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ARKANSAS SECURITIES DEPT.

**BEFORE THE ARKANSAS SECURITIES COMMISSIONER
CASE NO. S-12-0130
ORDER NO. S-12-0130-13-OR02**

IN THE MATTER OF:

INTERACTIVE BROKERS LLC

RESPONDENT

CONSENT ORDER

This Consent Order is entered pursuant to the Arkansas Securities Act (“Act”), Ark. Code Ann. §§ 23-42-101 through 23-42-509, the Rules of the Arkansas Securities Commissioner (“Rules”), and the Arkansas Administrative Procedures Act, Ark. Code Ann. §§ 25-15-101 through 25-15-219, in accordance with an agreement by and between the Staff of the Arkansas Securities Department (“Staff”) and Interactive Brokers LLC (“Interactive Brokers” or “Respondent”), CRD # 36418, in full and final settlement of all claims that could be brought against Interactive Brokers by the Staff on the basis of the facts set forth herein.

The Respondent admits the jurisdiction of the Act and the Arkansas Securities Commissioner (“Commissioner”), waives its rights to a formal hearing and without admitting or denying the findings of fact made herein, consents to the entry of this order and agrees to abide by its terms.

FINDINGS OF FACT

1. The home office for Interactive Brokers is in Greenwich, Connecticut. Interactive Brokers first became registered as a broker-dealer in Arkansas on July 2, 1999 and has remained registered through the date of this order.
2. Interactive Brokers was contacted by the Staff regarding accounts maintained by Interactive Brokers related to Robert Mikkelsen (“Mikkelsen”) and RT Mikkelsen Advisors

(“RTMA”). Staff requested that Interactive Brokers provide certain information and documents in furtherance of the Staff’s investigation of matters related to Mikkelsen. Interactive Brokers has been responsive and cooperative throughout Staff’s investigation of this matter.

3. The Commissioner by order, Order No. S-12-0130-12-OR01, found that RTMA and Mikkelsen conducted business as an independent investment adviser from a location in Arkansas for a period of time exceeding two years without being properly registered. The investment adviser activity was conducted through accounts maintained at Interactive Brokers. Interactive Brokers facilitated the investment adviser activity of RTMA by setting up a master account for RTMA and sub-accounts for each client of RTMA. All transactions for RTMA clients were effected in the Interactive Brokers accounts and Interactive Brokers deducted investment adviser fees from the client accounts and deposited the fees into a master account of RTMA on a quarterly basis. Interactive Brokers received a commission for executing each trade.

4. All correspondence between Interactive Brokers and RTMA during the relevant time period used the business address of RTMA at 1311 N. Boston Avenue in Russellville, Arkansas.

5. Interactive Brokers knew that RTMA was operating as an investment adviser in Arkansas during the time period Interactive Brokers maintained client accounts for RTMA. Interactive Brokers also knew that RTMA was not registered as an investment adviser in Arkansas during this time period.

6. Interactive Brokers failed to perform adequate due diligence with regard to the registration status of RTMA to properly determine whether RTMA was exempt from registration requirements in Arkansas prior to facilitating RTMA’s unlawful investment adviser activity in Arkansas.

CONCLUSIONS OF LAW

7. Ark. Code Ann. § 23-42-301(c), makes it unlawful to transact business in Arkansas as an investment adviser without first being registered, if the person has a place of business in Arkansas, unless the person is registered as an investment adviser with the Securities and Exchange Commission (“SEC”) or is not required to register with the SEC because the person is not an investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940.

8. Ark. Code Ann. § 23-42-308(G) states in part that the Securities Commissioner may by order revoke, suspend, or make conditional, any registration if he finds that the broker-dealer has engaged in dishonest or unethical practices in the securities business. Rule 308.01(y) states in part that a broker-dealer registration may be suspended or revoked when the registrant engages in unethical practices. The actions and inaction by Interactive Brokers that facilitated the unregistered investment adviser activity by Mikkelsen and RTMA were unethical practices in the securities business in violation of section 23-42-308(G) of the Act and Rule 308.01(y) of the Rules.

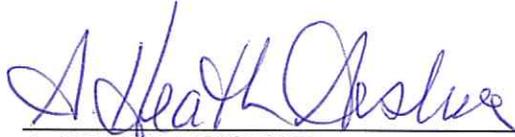
9. Pursuant to § 23-42-308(h) of the Act, matters may be resolved by consent order without a formal proceeding.

ORDER

By agreement and with the consent of the Staff and Interactive Brokers, it is hereby ordered that Interactive Brokers shall make appropriate changes to their current procedures for opening accounts with investment adviser clients to insure that all such clients are properly registered.

It is also ordered that Interactive Brokers shall pay a fine in the amount of \$6,000 to the Arkansas Securities Department. The payment of said fine shall be made to the Arkansas Securities Department upon the entry of this order.

IT IS SO ORDERED.



A. HEATH ABSHURE
Arkansas Securities Commissioner

September 30, 2013
DATE

I hereby agree to the entry of this Consent Order, consent to all terms, conditions, and orders contained therein, and waive any right to an appeal from this order.



John J. Nielands, Associate General Counsel
on behalf of Interactive Brokers, LLC

9/11/13
Date



David H. Smith, Chief Counsel
on behalf of the Staff

9/30/2013
Date