

# **Policies Regarding the Customer-Oriented Business Operation**

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Interactive Brokers Securities Japan, Inc.

## **About the Policies**

These policies have been set forth as code of conduct by Interactive Brokers Securities Japan, Inc. (hereinafter referred to as "IBSJ") for its employees in order to implement and materialize the philosophy of Interactive Brokers Group's "Customer-Oriented Business Operation".

IBSJ's policies are explained individually in detail in the following sections as: "Pursuing Best Profit for Customers", "Managing Conflict of Interest Appropriately", "Making Commissions Transparent", "Providing Important Information in a Concise Manner", "Providing Services Suitable for Our Customers", and "Employee Education and Other Matters".

## **【Pursuing Best Profit for Customers】**

Interactive Brokers Group has access to over 100 financial markets worldwide. The group has a philosophy to offer customers investment opportunities with low commissions and IBSJ acts as their business base in Japan. What IBSJ considers as "Best Profit for Customers" is to offer customers an overall pleasant investment environment by materializing investment opportunities of their desired products with lowest possible commissions. It is also IBSJ's aim to offer an advanced trading environment to customers with past asset management experiences through their businesses as well as those who have attained a certain level of trading experience.

IBSJ operates its business with two separate channels which are namely: 1) brokerage services to Japan markets, and 2) brokerage services via its US based group company with access to worldwide financial markets for international trading. It is, however, important for IBSJ to offer its customers the same services for international trading (trading via its US based group companies) that are available for the trading at Japan markets, therefore, a client service team with extensive knowledge on overseas market trading is allocated within IBSJ's office.

## **【Managing Conflict of Interest Appropriately】**

The philosophy of Interactive Brokers Group being the best market intermediary

to handle orders from customers, under normal circumstances, it is beyond the scope of IBSJ's assumption that it executes trading which may potentially harm customers' profits wrongfully (conflict-of-interest transactions). It is, however, difficult in reality to foresee all possibilities exhaustively. IBSJ has, therefore, implemented a process whereby customers are requested to read and understand IBSJ's customer agreement(s) on the said effect before they start trading with Interactive Brokers Group.

Moreover, it is important for employees of brokerage firms to understand the concept of conflict-of-interest as well as related legal regulations as a part of their general knowledge, regardless of any possibility that conflict-of-interest transactions may occur with the firm. IBSJ provides its employees with regular in-house training sessions which include extensive information on the management of conflict-of-interest.

## **【Making Commissions Transparent】**

Low commissions added to ease of access would be one of the main reasons for customers to choose online trading out of various trading channels such as over-the-counter trading at a brokerage firm, trading over the phone, etc. As mentioned above offering customers low commission structures is one of the main cornerstones of what IBSJ considers an "overall pleasant investment environment", and IBSJ tries to attain this by pursuing automatization/systematization of trading to the limit. Commissions are also continuously reviewed taking into consideration the commission structures of IBSJ's competitors.

IBSJ's commissions for a large variety of trading are not only presented on its website but also in a separate disclosure, for its customers convenience, as actual commissions for each trading type (or as actual commission ratios for trading prices) added to a series of disclosures regarding risks of trading each product. IBSJ strives to provide customers with "low commission structures", compared to those of its competitors, in a transparent and comprehensible manner.

## **【Providing Important Information in a Concise Manner】 and 【Providing Services Suitable for Our Customers】**

As mentioned above, customers with certain levels of trading experience particularly in mind, IBSJ checks the trading experience of potential customers supported with actual figures (of years and numbers of trading) in order to provide high quality services by offering advanced trading environments. This is to ensure that the services IBSJ provides match the trading experience/product knowledge of the customers who make use of IBSJ's services.

Important information regarding IBSJ's products will be provided primarily by means of disclosure for each product. Upon preparation of such disclosures, IBSJ will review their contents to ensure they are comprehensible, given the uniqueness of IBSJ's services, and also that they meet the legal requirements in terms of their contents and standard before finalizing them.

Assistance provided by IBSJ's client service team to supplement the disclosures for customers' proper understanding of the important information included therein would be also important, and therefore training of this team is a part of IBSJ's continuous effort.

## **【Employee Education and Other Matters】**

As an online broker which prides itself on being the best market intermediary it is a prerequisite for IBSJ to act with best profit for its customers in mind. It is therefore necessary for each employee to be conscious of this at all times when performing operations.

It is of the utmost importance for IBSJ to implement customer-oriented actions/assessment through in-house education and training sessions on understanding of legal regulations and company rules, as well as to enforce IBSJ's knowledge and skills on financial products, IT technologies and compliance with such regulations.