

Interactive Brokers Group, Inc.  
Form 8-K  
October 22, 2009

## UNITED STATES

## SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

## FORM 8-K

### CURRENT REPORT

Pursuant to Section 13 or 15(d) of the

Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): **October 22, 2009**

## INTERACTIVE BROKERS GROUP, INC.

(Exact Name of Registrant as Specified in its Charter)

**Delaware**

(State or Other Jurisdiction  
of Incorporation)

**001-33440**

(Commission File Number)

**30-0390693**

(I.R.S. Employer Identification  
Number)

**One Pickwick Plaza, Greenwich, CT 06830**

(Address of Principal Executive Offices) (Zip Code)

**(203) 618-5800**

(Registrant's Telephone Number, Including Area Code)

**Not Applicable**

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))



**Item 2.02. Results of Operations and Financial Condition.**

On October 22, 2009, the Registrant issued a press release reporting its financial results for the third quarter ended September 30, 2009. A copy of the press release is furnished as Exhibit 99.1 to this report and incorporated herein by reference.

All of the information furnished in this report (including Exhibit 99.1 hereto) shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and unless expressly set forth by specific reference in such filings, shall not be incorporated by reference in any filing under the Securities Act of 1933, as amended, whether made before or after the date hereof and regardless of any general incorporation language in such filings.

**Item 9.01. Financial Statements and Exhibits.**

|      |                                       |
|------|---------------------------------------|
| (d)  | Exhibits.                             |
| 99.1 | Press Release dated October 22, 2009. |

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: October 22, 2009

INTERACTIVE BROKERS GROUP, INC.

By: /s/ Paul J. Brody  
Name: Paul J. Brody  
Title: Chief Financial Officer, Treasurer  
and Secretary

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**EXHIBIT INDEX**

99.1 Press Release dated October 22, 2009.

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**Exhibit 99.1**

**INTERACTIVE BROKERS GROUP ANNOUNCES 3Q09 RESULTS**

**REPORTS INCOME BEFORE TAXES OF \$133 MILLION ON \$272 MILLION IN NET REVENUES,  
EARNINGS PER SHARE OF \$0.20**

GREENWICH, CONN, October 22, 2009 — Interactive Brokers Group, Inc. (NASDAQ GS: IBKR) an automated global electronic market maker and broker, today reported diluted earnings per share of \$0.20 for the quarter ended September 30, 2009, compared to diluted earnings per share of \$0.65 for the same period in 2008.

Net revenues were \$272 million and income before income taxes was \$133 million for this quarter, compared to net revenues of \$497 million and income before income taxes of \$348 million for the same period in 2008.

**Business Highlights**

- 49% pre-tax profit margin for this quarter.
- \$4.8 billion in equity.
- 20% increase in customer accounts and 43% increase in customer equity from the year ago quarter.
- YTD cleared DARTs grew to 318,000.
- 51% Electronic Brokerage pre-tax margin for this quarter.
- 49% Market Making pre-tax margin for this quarter.

“Ever increasing competition in the transparent, exchange listed derivatives markets continued to pressure spreads to never before seen levels in the third quarter,” said Thomas Peterffy, our CEO.

“These ultra low transaction costs in exchange listed products will inevitably be followed by higher trading volumes and better customer performance.”



## Segment Overview

### Market Making

Market Making segment income before income taxes decreased 47% in the quarter ended September 30, 2009 compared to the prior quarter and decreased 74% from the same period last year. Pre-tax margin was 49% in this quarter, down from 79% in the same period last year. Compared to last year, 2009 presented a less favorable environment for market makers due to tighter bid/offer spreads on option exchanges. We managed our risk by continuing to avoid counterparty risks and balance sheet exposure from illiquid positions by making markets primarily in exchange traded products that are cleared through central clearing houses. Market Making options contract volume remained flat during this quarter compared to the same period last year.

### Electronic Brokerage

Electronic Brokerage segment income before income taxes decreased 3% in the quarter ended September 30, 2009 compared to the same period in 2008 and was roughly flat to the prior quarter. This decrease is attributable to lower commissions from futures and lower net interest income which was affected by historically low Fed Funds rates. Customer accounts grew 20% to 128,000 and customer equity grew 43% to \$13.4 billion, while YTD cleared DARTs\* modestly increased by 3% to 318,000 as of September 30, 2009 compared to the same period in 2008. Pre-tax margin increased from 47% to 51% for the quarter ended September 30, 2009 from the same period in 2008.

\* Daily average revenue trades (DARTs) are based on executed customer orders.



