



## **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.

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 firm or employee-related accounts in the pool of securities eligible to be called until all other customers' positions in such securities have been called. The firm also excludes any accounts in which the introducing member or its associated persons have an interest. When the redemption is made on terms that are unfavorable to the called parties, IBKR does not exclude firm or employee-related accounts from the pool of the securities eligible to be called.

Once the favorability of the redemption has been determined, IBKR uses a random process designed to allocate called securities on a fair and impartial basis. The lottery process is based on a mathematical formula that determines the accounts that will be selected and the number of securities in the account that will be redeemed.

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).