

INTERACTIVE BROKERS IRELAND LIMITED
Client Assets Key Information Document

Accompanying notice to the Interactive Brokers Ireland Limited's Client Asset Key Information Document

To facilitate the reading of the Interactive Brokers Ireland Limited – Client Asset Key Information Document we have highlighted here some important facts. Please refer to the Client Asset Key Information Document for more information and important disclosures.

Interactive Brokers Ireland Limited (“**IBIE**” or “”) is regulated by the Central Bank of Ireland (“**CBI**”) as a MiFID investment firm. IBIE’s authorisation number with the CBI is CBI00423427. IBIE becomes responsible for protecting your assets from the time they are received at an IBIE account or custodian until the time they are disbursed to you or a third party at your request. IBIE is obliged to treat your assets with all due care and prudence and will provide regular (daily/monthly/annual) statements confirming your holdings at IBIE.

Your assets at IBIE will fall into two broad categories, each having its own asset protection methodology:

ASSETS IN THE FORM OF CASH

IBIE will hold your cash in one of two forms:

- 1) in a bank account opened by IBIE and specified for use to hold client funds.
- 2) In qualifying money market funds (“**QMMFs**”) approved for use to hold client funds as selected by IBIE on the basis of a due diligence review.

In both cases, your cash is held on a pooled, omnibus basis. This means that your individual holdings are not specifically allocated to any single institution, nor recognised by the bank/fund on an individual basis.

It is important that you understand that while IBIE may deposit your funds at a QMMF, your statement will show the actual cash to which you are entitled and not the allocation of your funds to the QMMF pool.

IBIE does not bear the risk of a failure of one of the banks/QMMF’s at which your client money is held. Accordingly, where such a bank/QMMF fails, your loss may be mutualised with that of other IBIE clients, meaning that the loss will be allocated to you and other impacted clients on a pro-rata basis.

ASSETS IN THE FORM OF FINANCIAL INSTRUMENTS

IBIE will hold your assets that are in the form of financial instruments (stock, options, futures, bonds, other securities and derivatives) in a dedicated custodian company affiliated with IBIE, called Interactive Brokers Ireland (Nominee) Ltd. (“**IBIEN**”). This is the standard CBI approved method for segregating client assets from assets of IBIE itself.

IBIEN itself may use affiliated companies within the Interactive Brokers Group to provide sub-custodial services, as well as third party, unrelated sub-custodians. IBIEN will also place such monies or assets with these sub-custodians to meet the sub-custodians’ requirements for margin, performance bond, or other guarantee requirements relating to position you have taken in your account. The most common form of meeting these performance guarantees are for options and futures margins, and the monies held with third parties are also considered part of the client asset pool of IBIE and IBIEN.

INVESTOR PROTECTION

IBIE is a member of the Irish Investor Compensation Scheme. Please refer to Section 6 “Risk Mitigants” of the Client Assets Key Information Document for more information on the protection afforded under the Scheme.

This Client Assets Key Information Document provides you with summary information on the client assets requirements applicable to Interactive Brokers Ireland Limited as a MiFID investment firm

INTERACTIVE BROKERS IRELAND LIMITED
Client Assets Key Information Document

regulated by the Central Bank of Ireland, authorisation number CBI00423427. This document will help you understand how and where your assets will be held by Interactive Brokers Ireland Limited, and to highlight the associated risks. It is important that you also refer to Section 3 of your Customer Agreement (General Business Terms). It is also important that you read this document carefully and in full.

1. Introduction

The purpose of this Client Assets Key Information Document is to provide you with:

- An explanation of the key features of the regulatory regime that applies to the safeguarding of client assets.
- An explanation of what constitutes client assets under that regime.
- The circumstances in which that regime applies and does not apply.
- An explanation of the circumstances in which Interactive Brokers Ireland Limited (“**IBIE**”) will hold client assets, deposit client assets with a third party and deposit client assets with a third party outside of Ireland; and
- The arrangements applying to the holding of client assets and the relevant risks associated with these arrangements.