**Conference Call Information:**

Interactive Brokers Group will hold a conference call with investors today, October 22, 2009, at 5:00 p.m. ET to discuss its third quarter results. Investors who would like to listen to the conference call live should dial 800-750-4984 (U.S. domestic) and 913-312-4376 (international). The number should be dialed approximately ten minutes prior to the start of the conference call. Ask for the "Interactive Brokers Conference Call."

The conference call will also be accessible simultaneously, and through replays, as an audio webcast through the Investor Relations section of the Interactive Brokers web site, [www.interactivebrokers.com/ir](http://www.interactivebrokers.com/ir).

**About Interactive Brokers Group, Inc.:**

Interactive Brokers Group, Inc., together with its subsidiaries, is an automated global electronic market maker and broker specializing in routing orders and executing and processing trades in securities, futures and foreign exchange instruments on more than 80 electronic exchanges and trading venues around the world. As a market maker, we provide liquidity at these marketplaces and, as a broker, we provide professional traders and investors with electronic access to stocks, options, futures, forex, bonds and mutual funds from a single IB Universal Account<sup>SM</sup>. Employing proprietary software on a global communications network, Interactive Brokers Group continuously integrates its software with a growing number of exchanges and trading venues into one automatically functioning, computerized platform that requires minimal human intervention.

**Cautionary Note Regarding Forward-Looking Statements:**

The foregoing information contains certain forward-looking statements that reflect the company's current views with respect to certain current and future events and financial performance. These forward-looking statements are and will be, as the case may be, subject to many risks, uncertainties and factors relating to the company's operations and business environment which may cause the company's actual results to be materially different from any future results, expressed or implied, in these forward-looking statements. Any forward-looking statements in this release are based upon information available to the company on the date of this release. The company does not undertake to publicly update or revise its forward-looking statements even if experience or future changes make it clear that any statements expressed or implied therein will not be realized. Additional information on risk factors that could potentially affect the company's financial results may be found in the company's filings with the Securities and Exchange Commission.

**For Interactive Brokers Group, Inc. Media: Andrew Wilkinson, 203-913-1369 or Investors: Deborah Liston, 203-618-4070.**

## INTERACTIVE BROKERS GROUP, INC. AND SUBSIDIARIES

## OPERATING DATA

## TRADE VOLUMES

*(in 000's, except %)*

| <b>Period</b> | <b>Market</b>        |                 | <b>Brokerage</b>      |                 | <b>Brokerage Non</b>  |                 | <b>Total</b> | <b>%</b> | <b>Avg. Trades per U.S. Trading Day</b> |
|---------------|----------------------|-----------------|-----------------------|-----------------|-----------------------|-----------------|--------------|----------|---|
|               | <b>Making Trades</b> | <b>% Change</b> | <b>Cleared Trades</b> | <b>% Change</b> | <b>Cleared Trades</b> | <b>% Change</b> |              |          |   |
| 2003          | 32,772               |                 | 22,748                |                 | 2,367                 |                 | 57,887       |          | 230                                     |
| 2004          | 41,506               | 27%             | 28,876                | 27%             | 2,932                 | 24%             | 73,314       | 27%      | 290                                     |
| 2005          | 54,044               | 30%             | 34,800                | 21%             | 7,380                 | 152%            | 96,224       | 31%      | 382                                     |
| 2006          | 66,043               | 22%             | 51,238                | 47%             | 12,828                | 74%             | 130,109      | 35%      | 518                                     |
| 2007          | 99,086               | 50%             | 72,931                | 42%             | 16,638                | 30%             | 188,655      | 45%      | 752                                     |
| 2008          | 101,672              | 3%              | 120,195               | 65%             | 16,966                | 2%              | 238,833      | 27%      | 944                                     |
| 3Q2008        | 25,045               |                 | 32,840                |                 | 4,336                 |                 | 62,221       |          | 972                                     |
| 3Q2009        | 22,692               | -9%             | 32,231                | -2%             | 3,246                 | -25%            | 58,169       | -7%      | 909                                     |

