

## **Podcast Notes for TDI Podcast 899 - Guest Segment – Steve Sanders**

Andrew and Steve EVP of Interactive Brokers discussed the company's innovative approach to the financial industry, the evolution and popularity of options trading, and the impact of the current administration on the industry. They also explored the use of forecast contracts as an alternative way to hedge positions, the increasing trend of overnight trading, and the exciting developments at IB, including the integration of trading tools into the Advisor Portal.

### **Summary**

#### **Interactive Brokers' Innovative Approach Discussed**

Andrew and Steve Sanders, the Executive VP of Marketing and Product Development at Interactive Brokers, discussed the company's innovative approach to the financial industry. Steve explained that Interactive Brokers' product development is driven by customer demand and a steering committee, with a focus on advanced technology. He emphasized that the company views itself as a technology company rather than a traditional brokerage firm. Andrew compared Interactive Brokers to Tesla and Netflix, highlighting their shared mindset of being technology companies under the guise of other industries. They also discussed the challenges faced by traditional brokers who fail to innovate and the importance of building new platforms from the ground up.

#### **Options Trading Trends and Strategies**

Andrew and Steve discussed the evolution and popularity of options trading, particularly in the context of the Covid period. They noted the increased interest in options due to their leverage and defined risk, as well as the introduction of 0 dated options, which offer traders the chance to take advantage of price changes over a short time period. They also touched on the global interest in the US options market. Andrew highlighted the binary nature of zero dated options, likening them to a Vegas bet, and asked about the trend's continuation. Steve responded that while nothing lasts forever, volatility in the markets leads to increased trading in stocks and options, and that the trend could continue if there is political uncertainty. They also discussed the variety of trading strategies used by their clients, including covered calls and more complex option combinations.

#### **Deregulation and Prediction Markets Discussion**

based on yes or no questions, and how they can serve as an additional data point for understanding future events. They also discussed the accuracy of these markets, citing the 2020 Presidential election as an example. Andrew ended the conversation by expressing interest in further exploring the potential of prediction markets.

## **Forecasting Contracts and AI Tools Discussed**

Andrew and Steve discussed the use of forecast contracts as an alternative way for bond portfolio managers to hedge their positions. They also explored the use of the Portfolio Analyst and Fundamental Explorer tools, which are free and provide comprehensive information about a portfolio's performance and market trends. The Portfolio Analyst now includes a budgeting tool, set to launch next week, which can be used to feed into retirement plans. The Fundamental Explorer is a global tool, supporting products on exchanges worldwide. They also touched on the new AI-generated summary function for advisor clients, which can be used to free up more time for advisors to focus on client interactions. This feature is only available to clients in eligible Interactive Brokers affiliates around the world and is not currently available in the US.

## **Overnight Trading Trends and Liquidity**

Andrew and Steve discussed the increasing trend of overnight trading, particularly in stocks and ETFs. They noted that this trend has been significant, with overnight trading representing 2.2% of all US trading. They attributed this growth to events such as the Presidential election and the interest in options and futures contracts. Andrew expressed fascination with the liquidity and potential users of this trend, while Steve confirmed that the markets are open 24/5, with some operational closures. They agreed that the trend is driven by events and the desire for continuous trading, especially in other time zones.

## **IB Trading Tools**

Andrew and Steve discussed the exciting developments at IB, with a focus on the integration of trading tools into the advisor portal. Andrew expressed his admiration for IB's continuous innovation and its ability to cater to different client needs