

Interactive Brokers Group, Inc.
Form 10-Q
May 10, 2016
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 001-33440

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INTERACTIVE BROKERS GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware	30-0390693
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

One Pickwick Plaza

Greenwich, Connecticut 06830

(Address of principal executive office)

(203) 618-5800

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No .

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer" and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company
		(Do not check if a smaller reporting company)	

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No .

As of May 6, 2016, there were 63,989,156 shares of the issuer's Class A common stock, par value \$0.01 per share, outstanding and 100 shares of the issuer's Class B common stock, par value \$0.01 per share, outstanding.

Table of Contents

QUARTERLY REPORT ON FORM 10 Q FOR THE QUARTER ENDED MARCH 31, 2016

Table of Contents

PART I	FINANCIAL INFORMATION	
<u>ITEM 1.</u>	<u>Financial Statements (Unaudited)</u>	1
	<u>Condensed Consolidated Statements of Financial Condition</u>	1
	<u>Condensed Consolidated Statements of Comprehensive Income</u>	2
	<u>Condensed Consolidated Statements of Cash Flow</u>	3
	<u>Condensed Consolidated Statements of Changes in Equity</u>	4
	<u>Notes to Condensed Consolidated Financial statements</u>	5
<u>ITEM 2.</u>	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	31
<u>ITEM 3.</u>	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	48
<u>ITEM 4.</u>	<u>Controls and Procedures</u>	52
PART II	OTHER INFORMATION	
<u>ITEM 1.</u>	<u>Legal Proceedings</u>	53
<u>ITEM 1A.</u>	<u>Risk Factors</u>	53
<u>ITEM 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	53
<u>ITEM 3.</u>	<u>Defaults upon Senior Securities</u>	53
<u>ITEM 5.</u>	<u>Other Information</u>	53
<u>ITEM 6.</u>	<u>Exhibits</u>	54
<u>SIGNATURES</u>		

Table of Contents

PART 1. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (Unaudited)

Interactive Brokers Group, Inc. and Subsidiaries

Condensed Consolidated Statements of Financial Condition

(Unaudited)

(in millions, except share amounts)	March 31, 2016	December 31, 2015
Assets		
Cash and cash equivalents	\$ 1,747	\$ 1,601
Cash and securities - segregated for regulatory purposes	23,508	21,309
Securities borrowed	4,011	3,924
Securities purchased under agreements to resell	805	195
Financial instruments owned, at fair value:		
Financial instruments owned	2,067	1,987
Financial instruments owned and pledged as collateral	1,579	1,433
Total financial instruments owned, at fair value	3,646	3,420
Receivables:		
Customers, less allowance for doubtful accounts of \$131 and \$130 as of March 31, 2016 and December 31, 2015	15,222	17,050
Brokers, dealers and clearing organizations	704	692
Interest	73	63
Total receivables	15,999	17,805
Other assets	470	480
Total assets	\$ 50,186	\$ 48,734
Liabilities and equity		
Short-term borrowings	\$ 4	\$ —
Securities loaned	2,401	2,894

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Financial instruments sold, but not yet purchased, at fair value	2,960	2,617
Payables:		
Customers	38,390	37,084
Brokers, dealers and clearing organizations	381	423
Affiliate	292	291
Accounts payable, accrued expenses and other liabilities	92	78
Interest	3	3
Total payables	39,158	37,879
Total liabilities	44,523	43,390
Commitments, contingencies and guarantees (see Note 11)		
Equity		
Stockholders' equity		
Common stock, \$0.01 par value per share:		
Class A – Authorized - 1,000,000,000, Issued - 64,123,982 and 64,121,150 shares, Outstanding – 63,989,156 and 63,985,335 shares as of March 31, 2016 and December 31, 2015	1	1
Class B – Authorized, Issued and Outstanding – 100 shares as of March 31, 2016 and December 31, 2015	—	—
Additional paid-in capital	720	718
Retained earnings	171	145
Accumulated other comprehensive income, net of income taxes of \$0 and \$0 as of March 31, 2016 and December 31, 2015	8	2
Treasury stock, at cost, 134,826 and 135,815 shares as of March 31, 2016 and December 31, 2015	(3)	(3)
Total stockholders' equity	897	863
Noncontrolling interests	4,766	4,481
Total equity	5,663	5,344
Total liabilities and equity	\$ 50,186	\$ 48,734

See accompanying notes to the condensed consolidated financial statements.

Table of Contents

Interactive Brokers Group, Inc. and Subsidiaries

Condensed Consolidated Statements of Comprehensive Income

(Unaudited)

(in millions, except for shares or per share amounts)	Three Months Ended March	
	31, 2016	2015
Revenues		
Trading gains	\$ 52	\$ 62
Commissions and execution fees	166	149
Interest income	145	108
Other income (loss)	144	(132)
Total revenues	507	187
Interest expense	18	15
Total net revenues	489	172
Non-interest expenses		
Execution and clearing	62	55
Employee compensation and benefits	58	57
Occupancy, depreciation and amortization	12	10
Communications	7	6
General and administrative	13	16
Customer bad debt	—	139
Total non-interest expenses	152	283
Income (loss) before income taxes	337	(111)
Income tax expense	27	(2)
Net income (loss)	310	(109)
Less net income (loss) attributable to noncontrolling interests	277	(96)
Net income (loss) available for common stockholders	\$ 33	\$ (13)
Earnings per share		
Basic	\$ 0.52	\$ (0.22)
Diluted	\$ 0.51	\$ (0.22)
Weighted average common shares outstanding		

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Basic	63,985,477	58,473,348
Diluted	65,255,903	58,473,348
Comprehensive income		
Net income (loss) available for common stockholders	\$ 33	\$ (13)
Other comprehensive income		
Cumulative translation adjustment, before income taxes	6	(1)
Income taxes related to items of other comprehensive income	—	