## CONTRACT AND SHARE VOLUMES:

*(in 000's, except %)*

## TOTAL

| <b>Period</b> | <b>Options (contracts)</b> | <b>% Change</b> | <b>Futures* (contracts)</b> | <b>% Change</b> | <b>Stocks (shares)</b> | <b>% Change</b> |
|---------------|----------------------------|-----------------|-----------------------------|-----------------|------------------------|-----------------|
| 2003          | 194,358                    |                 | 31,034                      |                 | 17,038,250             |                 |
| 2004          | 269,715                    | 39%             | 37,748                      | 22%             | 17,487,528             | 3%              |
| 2005          | 409,794                    | 52%             | 44,560                      | 18%             | 21,925,120             | 25%             |
| 2006          | 563,623                    | 38%             | 62,419                      | 40%             | 34,493,410             | 57%             |
| 2007          | 673,144                    | 19%             | 83,134                      | 33%             | 47,324,798             | 37%             |
| 2008          | 757,732                    | 13%             | 108,984                     | 31%             | 55,845,428             | 18%             |
| 3Q2008        | 204,552                    |                 | 28,928                      |                 | 14,489,937             |                 |
| 3Q2009        | 156,352                    | -24%            | 19,480                      | -33%            | 20,787,693             | 43%             |

## MARKET MAKING

| <b>Period</b> | <b>Options (contracts)</b> | <b>% Change</b> | <b>Futures* (contracts)</b> | <b>% Change</b> | <b>Stocks (shares)</b> | <b>% Change</b> |
|---------------|----------------------------|-----------------|-----------------------------|-----------------|------------------------|-----------------|
| 2003          | 177,459                    |                 | 6,638                       |                 | 12,578,584             |                 |
| 2004          | 236,569                    | 33%             | 10,511                      | 58%             | 12,600,280             | 0%              |
| 2005          | 308,613                    | 30%             | 11,551                      | 10%             | 15,625,801             | 24%             |

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|        |             |        |           |               |
|--------|-------------|--------|-----------|---------------|
| 2006   | 371,92921%  | 14,818 | 28%       | 21,180,37736% |
| 2007   | 447,90520%  |        | 14,520-2% | 24,558,31416% |
| 2008** | 514,62915%  | 21,544 | 48%       | 26,008,4336%  |
| 3Q2008 | 137,376     | 5,581  |           | 6,145,983     |
| 3Q2009 | 100,624-27% | 3,673  | -34%      | 6,373,9304%   |

\*Includes options on futures

\*\* In Brazil, an equity option contract typically represents 1 share of the underlying stock; however, typical minimum trading quantity is 100 contracts. To make a fair comparison to volume at other exchanges, we have adopted a policy of reporting Brazilian equity option contracts divided by their minimum trading quantity of 100.

## INTERACTIVE BROKERS GROUP, INC. AND SUBSIDIARIES

## OPERATING DATA, CONTINUED

## BROKERAGE TOTAL

| <b>Period</b> | <b>Options<br/>(contracts)</b> | <b>%<br/>Change</b> | <b>Futures*<br/>(contracts)</b> | <b>%<br/>Change</b> | <b>Stocks<br/>(shares)</b> | <b>%<br/>Change</b> |
|---------------|--------------------------------|---------------------|---------------------------------|---------------------|----------------------------|---------------------|
| 2003          | 16,898                         |                     | 24,396                          |                     | 4,459,667                  |                     |
| 2004          | 33,146                         | 96%                 | 27,237                          | 12%                 | 4,887,247                  | 10%                 |
| 2005          | 101,181                        | 205%                | 33,009                          | 21%                 | 6,299,319                  | 29%                 |
| 2006          | 191,694                        | 89%                 | 47,601                          | 44%                 | 13,313,033                 | 111%                |
| 2007          | 225,239                        | 17%                 | 68,614                          | 44%                 | 22,766,484                 | 71%                 |
| 2008          | 243,103                        | 8%                  | 87,440                          | 27%                 | 29,836,995                 | 31%                 |
| 3Q2008        | 67,176                         |                     | 23,347                          |                     | 8,343,954                  |                     |
| 3Q2009        | 55,728                         | -17%                | 15,807                          | -32%                | 14,413,763                 | 73%                 |

## BROKERAGE CLEARED

| <b>Period</b> | <b>Options<br/>(contracts)</b> | <b>%<br/>Change</b> | <b>Futures*<br/>(contracts)</b> | <b>%<br/>Change</b> | <b>Stocks<br/>(shares)</b> | <b>%<br/>Change</b> |
|---------------|--------------------------------|---------------------|---------------------------------|---------------------|----------------------------|---------------------|
| 2003          | 11,351                         |                     | 19,086                          |                     | 3,612,503                  |                     |
| 2004          | 16,438                         | 45%                 | 24,118                          | 26%                 | 4,339,462                  | 20%                 |
| 2005          | 23,456                         | 43%                 | 30,646                          | 27%                 | 5,690,308                  | 31%                 |
| 2006          | 32,384                         | 38%                 | 45,351                          | 48%                 | 12,492,870                 | 120%                |
| 2007          | 51,586                         | 59%                 | 66,278                          | 46%                 | 20,353,584                 | 63%                 |
| 2008          | 77,207                         | 50%                 | 85,599                          | 29%                 | 26,334,752                 | 29%                 |
| 3Q2008        | 22,790                         |                     | 22,892                          |                     | 7,421,039                  |                     |
| 3Q2009        | 25,433                         | 12%                 | 15,520                          | -32%                | 13,791,485                 | 86%                 |

