



ASX

AUSTRALIAN SECURITIES EXCHANGE

# Interactive Brokers

March 2009

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# ASX Background

- 2,100 Australian companies listed
- 78 Overseas companies listed
- Market Capitalisation \$1,030 billion.
- 2nd largest sharemarket in the Asia-Pacific region
- ASX was formed in 1987 by amalgamation of six independent stock exchanges all with history dating back to the 19<sup>th</sup> century
- 1<sup>st</sup> exchange was Melbourne in 1861



ASX

AUSTRALIAN SECURITIES EXCHANGE

# SPI200™ Futures

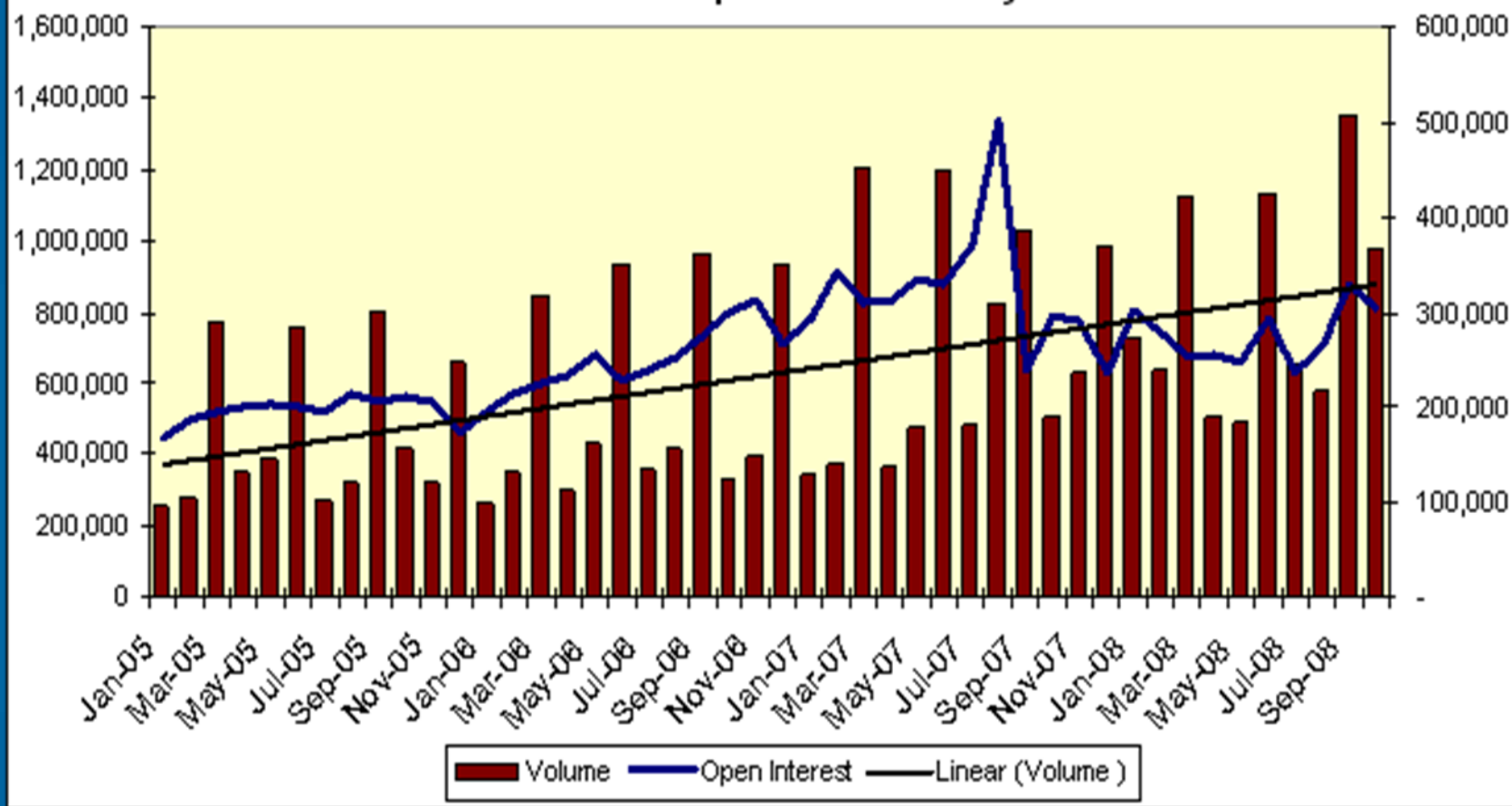
March 2009

# SPI 200 Futures



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### SFE SPI 200 Futures Volume & Open Interest January 2005 to October 2008



# SPI 200 Futures – Key points

- First listed in 1983 as all ords futures
- May 2000 listed as SPI 200 futures
- 1 Index Point = \$25
- Based on S&P/ASX 200 index
  - Recognised as the investable benchmark for the Australian equity market.
  - Covers approximately 78% of Australian equity market capitalisation.

