



## FINRA Rule 4340 – Callable Securities

When a security is subject to a partial redemption by the issuer, the issuer notifies Interactive Brokers, LLC (IBKR), via a central industry depository, of the number of units for the specific security to be redeemed. As required by FINRA Rule 4340, IBKR has implemented an allocation procedure by which IBKR will allocate among our customers, on a fair and impartial basis, the securities to be redeemed or selected as called in the event of a partial redemption or call.

Upon receipt of the issuer's notification, IBKR determines the favorability of the redemption based on the current market price versus the call price. When the redemption of the callable security is made on terms that are favorable to the called parties, the Firm does not include any accounts in which it, its Associated Persons, its FINRA member introducing broker clients, or the Associated Persons of its FINRA member introducing broker clients have an interest in the pool of securities eligible to be called until all other customers' positions in such securities have been called. When the redemption is made on terms that are unfavorable to the called parties, IBKR does not exclude accounts in which IBKR, its Associated Persons, its FINRA member introducing broker clients, or the Associated Persons of its FINRA member introducing broker clients have an interest from the pool of the securities eligible to be called.

Once the favorability of the redemption has been determined, IBKR assigns redemption quantities across all eligible accounts proportionally to their existing position. IBKR then uses a random lottery process designed to allocate 'leftover' called securities.

As required by FINRA Rule 4340, IBKR is making available to its customers details of how the firm allocates callable securities among customers, on a fair and impartial basis, in the event of a partial redemption or call. In addition to the description above, the firm will provide hard copies of the allocation procedures upon customer request. Please contact customer service for further details. This information is also included in the Firm's annual customer notification and is also available on our website at [www.IBKR.com](http://www.IBKR.com).