



Traders' Academy Online Courses



Setting Fees and Configuring Fee Templates – Study Notes

In this lesson, we will show you how to configure client fees. There are a few ways to configure fees for a client, here are a couple of options:

- When sending a prospect an account invitation, you can set fees manually or use a client fee template;
- or, choose to configure fees later when the client is onboarded.

Configuring Fees

Let's look at the invitation situation first.

- On the Contact page, select a prospect by using the (i) icon, then click the icon on the top right to send an application invite.
- Next, choose fully or semi-electronic.
- The next page will ask you if you'd like to use a fee template.

Client Invitation U2848411

Home > Contact Information > Client Invitation

Choose Client Fee Template

You may choose one of your pre-configured templates for applying a fee structure to the client account.

Would you like to use a fee template?

- The use of templates allows you to easily maintain different fee schedules for multiple client accounts.
- We'll walk through adding a fee template shortly, so I will select No.

Now I can configure fees that will be charged for managing my client's account.

- Click on the pull-down menu to view the selections.

- The invitation can also be sent with a fee schedule marked as 'Do not charge any fees for managing this account' as a placeholder. And when the client is approved and onboarded, the fees can be configured later.
- When you click on the item 'Charge fees for managing this account,' five choices appear.
- These are not necessarily either-or choices; Advisors may charge clients according to the net liquidation value of an account, flat fees, performance fees and trading fees.
- By checking the box to the left of any method, Advisors may further configure rules for setting fees.

Configure Client Fees
Use this section to configure fees that are charged for managing your client's account.

Fee Strategy Charge fees for managing this acc ▼

Annualized Percentage of Net Liquidation

Annualized Flat Fee

Percentage of P&L

Involcing

Fee Per Trade Unit

Other Client Expenses
Use this section to configure other client expenses including commissions, minimum monthly fees, market data and research fees.

Charge commissions to your own master account?

Charge other fees to your own master account?

Annualized Percentage of Net Liquidation – When checked, the Advisor may select one of two Types: Blended or Fixed. When selected, a Fixed percentage requires the user to choose the frequency of calculation and to enter a percentage value. When Blended is selected, the Advisor must select the frequency of calculation but is able to set a percentage fee to different levels for NAV. For example, the Advisor may choose to set a higher fee on smaller amounts under management. By default, there are two NAV levels, but additional levels may be configured using the Add sign.

Annualized Flat Fee – When charging the client a flat fee, select the time period over which the charge will be incurred and enter a dollar value in the Amount input field.

Percentage of P/L – Performance fees can also be set. This time when choosing the period from the Applied selection dropdown menu, two additional fields will display beneath the percentage input field. Go ahead and enter the percentage to charge - let's say 5%. This means that you will charge the client 5% of profits. But the software enables Advisors to configure a Performance Threshold and / or a HighWater Mark. If you change the selection to Yes for the Performance Threshold, determine whether

to use a fixed mark, or to measure against one of the many available benchmarks listed. For example, by selecting the S&P 500 index from the list, you will only collect that 5% of client's profits should your performance on the client's behalf exceed that of the S&P 500 index.

By selecting the Type as Fixed, you must enter a percentage value that must be exceeded before the stated profits would be calculated for collection.

The HighWater Mark settings enable Advisors to look back across X number of periods and determine whether to prorate fees when client withdrawals are considered and to configure for previous losses.

Invoicing – Checking the Invoicing box enables Advisors to establish maximum fees for a billable period or set maximum fees as a percentage of net liquidation value. Start by determining the applicable invoicing cycle as either monthly or quarterly. Then enter a maximum dollar amount in the first field or a percentage value in the lower field.

Fee Per Trade Unit – Advisors may charge a fee per trade by configuring this section. When this box is checked, products on which fees may be charged per trade unit are displayed. These are FX, Futures, Options and Futures and Single Stock Futures. Click on one of the categories and select from the products displayed. For example, I can select FX and choose the Australian dollar (AUD) – once done, I then click Save. In order to charge the client when Aussie currency trades are made, I click on Continue and input the desired values. These include ticket charges, minimum and maximum values and absolute or percentage markups. Users must input a value for at least the absolute or percentage markup fields before continuing. Complete the per trade unit section where applicable for remaining products and categories.

