

# The Disciplined Investor Podcast – Guest Interview Summary

Guest: Steve Sanders, EVP Interactive Brokers

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## Summary

### Interactive Brokers' Global Market Expansion

Andrew and Steve discussed the growth of Interactive Brokers, a company Steve has been with for 24 years. They highlighted the company's expansion into global markets, with over 85% of new accounts coming from outside the US. The conversation touched on the trading styles of clients in different regions, with Steve noting that there isn't a significant difference in trading behavior based on geography. He also emphasized the sophistication of both retail and institutional clients.

### AI's Potential in Business and Portfolio

Andrew and Steve talked about the potential of AI technology in their business. Steve highlighted the company's focus on using AI for value, not just for the sake of it. He mentioned the AI's ability to create invoicing programs and its potential use in the company's portfolio analysis. Andrew agreed, noting the AI's ability to provide insights into a client's portfolio and the economy. They also discussed the AI's potential use for individual clients, providing them with a better understanding of their portfolio.

## **Tax Planner Tool Development Discussed**

Steve discussed the development of a tax planner tool, which is expected to be introduced in the US within a few months and later in other countries. The tool will help users monitor tax implications on their stocks and income from paychecks, and potentially guide them on tax loss harvesting. Steve clarified that the tool will provide the mechanics of basic tax models, leaving the application of specific rates and tax configurations to the end user. He emphasized that the tool should not be used as a substitute for professional tax advice.

## **Portfolio Analyst Benefits and Challenges**

Andrew and Steve discussed the benefits of using the portfolio analyst, which is free. They highlighted its ability to consolidate and aggregate different investment accounts, including those not held at Interactive Brokers, into a single view. Steve explained that the service uses a backend aggregator called 5 Serve to bring in different accounts. They also touched on the challenges faced by similar services in the past, such as the lack of a revenue model and clients' reluctance to share their login details.

## **Overnight Trading and Election Contracts**

Andrew and Steve discussed the recent increase in overnight trading due to market volatility. Steve noted that the liquidity for major names is generally decent, but may not be sufficient for rapid adjustments. They also discussed the popularity of binary outcome contracts during elections, which Steve believes can be a more accurate gauge of outcomes than polls. The conversation ended with plans to expand this service to other regions and elections.

## **Introducing Contracts on Various Indices**

Steve and Andrew discussed the potential for introducing contracts on various indices, including climate change and economic factors. Steve clarified that the limitation lies in what regulators in each jurisdiction prescribe. Andrew suggested that people might use these contracts for speculation or hedging. They also discussed the current market volatility and the shift in investor behavior, with a focus on providing a utility for clients to trade various markets.

### **Simplifying the Trader Workstation Platform**

Steve and Andrew discussed the development and features of a new desktop platform. Steve mentioned that they continue to add features to the platform, aiming to include all the features of the trader workstation. Andrew shared his experience using the trader workstation, highlighting its complexity and the need for a more organized and user-friendly platform. Steve agreed, noting the need for a simpler approach to help users find and utilize the platform's features.