

The Disciplined Investor Podcast – Guest Interview Summary

Guest: Thomas Peterffy

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Journey from Socialism to Success

Andrew and Thomas began their conversation by discussing their locations in Florida and establishing a connection through their shared area. Andrew expressed gratitude for Thomas's product, mentioning they have been working with it for many years with a positive experience. The discussion then shifted to Thomas's background, about his birth during World War II in Budapest. Andrew framed Thomas's life journey from growing up under socialism to building trading floor machinery as one of successfully challenging disorder.

Empowering Traders Through Innovation

Thomas discussed his early experiences in the stock exchange and how he observed inefficiencies in the open outcry trading system, which inspired him to innovate with custom handheld computers for traders in the 1980s. He explained his management style at Interactive Brokers, which focused on empowering employees and allowing them to succeed in roles they were passionate about. Thomas expressed concerns about excessive regulation in the market and emphasized the importance of competition and efficient execution in trading. He also noted that Interactive Brokers' low costs result from years of building efficient systems, though he acknowledged that AI might eventually change this landscape.

Trading Business Growth and Insights

Andrew and Thomas discussed the growth and performance of their trading business, highlighting a 22% rise in commission revenue to \$582 million and a 32% increase in customer accounts to 4.4 million. They explored the development and success of ForecastTrader, a prediction market platform that has proven more accurate than traditional polls in recent elections. Thomas noted that prediction markets currently show high confidence in a Democratic victory for the House, offering significant odds for a Republican win.

Forecast Trading and Regulatory Challenges

Thomas emphasized the importance of using forecast trading seriously and building appropriate models to project future consensus opinions, which could guide individual and communal benefits beyond current market or government organization methods. He noted challenges posed by securities laws, particularly regarding the regulation of prediction markets by the CFTC and the need for regulatory clarifications to allow analysts to participate in prediction markets. Thomas also shared that at Interactive Brokers, weather-related contracts, particularly temperature forecasts, are the most commonly utilized forecast contracts due to their significant impact on energy consumption and daily activities.

Forecast Contracts as Hedging Tools

Andrew discussed how forecast contracts can be used as hedges, providing a direct way to protect against specific outcomes like high CPI prints, rather than betting on consequences through other instruments like options or futures. Thomas highlighted Interactive Brokers' advantage of offering all these services in a single account, simplifying the process for customers who would otherwise need multiple accounts across different platforms.

Interactive Brokers Client Performance Analysis

Andrew and Thomas discussed the performance of Interactive Brokers' clients in 2025, where different client types outperformed the S&P 500. Thomas attributed the success primarily to best execution and pricing, noting that the statistics only included clients with \$50,000+ initial account balances. They also discussed the benefits of using limit orders over market orders for better negotiation and execution, with Thomas highlighting the platform's extensive trading options beyond the standard market, limit, stop, and stop-limit choices.

Interactive Brokers Platform Benefits

The discussion moved to the benefits of using Interactive Brokers' platform for managing multiple client portfolios. They highlighted features like bulk ordering, automatic allocation, and prorated transaction fees, emphasizing efficiency and compliance. Thomas explained educational resources available, including Probability Lab and IBKR Investmentor, aimed at supporting both beginner and advanced investors. Both agreed on the importance of investor education and the continuous improvement of platform offerings.

Market Stability Amid Geopolitical Tensions

Andrew and Thomas discussed market conditions during the ongoing war, with Thomas noting increased trading activity of around 4-5 million trades per day. Thomas expressed optimism that the war would end soon and oil prices would return to \$50, leading to market recovery. Andrew observed that despite the geopolitical tensions, markets have remained calmer than expected, with limited major moves in areas like Korea that are heavily reliant on oil.