# SPI 200 Futures



- Quarterly expiry cycle
  - March, June, September, December
- Cash settled on the opening price of the index
- Expiry Day = Third Thursday
- Trading hours (AEST)
  - 5.10pm – 7.00am and 9.50am – 4.30pm (US daylight saving time)
  - 5.10pm – 8.00am and 9.50am – 4.30pm (non daylight saving time)

# SPI 200 Futures



- Current Margin Obligations
  - \$11,000 per contract
  - 13% margin with index at 3400 points

# SPI Trading Example



Harry

Buys 10 SPI 200 Futures for a day trade

## Open

Buys 10 @ 3400  
Value = \$850,000  
IM Rate = \$11,000  
IM Paid = \$110,000

## Close

Sells 10 @ 3500  
IM Returned

Profit of  $100 \times 25 \times 10 = \$25,000$   
22.7% of IM used to support position

# SPI Trading Example



Jo

Sells 10 SPI 200 Futures for a day trade

## Open

Sells 10 @ 3400  
Value = \$850,000  
IM Rate = \$11,000  
IM Paid = \$110,000

## Close

Buy 10 @ 3500  
IM Returned

Loss of  $100 \times 25 \times 10 = \$25,000$   
22.7% of IM used to support position

# SPI 200 Futures



- For more information go to
  - [www.asx.com.au/futures](http://www.asx.com.au/futures)
  - Select equity futures in the table

# Direct Access Trading Worldwide

**Interactive Brokers**

*in conjunction with*

**Australian Stock Exchange**

*present:*

## **Index Futures & Future Options**

**Graham O'Brien, ASX**

and

**Neil Swanson**

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**Webinar begins at 12:30 pm (Sydney)**

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<http://www.SIPC.org>



**Interactive Brokers**  
*The Professional's Gateway to the World's Markets*



# IBG Strength and Security Facts

- IBG and affiliates currently hold \$4.4 billion in equity capital.
- IBG and affiliates handle over 1,000,000 trades per day.
- IBG conducts its broker/dealer and proprietary trading businesses on over 80 exchanges and market destinations worldwide.
- IBG has been in the trading business for 32 years.
- We have always been at the forefront of trading innovation, starting with the invention of the first floor-based handheld computer in 1983.
- Customers are protected by up to \$30 million of SIPC and Lloyd's of London securities account protection.



# IBG Strength and Security Facts

- Our real-time margin system continuously enforces limits for each account and automatically liquidates positions if any individual account violates its limits at any time.
- All orders are automatically vetted on a pre-trade basis.
- We do not hold CDOs, Subprime Debt, or Credit Default Swaps.
- With the exception of foreign exchange, we trade only exchange listed products that are cleared through central clearing houses and are marked daily to external closing prices disseminated by the exchanges.
- Positions and resulting payables/receivables are automatically reconciled against external sources daily.



# INTERACTIVE BROKERS FINANCIALS 2008

	2008	2007
Net Revenues	\$1,850 MM (+26%)	\$1,468 MM
Net Profit (before tax)	\$1,250 MM (+34%)	\$932 MM
Earnings Per Share	\$2.24 (+ 41%)	\$1.59

“2008 was a record year, for the first time our profits have exceeded the billion dollar mark,” said Thomas Peterffy, our CEO. “It is not easy to report record profits in a year that has been generally difficult for our industry.”



# Australian Product offered on TWS

- Exchange Traded Funds (ETFs)
- Stocks
  - 2,110 Stocks
- Options & Option Spread Trading
  - 107 Options (including XJO Options under IB ticker AP)
- **Futures**
  - **SPI (Futures and Future Options on the S&P/ ASX 200 Index)**
- CFD's – Sydney Futures Exchange
  - Exchange Listed CFD's



# Index Futures & Future Options

- With index futures, the stock market as a whole can now be traded
- Through index futures, some of the market risk exposure can be managed. Individuals and institutional investors can use index futures to hedge their portfolio from adverse market risk.
- **ASX SPI 200** Index Futures (\$25 contract size) traded on the TWS
- The **SPI 200** Futures contract is the benchmark equity index future contract in Australia, based on the 200 Standard and Poor's index.
- The **SPI** provides all the traditional benefits of equity index derivatives. The SPI 200 is ranked in the top 10 equity index contracts in Asia in terms of traded volume.



