



## Advisor Client Fees



Advisors may charge their clients for services rendered under any of three methods. Your advisor client fee is determined at the time of the client's registration, and may be modified at any time through [Account Management](#). In the case of fee increases, the client will be required to acknowledge the fee increase with a signature. In addition to the advisor client fees specified below, IB will charge its normal [commissions](#) to the client.

**1. Automatically Billed:** IB Calculated Advisor fee automatically billed to the client's account with blanket client authorization with any of the following in combination:

- % of Net Liquidation Value entered as an annualized %, applied on a daily basis.
- Flat fee entered as an annualized amount, applied on a daily basis.
- % of Positive Market-to-Market P&L entered as a %, applied on a quarterly basis as of 3/31, 6/30, 9/30, and 12/31. IB will look back over the last four calendar quarters and only pay a client fee on the positive P+L for the year up to a maximum of the amount specified for the quarter. As an example, if you specify 2% of Market-to-Market P+L, you made \$50,000 in P+L for your client over the last quarter, but only \$30,000 over the last four quarters, your client will be charged \$30,000\*2% or \$600 for the quarter. P+L is determined by subtracting the beginning of period equity from the end of period equity, and removing all cash items such as deposits, withdrawals, and fees for the period. Fees will be calculated and posted by the 10th business day after the end of a quarter.
- Fee per trade unit (shares, contracts, %) specified by currency/asset class (i.e. stocks, options, futures, etc.). A fee per trade unit may be entered as an absolute markup over and above IB's standard commission, as a % of IB's standard commission, or as an absolute amount ([IB's standard commission](#) will be subtracted from this amount). Note: Fee per trade unit is not available to US or US protectorate legal residents.

**2. Monthly or Quarterly Invoice:** Advisor calculates the fee and submits an electronic invoice through [Account Management](#) (Funds Management/Advisor Invoicing) on a monthly or quarterly basis, up to a specified limit. The invoice amount will be automatically transferred from the client account to the advisor account. The monthly or quarterly fee limit must be specified under [Account Management](#) (Client Fees) on a per client basis and with client authorization. Fees will be posted on or around the 7th calendar day after the close of the month or quarter.

### Steps:

### Specify appropriate wrap fee methodology and monthly limit

#### Existing client account or New Electronic Client

1. Select option # 2 (Monthly Invoicing) on the advisor wrap fees page in [Account Management](#), and specify the monthly limit in the space provided.



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2. For an existing client account, print the completed Client Fees PDF, or if you are completing a new electronic client application, print the completed account application PDF.
3. Obtain client authorization (client signature) on the PDF and submit it to IB at the address printed on the PDF.

### **New Paper Client**

1. For a new paper client, complete the wrap fees section of the account application PDF, by selecting the appropriate fee methodology (Monthly Invoicing) and specifying the limit in the space provided.
2. Obtain client authorization (client signature) on the PDF and submit it to IB at the address printed on the PDF.

Once IB receives and processes the Advisor Wrap Fees PDF, the Advisor may start submitting electronic invoices through [Account Management](#).

### **Advisor Invoicing**

1. Click on Funds Management/Advisor Invoicing.
2. Select the client account that you want to bill from the client account list.
3. Select the month and specify the fee for that month and click "Continue" to submit the invoice.
4. IB will automatically transfer the invoice amount from the client account to the advisor account by the first week of the next month.

**3. Directly Bill Client:** IB will not remove funds from the client's account, and it is the responsibility of the advisor to bill the client directly.

#### Notes:

- If the client account Net Liquidation Value drops below \$2,000 or USD equivalent, no client fees will be automatically billed.
- If an auto-liquidation occurs, no client fees will be automatically billed.
- There will be no fee per share or contract if the client calls [IB Customer Service](#) to close a trade.
- Fees per trade unit may not exceed 7 times IB's commissions.
- IB caps the amount of advisor fees earned in any 360 day period to 25% of the client's average equity over this period, with additional cap limits at 30 day increments in-between (i.e. 7.2% over the last 30 days, 17.7% over the last 180 days). When any fee cap is exceeded for a client, the advisor will not receive any client fees until the fee cap is no longer exceeded. IB will continue to charge its [standard commissions](#) when the fee cap limit is exceeded. Please be aware that advisors are solely responsible for ensuring that the fees they charge are reasonable and in accordance with regulatory requirements. The complete cap schedule is as follows:



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### Cap Limit Schedule

| Prior (Period X*): | Fee Cap % Over this Period (R**): |
|--------------------|-----------------------------------|
| 30 days            | 7.2%                              |
| 60 days            | 10.2%                             |
| 90 days            | 12.5%                             |
| 120 days           | 14.4%                             |
| 150 days           | 16.1%                             |
| 180 days           | 17.7%                             |
| 210 days           | 19.1%                             |
| 240 days           | 20.4%                             |
| 270 days           | 21.7%                             |
| 300 days           | 22.8%                             |
| 330 days           | 23.9%                             |
| 360 days           | 25%                               |

Client fee cap availability for the day will be reported under [Account Management/Report Management](#).

### Calculation Formulas:

Available Fee Cap Limit (Period X) = (R\* Average Equity (Period X)) - Amount Paid (Period X). If Available Fee Cap Limit for any period is negative, no advisor fee will be charged.

\*Period X = 12 30-day cumulative periods over the last 360 days. If an account has been open less than 360 days, all the even 30-day periods up to the time the account has been opened will be included, plus a Period X for the exact number of days the account has been opened.

\*\*R (Period X) = Square Root ((0.252/360)\*Number of Days)

Available Equity = Average Equity over Period X

Amount Paid = Advisor Fees paid over Period X