2. Key features of the regulatory regime applicable to client assets

Where IBIE provides investment services to you we have regulatory obligations to you as our client in respect of your client assets. The principal legislation governing the safekeeping of client assets comprises:

- Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Investment Firms) Regulations 2017 (S.I. No. 604 of 2017) (“**Investment Firm Regulations**”) ([here](#));
- European Union (Markets in Financial Instruments) Regulations 2017 (S.I. No. 375 of 2017) (“**MiFID Regulations**”), in particular, Schedule 3 to the MiFID Regulations in respect of the ‘*Safeguarding Client Financial Instruments and Funds*’; and
- Commission Delegated (EU) Directive 2017/593 with regard to safeguarding of financial instruments and funds belonging to clients, product governance obligations and the rules applicable to the provision or reception of fees, commissions or any monetary or non-monetary benefits (“**Commission Delegated Directive**”),

The CBI has also published Guidance on Client Asset Regulations for Investment Firms to assist investment firms in complying with the Investment Regulations. You can access the Guidance [here](#).

The fundamental objective of the Client Assets Regime is to regulate and safeguard the handling of client assets by regulated investment firms (including IBIE) and other in-scope firms.

It is important to bear in mind that the Client Assets Regime cannot fully eliminate all risks relating to clients’ assets. Please refer to Section 6 below on this.

Further information on the Client Assets Regime can be found on the Central Bank of Ireland’s website, available [here](#).

Under the Investment Firm Regulations, investment firms (including IBIE) must comply with a number of obligations, including the following:

- **Segregation:** IBIE must hold client assets separate from IBIE’s own assets and maintain accounting segregation between IBIE’s own assets and clients’ assets.
- **Designation and Registration:** IBIE must ensure that client assets are clearly identified in its internal records and are separately identifiable from IBIE’s own assets.
- **Reconciliation:** IBIE must keep accurate books and records as are necessary to enable it, at any time and without any delay, to provide an accurate and independent record of the client assets held for each client and the total held in the Client Asset Account.

INTERACTIVE BROKERS IRELAND LIMITED
Client Assets Key Information Document

- **Daily Calculation:** Each business day IBIE must ensure that the aggregate balance in its client asset bank accounts, as at the close of business on the previous working day, is equal to the amount it should be holding on behalf of its clients.
- **Client Disclosure and Client Consent:** IBIE must provide information to its clients regarding how and where their client assets are held and the resulting risks thereof. IBIE is also required to inform its clients if their client assets are being held within the Client Assets Regime. IBIE must provide this Client Assets Key Information Document to retail clients. In addition, there are a number of instances in which IBIE must obtain a client's consent as to how their client assets are held by or on behalf of IBIE, or where certain actions are to be taken in relation to those client assets (please see Section 3 of the Customer Agreement (General Business Terms)).
- **Risk Management:** IBIE must ensure it has and applies systems and controls that are appropriate to identify (among other obligations) risks in relation to client assets and should put in place mitigations to counteract these risks. In addition, IBIE must appoint a person to the role of Head of Client Asset Oversight. IBIE is also obliged to adopt a Client Asset Management Plan.
- **Client Asset Examination:** IBIE must engage the services of its external auditor to report, at least annually, on IBIE's safeguarding of client assets.

Please be aware that the Client Assets Regime does not protect or guarantee the value of any client assets. Furthermore, IBIE may substitute the return of your client assets with the cash equivalent in the event of a resolution plan being adopted in respect of IBIE under the European Union (Bank Recovery and Resolution) Regulations 2015 and 2019.

3. An explanation of what constitutes "client assets" under the Client Assets Regime

The term "client assets" means client funds and/or client financial instruments, as outlined below.

- Client funds: any money (including electronic funds and current/deposit account balances) which is received from or on behalf of a client or held by a firm on behalf of a client to whom a firm provides one or more regulated financial services. Electronic funds and other payable orders will be "client funds" from the time of receipt by IBIE.
- Client financial instruments: any "financial instrument" as defined in the MiFID Regulations and the Investment Intermediaries Act 1995. Client financial instruments can include, for example, shares, bonds, and units in collective investment schemes (including units or shares in qualifying money market funds).

Client funds and client financial instruments are covered by the Client Assets Regime irrespective of the value of a client's investment.

4. The circumstances in which the Client Assets Regime applies and does not apply

The Client Assets Regime only applies to client funds and/or client financial instruments that have been received by IBIE in respect of a regulated financial service.

The following are not considered client assets under the Client Assets Regime:

- Funds or financial instruments received by IBIE from you or on your behalf that do not relate to a regulated financial service.
- An order made payable to a third party, which is directly transmitted by IBIE to the third party; or
- A payable order received from you that is not honoured by the paying eligible credit institution.