\*Includes options on futures

## BROKERAGE STATISTICS

*(in 000's, except % and where noted)*

|                                 | <b>3Q2009</b> | <b>3Q2008</b> | <b>% Change</b> |
|---------------------------------|---------------|---------------|-----------------|
| Total Accounts                  | 128           | 107           | 20%             |
| Customer Equity (in billions) * | \$13.4        | \$9.4         | 43%             |
| Cleared DARTs                   | 307           | 338           | -9%             |
| Total Customer DARTs            | 340           | 377           | -10%            |

*(in \$'s, except DART per account)*

|   |         |         |      |
|---|---------|---------|------|
| Commission per DART                       | \$4.36  | \$4.21  | 4%   |
| DART per Avg. Account (Annualized)        | 624     | 814     | -23% |
| Net Revenue per Avg. Account (Annualized) | \$3,591 | \$4,483 | -20% |

\*Excludes non-customers

## INTERACTIVE BROKERS GROUP, INC. AND SUBSIDIARIES

## SEGMENT FINANCIAL INFORMATION

(UNAUDITED)

|                             |                            | Three Months<br>Ended September 30, |          | Nine Months<br>Ended September 30, |            |
|-----------------------------|----------------------------|-------------------------------------|----------|------------------------------------|------------|
|                             |                            | 2009                                | 2008     | 2009                               | 2008       |
|                             |                            | (in millions)                       |          |                                    |            |
| <b>Market Making</b>        | Net revenues               | \$ 150.3                            | \$ 359.7 | \$ 551.2                           | \$ 1,034.7 |
|                             | Non-interest expenses      | 75.7                                | 76.6     | 216.9                              | 228.7      |
|                             | Income before income taxes | \$ 74.6                             | \$ 283.1 | \$ 334.3                           | \$ 806.0   |
|                             | Pre-tax profit margin      | 49%                                 | 79%      | 61%                                | 78%        |
| <b>Electronic Brokerage</b> | Net revenues               | \$ 121.5                            | \$ 134.6 | \$ 349.3                           | \$ 387.1   |
|                             | Non-interest expenses      | 59.4                                | 70.7     | 179.7                              | 206.1      |
|                             | Income before income taxes | \$ 62.1                             | \$ 63.9  | \$ 169.6                           | \$ 181.0   |
|                             | Pre-tax profit margin      | 51%                                 | 47%      | 49%                                | 47%        |
| <b>Corporate*</b>           | Net revenues               | \$ (0.3)                            | \$ 2.8   | \$ (0.6)                           | \$ (0.8)   |
|                             | Non-interest expenses      | 3.3                                 | 2.3      | 11.0                               | 5.3        |
|                             | Income before income taxes | \$ (3.6)                            | \$ 0.5   | \$ (11.6)                          | \$ (6.1)   |
| <b>Total</b>                | Net revenues               | \$ 271.5                            | \$ 497.1 | \$ 899.9                           | \$ 1,421.0 |
|                             | Non-interest expenses      | 138.4                               | 149.6    | 407.6                              | 440.1      |
|                             | Income before income taxes | \$ 133.1                            | \$ 347.5 | \$ 492.3                           | \$ 980.9   |
|                             | Pre-tax profit margin      | 49%                                 | 70%      | 55%                                | 69%        |

\* Corporate includes corporate related activities as well as inter-segment eliminations.

## INTERACTIVE BROKERS GROUP, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME

(UNAUDITED)

