX's clients. There is no direct link between the content of any research and IBLUX's charging structure.

4.3 **Code of Conduct of IBLUX Employees**

4.3.1 **Gifts and Entertainment**

IBLUX has in place policies and procedures for the acceptance of gifts and entertainment which applies to all IBLUX employees.

4.3.2 Remuneration Policy

IBLUX's structure for compensating employees does not give incentives to activities that may conflict with the interest of the client or reward behaviours that disadvantage the interests of our clients in favour of IBLUX or other clients.

4.3.3 **Outside Business Activities**

All employees are required to identify and obtain approval to engage in certain types of outside business interests.

4.3.4 Standards of Conduct and Confidential Information

All employees are prohibited from disclosing confidential information and from using such information for their own interests. Where some employees within the IB Group may provide support to IBLUX, an appropriate degree of separation and independence is maintained when these employees provide support in the area of work delegated to them.

4.3.5 Personal Account Dealing Regulations and Procedure

All employees are required to identify personal trading accounts and are prohibited from engaging in certain types of transactions for their personal accounts.

4.3.6 **Information Barriers**

Where required, IB has established adequate information barriers (i.e., Chinese Walls) between IB proprietary trading affiliates and IB customer brokerage affiliates.

4.4 Business Activities of Other Members within the IB Group

4.4.1 IBLUX clients may trade in markets where IB Group affiliates act as liquidity providers or have business activity which involves investing in the same instrument as a client. The activities of the IB affiliates may affect market levels and thus affect client levels including stop-loss levels. Any IB Group employees, who are given access to sensitive information on a need-to-know basis due to the nature of the business or their job function, are under an obligation not to misuse any information that is available to them to make a financial gain or avoid financial loss to the detriment of clients.

5. REGISTER OF CONFLICTS OF INTEREST

5.1 IBLUX maintains and operates effective organisational and administrative arrangements with a view to taking all reasonable steps to prevent conflicts of interest from adversely affecting the interests of our clients.

5.2 IBLUX maintains a register of the investment services and ancillary services carried out by or on behalf of IBLUX which could give rise to a conflict of interest. This register serves to facilitate the management of potential conflicts of interest.

6. DISCLOSURES

6.1 If arrangements made by IBLUX are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the client can be prevented, IBLUX shall disclose the nature and sources of the conflicts of interest and the steps IBLUX will take to mitigate those risks to the client before undertaking business for the client.

6.2 The disclosure will be made with sufficient specific description of the conflicts of interest that arise in the provision of IBLUX's services and the risks to the clients that arise as a result of the conflicts of interest to enable the client to make an informed decision with respect to the service in the context of which the conflict of interest arises.

7. REVIEW AND MANAGEMENT OVERSIGHT

7.1 The Policy is reviewed on a regular basis and at least once a year.