Client assets will cease to be client assets under the Client Assets Regime when:

- Client funds are paid or transferred to you, either directly into an account with an eligible credit institution or a relevant third party in your name; or
- Client funds are paid or transferred to a third party on your written instruction and are no longer under the control of IBIE.

INTERACTIVE BROKERS IRELAND LIMITED
Client Assets Key Information Document

The Client Assets Regime does not cover financial instruments used as collateral to support a margin loan under the “right of use” provision in the Customer Agreement (General Business Terms) Requirements. Our right to use these financial instruments ceases upon satisfaction of your obligations owed to IBIE.

5. An explanation of the circumstances in which IBIE will hold client assets, deposit client assets with a third party and deposit client assets with a third party outside the State

IBIE is deemed to hold client assets where they have been lodged or entrusted to IBIE by, or on behalf of, a client and where IBIE holds those client assets on behalf of that client.

IBIE may hold your client assets through a Third Party, such as a bank, custodian, qualifying money market fund or an affiliated investment firm located in Ireland, in the EEA or outside of the European Economic Area (a **Non-EEA Third Party**). All client funds are pooled.

IBIE will exercise due diligence in the selection, appointment, and periodic review of each Third-Party holding client assets. IBIE will undertake an initial and on-going due diligence of such a Third Party but is not responsible for any acts, omissions, or default of any such Third Party.

Where IBIE holds client assets with a Non-EEA Third Party, the legal and regulatory regime applying to the Non-EEA Third Party, and your rights in relation to the client assets, may be different to those which would apply if such client assets were held by a bank, custodian, or affiliated investment firm in Ireland or in the EEA (both an **EEA Third Party**). In the event of a default or failure of that Non-EEA Third Party, the client assets may be treated differently than if the client assets were held by an EEA Third Party.

Client Funds

On receiving any client funds, IBIE must promptly place those funds into one or more accounts opened with a Central Bank, an authorised credit institution or a Qualifying Money Market Fund. Where your client funds are held with a bank, your funds will be segregated from IBIE’s own funds and will be held in a pooled account designated as a Client Asset Account and in the name of IBIE or its nominee. IBIE will have predetermined internal limits on the amount of funds placed with each bank.

IBIE may need to place some or all of your client funds in QMMFs where it is difficult to source a sufficient number of suitable banks (there are only a limited number of reputable banks available) or where one or more banks will not accept any additional funds.

Where client funds are placed in a QMMF, the units or shares in the fund will be protected in accordance with the requirements for holding client financial instruments under the Client Assets Regime. Clients will not be impacted, either positively or negatively, by any change in the value of units within a QMMF. Accordingly, there is no difference, from a monetary perspective, whether your funds are deposited with a bank or invested in units in a QMMF.

Client Financial Instruments

IBIE will hold your assets that are in the form of financial instruments (stock, options, futures, bonds, other securities, and derivatives) in a dedicated custodian company affiliated with IBIE, called Interactive Brokers Ireland (Nominee) Ltd. (“IBIEN”). This is the standard CBI approved method for segregating client assets from assets of IBIE itself.

IBIEN itself may use affiliated companies within the Interactive Brokers Group to provide sub-custodial services, as well as third party, unrelated sub-custodians.

IBIEN will not deposit client financial instruments held on your behalf with a Non EEA Third Party that is established in a country that does not regulate the holding and safekeeping of client financial instruments for the account of another person unless: (a) the nature of the client financial instruments or of the investment services connected with those instruments requires them to be deposited with such a Third Party; or (b) where you are a Professional Client and you request in writing that we deposit them with such a Third Party.

INTERACTIVE BROKERS IRELAND LIMITED
Client Assets Key Information Document

Please refer to Section 3 of your Customer Agreement (General Business Terms) for further information.

You can find Information on the institutions with which client assets are held:

https://gdcdyn.interactivebrokers.com/Universal/servlet/Registration_v2.formSampleView?formdb=4350.

6. The arrangements applying to the holding of client assets, the relevant risks associated with these arrangements and the relevant risk mitigants

Arrangements applicable to the holding of client assets

IBIE will obtain from the relevant Third Party with whom the client assets are lodged, acknowledgement that the account is a Client Asset Account containing client assets and reconcile Client Asset Accounts as prescribed under the Client Asset Regime. IBIE will ensure that the amount of client assets which IBIE holds on your behalf is equal to the amount which IBIE should be holding for you.