|  | Three Months                |              | Nine Months                 |                |
|--|-----------------------------|--------------|-----------------------------|----------------|
|  | Ended September 30,<br>2009 | 2008         | Ended September 30,<br>2009 | 2008           |
| (in millions, except share and per share data)       |                             |              |                             |                |
| <b>Revenues:</b>                                     |                             |              |                             |                |
| Trading gains  | \$ 154.7                    | \$ 361.4     | \$ 558.8                    | \$ 1,006.0     |
| Commissions and execution fees                       | 89.0                        | 98.2         | 263.5                       | 271.9          |
| Interest income                                      | 29.9                        | 101.1        | 89.7                        | 373.8          |
| Other income   | 13.0                        | 7.2          | 42.0                        | 55.8           |
| <b>Total revenues</b>                                | <b>286.6</b>                | <b>567.9</b> | <b>954.0</b>                | <b>1,707.5</b> |
| Interest expense                                     | 15.1                        | 70.8         | 54.1                        | 286.5          |
| <b>Total net revenues</b>                            | <b>271.5</b>                | <b>497.1</b> | <b>899.9</b>                | <b>1,421.0</b> |
| <b>Non-interest expenses:</b>                        |                             |              |                             |                |
| Execution and clearing                               | 69.5                        | 82.9         | 201.4                       | 244.0          |
| Employee compensation and benefits                   | 43.0                        | 39.5         | 128.3                       | 119.4          |
| Occupancy, depreciation and amortization             | 10.0                        | 10.5         | 29.5                        | 27.6           |
| Communications                                       | 6.1                         | 4.8          | 16.6                        | 13.4           |
| General and administrative                           | 9.8                         | 11.9         | 31.8                        | 35.7           |
| <b>Total non-interest expense</b>                    | <b>138.4</b>                | <b>149.6</b> | <b>407.6</b>                | <b>440.1</b>   |
| Income before income taxes                           | 133.1                       | 347.5        | 492.3                       | 980.9          |
| Income tax expense                                   | 12.9                        | 32.4         | 50.1                        | 94.4           |
| Net income   | 120.2                       | 315.1        | 442.2                       | 886.5          |
| Net income attributable to non-controlling interests | 111.7                       | 287.9        | 408.3                       | 813.8          |
| Net income available for common shareholders         | \$ 8.5                      | \$ 27.2      | \$ 33.9                     | \$ 72.7        |
| <b>Earnings per share:</b>                           |                             |              |                             |                |
| Basic  | \$ 0.20                     | \$ 0.67      | \$ 0.83                     | \$ 1.80        |
| Diluted  | \$ 0.20                     | \$ 0.65      | \$ 0.81                     | \$ 1.75        |
| <b>Weighted average common shares outstanding:</b>   |                             |              |                             |                |
| Basic  | 41,214,598                  | 40,602,515   | 40,891,841                  | 40,386,579     |
| Diluted  | 41,973,518                  | 41,550,891   | 41,740,729                  | 41,439,824     |

## INTERACTIVE BROKERS GROUP, INC. AND SUBSIDIARIES

## CONDENSED CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

|   | September 30,<br>2009 | December 31,<br>2008 |
|---|-----------------------|----------------------|
|   | (in millions)         |                      |
| <b>Assets</b>   |                       |                      |
| Cash and cash equivalents   | \$ 859.9              | \$ 943.5             |
| Cash and securities - segregated for regulatory purposes                              | 6,334.3               | 4,992.1              |
| Securities purchased under agreements to resell                                       | 731.2                 | 715.7                |
| Securities borrowed   | 5,206.4               | 5,911.9              |
| Trading assets, at fair value   | 10,250.5              | 11,114.7             |
| Receivables from customers, net of allowance  | 2,942.3               | 1,621.2              |
| Receivables from brokers, dealers and clearing organizations                          | 1,998.6               | 2,528.0              |
| Other assets  | 522.2                 | 529.6                |
| <b>Total assets</b>   | <b>\$ 28,845.4</b>    | <b>\$ 28,356.7</b>   |
| <b>Liabilities and equity</b>   |                       |                      |
| <b>Liabilities</b>  |                       |                      |
| Trading liabilities - financial instruments sold but not yet purchased, at fair value | \$ 10,723.7           | \$ 13,476.8          |
| Securities loaned   | 806.9                 | 656.6                |
| Short-term borrowings   | 263.3                 | 208.1                |
| Other payables:   |                       |                      |
| Customers   | 9,971.2               | 6,929.6              |
| Brokers, dealers and clearing organizations   | 1,498.3               | 1,614.8              |
| Other payables  | 574.4                 | 619.6                |
|   | 12,043.9              | 9,164.0              |
| Senior notes payable and senior secured credit facility                               | 185.1                 | 443.1                |
| <b>Equity</b>   |                       |                      |
| Stockholders' equity  | 572.1                 | 513.9                |
| Non-controlling interests in subsidiaries   | 4,250.4               | 3,894.2              |
| Total equity  | 4,822.5               | 4,408.1              |
| <b>Total liabilities and equity</b>   | <b>\$ 28,845.4</b>    | <b>\$ 28,356.7</b>   |