# Why Interactive Brokers?

- **Globality**

- Direct Market Access to over 80 electronic exchanges and trading venues world wide including: **Australia, Hong Kong, Japan, Singapore, S. Korea, U.S.A, Canada, Mexico, Belgium, France, Germany, Italy, Netherlands, Spain, Sweden, Switzerland, U.K.**
- Trade assets denominated in multiple currencies from a single account.
- Convert currencies at market determined rates as low as 1/2 PIP wide, or create a position collateralized by a non-native currency.
- Options, futures, stocks, forex, bonds, cfd's and funds around the world are held and reported in a single IB Universal Account<sup>SM</sup>



# Why Interactive Brokers?

- Best Trade Execution & Trade Cost
  - IB has automated every aspect of the trade process in-house, enabling us to offer ultra low commissions
  - IB SmartRouting<sup>SM</sup> is designed to search for the best price available at the time of your order, and unlike other routers, dynamically route and re-route all or parts of your order to achieve optimal execution.
  - IB independently routes US stock, option and futures spread order legs to the best possible venue or natively routes your combination seeking price improvement, with IB undertaking the risk of partially executed orders.
  - IB SmartRouting Autorecovery<sup>SM</sup> re-routes your options orders in the case of an exchange malfunction, with IB undertaking the risk of double executions.



# Why Interactive Brokers?

- Risk Management & Control
  - **IB Risk Navigator<sup>SM</sup>**, a real-time market risk management platform that unifies exposure across multiple asset classes around the globe.
    - Lets you easily identify overexposure to risk by starting at the portfolio level and drilling down into successively greater detail within multiple report views.
    - Each predefined report presents a summary of your portfolio from a different risk perspective, for example by position, underlying, by industry and more.
    - View Exposure, Value at Risk, Delta, Gamma, Vega, Theta as well as profit & loss and position quantity measures for different portfolio views.
    - Report data updates every 10 seconds, and immediately upon changes to your positions.
    - What-if scenarios let you hypothetically modify positions to see how changes in your portfolio will affect your risk summary.



# Why Interactive Brokers?

- Trading Technology
  - Market-maker designed Trader Workstation (TWS) optimizes your trading speed with a single multi-product spreadsheet interface offering real-time streaming quotes and quick click order entry.
  - Simple, direct connection to our trading system, through the TWS APIs or using our CTCL FIX interface.
  - Customized order entry modules designed to meet specific trading needs such as options, forex, spread and basket trading.



# Why Interactive Brokers?

- Financing
  - Portfolio Margin Accounts with real-time risk management which allows increased leverage with greater safety.
  - Single Stock Futures EFPs available as a financing alternative with market determined interest rates.
  - Competitive interest rates charged on debit balances.



# Why Interactive Brokers?

- Reporting
  - Flexible download files available in text or XML format.
  - Customizable Activity Statements in PDF or HTML format.
  - Daily Margin Reports detail requirements by underlying.



# Undercutting The Competition

- **Stocks** from AUD 6 a trade (0.08% trade value)
- **Options** AUD 1.88 per contract (+1.12 ACH fee)
- **Futures** AUD 1.00 - 3.90 (plus exchange fees)
- **Forex** from 1/2 PIP wide
- **CFDs**: from AUD 6 a trade (0.05% trade value)

**Compare the above rates to what you would pay  
at other brokers!**



# Undercutting The Competition

- Interest and Financing
  - Interactive Brokers pays market competitive rates.
  - We use internationally recognized benchmarks for overnight deposits as a basis for determining the rates at which we pay and charge interest.
  - AUD Benchmark is based on LIBOR (currently 3.7%)
- Interest paid on long positions (AUD)
  - >150K = 3.45% < 150K = 3.2%
- Interest charged on short cash balances (AUD)
  - <150K = 5.2%, >150K = 4.7%, >1.50mill = 4.2%

**Compare the above rates to what you would pay/receive at other brokers!**



# Sales Representative

**Neil Swanson**

**Interactive Brokers LLC, Sydney**

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When completing the application select salesperson **Neil Swanson**.  
This will ensure you have an Australian representative on the account.