

Direct Access Trading Worldwide

Interactive Brokers
presents

An Overview of IB's Hedge Fund Capital Introduction Program



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



WHAT IS THE IB HEDGE FUND CAPITAL INTRODUCTION PROGRAM?

- ❑ The Program is an online version of a traditional Capital Introduction Program.
- ❑ It allows IB's Hedge Fund clients to market their Funds to IB customers who are Accredited Investors or Qualified Purchasers through a password-protected portion of the Interactive Brokers website.
- ❑ The Program is free for all qualifying Hedge Funds and customers.

WHICH HEDGE FUNDS CAN PARTICIPATE IN THE PROGRAM?

- The HFCl is available to Hedge Funds with IBLLC-US and IBUK accounts that clear all trades through IB and carry all positions with IB.
- Funds must also have qualified third-party professionals, including a third-party administrator, and meet IB's due diligence requirements.



WHICH CUSTOMERS CAN PARTICIPATE IN THE PROGRAM?

- ❑ The HFCl is open to IBLLC-US and IB UK customers who qualify as Accredited Investors (AIs) or Qualified Purchasers (QPs).
- ❑ These are legally recognized categories that establish customers as wealthy investors and make them eligible to invest in hedge funds.



HOW DO HEDGE FUNDS SIGN UP FOR THE PROGRAM?

- ❑ Hedge Funds must complete an Application to the HFCl, which supplements the Fund's IB Account Application.
- ❑ Funds must also get their Third-Party Administrator to apply to the Program so it can perform certain functions.
- ❑ The HFCl application is available through the "Hedge Fund Capital Introduction Program" Option under "Trading Access" in Account Management.
- ❑ **Let's review the Hedge Fund Application.**

How Do CUSTOMERS SIGN UP FOR THE PROGRAM?

- ❑ Potential investors must first complete questionnaires in Account Management establishing that they are Accredited Investors or Qualified Purchasers.
 - These are available as a Pending Item in Account Management for any potentially eligible customer.
- ❑ Customers who qualify as AIs or QPs are provided a link, “Hedge Fund Investor Site”, in the “Trading Access” section of Account Management.
- ❑ This links to a short agreement. Once qualified customers sign this, they have access to the site.



WHAT CAN HEDGE FUNDS DO THROUGH THE HFCI?

- Funds can Post (and Update) information and documents about the Fund for review by potential investors, including Private Placement Memoranda, Subscription Documents, Performance Summaries, and the Fund's Contact Information.
- Funds can also set a minimum investment size and indicate whether a Fund is open or closed for new investment.
- Let's review what Hedge Funds see on the Site.**



WHAT CAN CUSTOMERS DO THROUGH THE HFCI?

- ❑ Review documents and information posted by Hedge Funds.
- ❑ Contact the Fund or request that the Fund contact them.
- ❑ Transfer investments from their IB accounts to a Participating Fund and receive redemptions in their IB accounts.
 - All Transfers must be approved by the Customer, the Fund and the Administrator.
 - These transfers will be reflected on the Customers' and Funds' IB account statements.
- ❑ **Let's review what the Customers see on the Site.**



WHAT CAN'T HEDGE FUNDS AND CUSTOMERS DO THROUGH THE HFCI?

- ❑ IB does not process investor applications for Hedge Funds or play any role in deciding whether a Hedge Fund will accept an investor.
 - The customer must apply to become an investor in the Fund and complete all necessary subscription documents outside of IB.
- ❑ IB will not track a customer's investment in a Hedge Fund or even track whether the customer is an investor in a Hedge Fund.

WORDS OF WARNING ABOUT SALES DISCUSSIONS

- ❑ IB faces greater Risk with respect to Hedge Funds that participate in the HFCl so be CAREFUL in what you say concerning those Funds.
- ❑ DO NOT describe Participating Hedge Funds as “IB Hedge Funds.”
- ❑ DO NOT suggest that IB endorses a Fund, its Management or Third-Party Professionals.
- ❑ Be Conscious of issues Concerning Fraud, Theft or Trading Inconsistent with Representations to Investors.
 - CALL Jeff Fox or David Battan or Jeff Bauch if you have any concerns.



MARKETING MATERIALS CONCERNING THE HFCI

For Hedge Funds:

http://www.interactivebrokers.com/en/trading/pdfhighlights/PDF-HedgeFundCapitalIntroduction.php?ib_entity=llc

For Investors:

http://www.interactivebrokers.com/en/trading/pdfhighlights/PDF-HedgeFundInvesting.php?ib_entity=llc

MARKETING MATERIALS CONCERNING THE HFCI

“How Do I Join?”:

http://www.interactivebrokers.com/en/general/education/how_to_join_hedge_fund_capital_introduction.php?ib_entity=inst

In addition, we are preparing FAQs that will be available soon.