



Interactive Brokers (U.K.) Limited Order Execution Policy

Introduction

This document sets out Interactive Brokers (U.K.) Limited ("IBUK") order execution policy ("Policy") in respect of its retail and professional clients ("you" or "Client") for transactions in financial instruments covered by the Client Agreement, and Execution and Clearing Agreement. This document summarises the arrangements that IBUK has put in place to provide its clients with best execution when IBUK executes or transmits an order for execution on their behalf.

General

The orders you submit to IBUK through the IBKR trading platforms are executed or transmitted by IBUK on your behalf by electronically routing them to markets or dealers, including entities within the Interactive Brokers group of companies ("IBKR Group", each entity within the IBKR Group being an "Affiliate") or unaffiliated third parties, using IBKR proprietary order routing technology.

What is Best Execution?

When IBUK executes or transmits an order on your behalf, IBUK 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?

IBUK determines whether you are a retail or professional client at account opening in accordance with the rules of the UK Financial Conduct Authority.

The 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 ("external cost"), 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 for clients on a fixed commission structure (which covers all external costs) is likelihood of execution. The primary execution factors for clients on a tiered commission structure (where clients pay for external costs) are typically a blend of cost and likelihood of execution.

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 IBKR 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. IBUK will deal fairly and in due turn with all orders received from its clients. To the extent it is reasonably practicable to do so, IBUK will deal with all orders in accordance with this Policy and its general terms and conditions.

Smart Order Routing

IBUK 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 Smart Routing

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 IBKR 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.

IBUK and its Affiliates cannot and do not warrant or guarantee that every order you place will be executed at the best posted price. Among other things: (a) neither IBUK nor its Affiliates may have access to every market at which a particular product may trade; (b) orders of others may trade ahead of your order and exhaust available volume at a posted price; (c) exchanges or market makers may fail to honour their posted prices; (d) exchanges may re-route your orders out of automated execution systems for manual handling (in which case, execution or representation of your order may be substantially delayed); and (e) exchange or market rules or decisions, systems delays or failures, or other matters may prevent your order from being executed, cause a delay in the execution of your order, or cause your order not to receive the best price.

Client Instructions

Clients may provide specific client instructions for any given order. The IBKR trading platforms offer access to numerous order types, including both native (exchange-supported order type) and simulated (order type created by IBKR). The IBKR 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 IBKR trading platforms to the order book of a particular venue of your choice, you should be aware that any specific instructions may prevent IBUK from taking the steps that IBUK has designed and implemented in this Policy to obtain the best execution. To the extent that IBUK is able to accommodate such requests, IBUK 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. You acknowledge that, if you elect to direct orders to a particular market centre, or submit particular execution instructions, you do so at your own risk, including the risk that such orders may be executed on less advantageous terms.

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 IBUK 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 IBUK website under the Products menu option and then Exchange Listings.

Where IBUK is a member of a trading venue, IBUK also executes orders on behalf of IBUK Affiliates. The IBUK Affiliates route their clients' orders to IBUK and IBUK 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. IBUK 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.

IBUK periodically considers the emergence of new venues which are currently unavailable or changes to existing venues with respect to the product offerings and compares possible competing venues. IBUK 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 IBUK use a third-party broker to execute or transmit your order to, IBUK retains an overarching best execution obligation, subject to the facts and circumstances surrounding the relevant market and the terms and instructions provided by you. IBUK satisfies 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 its order flow and execution instructions.

Single Venue

For certain financial instruments, IBUK executes or transmits client orders on/to a single venue or a single liquidity provider. IBUK considers periodically whether it can reasonably expect that in such circumstances the execution venue or liquidity provider enables IBUK to obtain results for its clients that are at least as good as the results that IBUK can reasonably expect from using alternative execution venues or dealer.

Over-the-Counter Trades Executed by IBUK

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

IBUK conducts systematic testing and monitoring to assess the effectiveness of its overall execution arrangements. This Policy is reviewed on an annual basis or on the occurrence of a material change in IBUK's execution arrangements or in its underlying regulatory obligations. The purpose of the review is to carry out an overall assessment of whether this Policy and IBUK's execution arrangements are reasonably designed to enable IBUK to obtain the best possible result for the execution of its client orders, including in case of orders transmission. 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.

IBUK will notify you of any material changes to its 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 is a summary of our Best Execution Policy; more information is available upon request.