The MiFID Regulations define QMMF to mean a collective investment undertaking (“**CIU**”) which is either (i) authorised as an undertaking for collective investment in transferable securities (UCITS) or (ii) supervised and fulfils each of the following conditions:

- a) Its primary investment objective is to maintain the CIU's net asset value either constant at par (net of earnings), or at the value of the investors' initial capital plus earnings.
- b) It must, with a view to achieving that primary investment objective, invest exclusively in high quality money market instruments with a maturity or residual maturity of no more than 397 days, or regular yield adjustments consistent with such a maturity, and with a weighted average maturity of 60 days (and it may also achieve that objective by investing on an ancillary basis in deposits with credit institutions).
 - i. a money market instrument is considered to be of high quality if the management or investment company performs its own documented assessment of the credit quality of money market instruments that allows it to consider a money market instrument as high quality, and
 - ii. where one or more credit rating agencies registered and supervised by ESMA have provided a rating of the instrument, the management or investment company's internal assessment should have regard to, inter alia, those credit ratings.
- c) It must provide liquidity through same day or next day settlement.

IBIE will only consider investing client money in a QMMF that is a UCITS and is either a highly rated European Low Volatility NAV (“LVNAV”) money market fund or a Public Debt Constant NAV (“PDCNAV”) money market fund which trades on a daily basis and complies with the requirements of the Money Market Fund Regulation. These QMMFs generally present a relatively low market risk. In addition, IBIE's credit review and investment policy focus on the appropriate selection of suitable QMMFs.

QMMFs represent a conversion of the asset class owed to the client from cash to a security. Investing client money in QMMFs under the pooled model places any market risk on IBIE and not on the client.

Risks Associated with the arrangements for holding Client Assets

IBIE's arrangements for holding Client Assets present the following risks.

INTERACTIVE BROKERS IRELAND LIMITED
Client Assets Key Information Document

Risk of Pooling

Your client assets will be held by IBIE or a Third Party with other clients' assets as part of a pooled account. In the case of pooled investments IBIE does not allocate your funds to a particular bank or QMMF. Therefore, in the event of a shortfall in funds arising from a default of a Third Party, you may not receive your full entitlement (all your money back) and you may share in any shortfall, on a pro-rata basis. For example, if a particular bank/QMMF holding 5% of IBIE client funds defaults, you may not receive the return of 5% of your funds. If this bank/QMMF returned 50% of funds you would receive 5% * 50% i.e., 2.50% of your funds held at that particular bank/QMMF.

Counterparty Risk

In the event of a Third Party becoming insolvent, your investments may be at risk.

Risk of Fraud

The risk of fraud relates to an intentional deception made for personal gain or to damage another individual which may be perpetrated internally or externally to a firm.

Risk Mitigants

IBIE will hold Client Assets at a number of Third Parties to reduce the potential risk associated with the failure of one or more of such Third Parties.

IBIE is prudent in its choice of each Third Party and monitors their performance on an on-going basis, including by carrying out regular risk assessments. Any Third Party chosen by IBIE is appropriately authorised in the jurisdiction in which it is situated and is subject to appropriate prudential and client asset supervision.

In the case of any pooled client account, IBIE will ensure that such account is in the name of IBIE or IBIE Nominee, is designated as a Client Asset Account and that IBIE is entitled to issue instructions in respect of such accounts.

IBIE is a member of the Irish Investor Compensation Scheme ("ICS"), which provides compensation to eligible investors should IBIE become insolvent. Private individuals, that are clients of IBIE, will be eligible to claim under the ICS for up to EUR 20,000 under the limits and conditions set out in the Investor Compensation Act 1998 (as amended). Full details of the Investor Compensation Scheme are available on www.investorcompensation.ie. In the event of changes to the scheme, details will be provided on the ICS website.

7. Contact us

In the event that we make any changes to this Client Asset Key Information Document, we will inform you of such changes within one month of the updated Client Asset Key Information Document being issued.

If you require any further information on the information included in this Client Assets Key Information Document, please do not hesitate to contact us at *(placeholder for hyperlink to "contact us" page on the IBIE website)*.