

SmartRouting

Best Price Execution Comparison

IB's SmartRouting Advantage Delivering Best Price Execution for **Nine Straight Years**⁵

IB SmartRoutingSM searches for the best firm stock, option, and combination prices available at the time of your order, and seeks to immediately execute your order electronically.

Execution Price Improvement Comparison*			
	US Stocks (per 100 shares)	US Options (per contract)	European Stocks (per 100 shares)
Interactive Brokers	\$0.31	\$0.86	€0.53
Industry	\$0.26	\$0.66	- €0.25
IB Advantage	\$0.05	\$0.20	€0.78

Net Dollar Price Improvement vs. National Best Bid/Offer⁶

*Based on independent measurements, the Transaction Auditing Group, Inc., (TAG), a third-party provider of transaction analysis, has determined that Interactive Brokers' US stock and options price executions were significantly better than the industry's during the first half of 2017.⁷

What Other Online Brokers Conveniently Leave Out

Our results are even more impressive when you consider that other industry-touted statistics don't give you the whole picture. They only discuss the percentage of orders that saw price improvement, and conveniently ignore the percentage of their orders that were dis-improved or had no improvement. In contrast, our statistics are netted, showing the true bottom-line price improvement including, all improved, dis-improved and unimproved amounts.

- Unlike smart routers from other online brokers, IB SmartRouting never routes and forgets about your order. It continuously evaluates fast changing market conditions and dynamically re-routes all or parts of your order seeking to achieve optimal execution and maximize your rebate.
- IB SmartRouting represents each leg of a spread order independently and submits each leg at the best possible venue.
- IB SmartRouting AutorecoverySM re-routes your US options order in the case of an exchange malfunction, with IB undertaking the risk of double executions.
- To help provide price improvement on large volume and block orders and take advantage of hidden institutional order flows that may not be available at exchanges, IB includes eight dark pools in its SmartRouting logic.

Our smart router takes into account transaction costs along with the fee or rebate for taking/adding liquidity when determining where to route your marketable order when the inside market is shared by multiple exchanges. For clients who want even more control of their orders, TWS clients can specify stock and options smart routing strategies for non-marketable orders. For stocks, clients with the Cost Plus pricing structure can elect to have their non-marketable orders routed to:

- The exchange with the highest rebate.
- The listing exchange on the symbol.
- The highest volume exchange that has a rebate for adding liquidity.
- The highest volume exchange that charges the lowest fee for taking liquidity.

For options, clients can choose to send their non-marketable Smart routed orders to the exchange offering the highest rebate. These routing directives can be set on a per-order basis from the "Misc" tab of the Order Ticket, or as a global default setting from the Smart Routing configuration page.

Disclosures

5. IB executions have outperformed the industry as a whole Nine Straight Years - 2007 through 2016 based on independent measurements by the Transaction Auditing Group, Inc., (TAG), a third-party provider of transaction analysis. Price Improvement for each period is as follows:

	Equities cents per 100 shares	Options cents per contract
2nd half 2007	35	57
1st half 2008	47	53
2nd half 2008	42	60
1st half 2009	53	22
2nd half 2009	42	60
1st half 2010	28	53
2nd half 2010	30	21
1st half 2011	38	20
2nd half 2011	30	21
1st half 2012	33	19

2nd half 2012	41	24
1st half 2013	20	21
2nd half 2013	23	20
1st half 2014	14	17
2nd half 2014	8	50
1st half 2015	9	38
2nd half 2015	10	27
1st half 2016	09	25
2nd half 2016	06	24
1st half 2017	05	20

6. Net \$ Improvement per Share Definition:

$((\# \text{ of Price Improved Shares} * \text{ Price Improvement Amount}) - (\# \text{ of Price Disimproved Shares} * \text{ Price Disimprovement Amount})) / \text{ Total Number of Executed Shares}$

7. The Transaction Auditing Group (TAG). Industry as a whole for the referenced periods according to TAG. The TAG analysis for US stocks included all market orders of 100 shares or more up to 10,000 shares. The analysis for US options included all market order sizes in US options and includes exchange rebates received by clients under IB's cost-plus pricing structure. The TAG analysis of orders routed to exchanges in Europe included all orders routed for execution during regular trading hours including all market and marketable limit orders and orders near the market (orders having a limit price within one-tenth of a Euro from the quote price at time of order receipt) on stocks listed on the included exchanges, weighted by the volume executed on each exchange. The exchanges for European stocks are XETRA, EURONEXT, CHI-X, WIENER BORSE, TURQUOISE, LONDON and NASDAQ OMX.



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