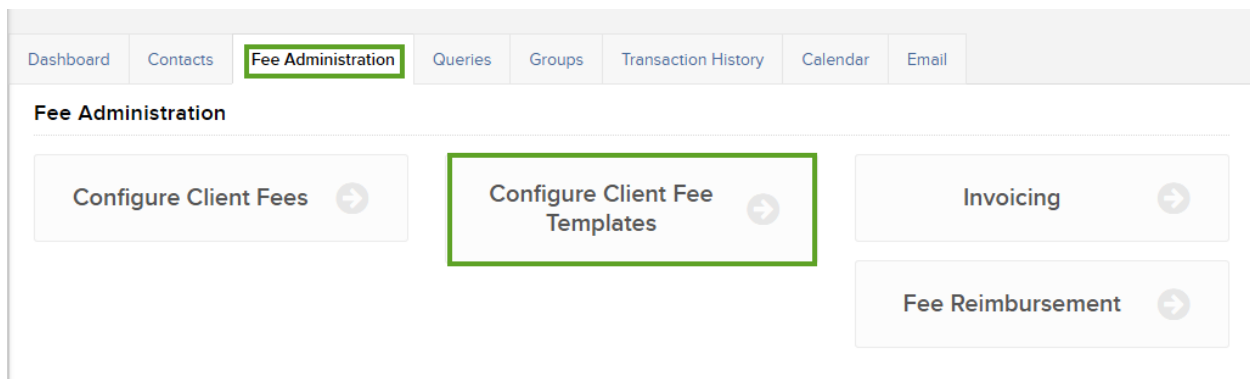
Other Client Expenses - Use the Other Client Fees section to configure other client expenses, including commissions, minimum monthly fees, market data and research fees. Then click continue.

The message screen will show you that you have finished.

To save some time, you may create multiple fee templates to select from when sending invitations to clients.

Creating Client Fee Templates

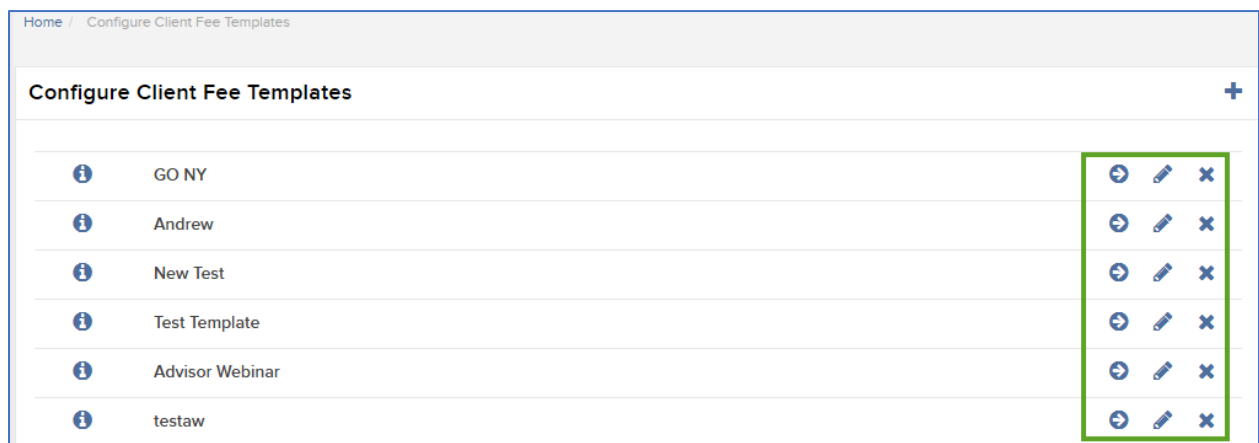
- To create a client fee template, click the Fee Administration tab, then **Configure Fee Templates**.



- If you are a new advisor (i.e., you just opened your account), there will be a blank default client fee template, which you can configure with your own fee schedule.
- You can modify the default template, but you **cannot** delete it.
- Click the + icon.
- If you have more than one saved template, you can mark one of them as the default template.
- If you do mark one of your own templates as the default template, the template named Default remains in the system and the client's accounts previously assigned to the named Default template will still be assigned to it.
- Name your template. As we discussed earlier, set your fees and invoicing limits in the fields provided.

To view, edit or delete a client fee template:

- Click the **Fee Administration tab > Configure Client Fee Templates**
- Click the **blue information (i)** icon to view a saved template
- Click the **blue arrow icon** to apply your saved template to client accounts
- Click **Edit Accounts** to select the client accounts the fee template will be applied to





- Lastly, if you want to configure a fee for a particular account or group of accounts, then on the Fee Administration page, click Configure Client Fees.
- Selected account numbers display across the top of the screen and appear as light blue pills. To recall the account picker, click one of those pills.
- An Account picker will display to the right of the screen. Use the search bar or filters to locate the **client** whose Fees you wish to configure.

Configure Client Fees U17 Home Administration Administration

Home / Configure Client Fees

Client Fees

> ES [REDACTED] (Pending) 

▼ U [REDACTED] 

Advisor Fees for U1 [REDACTED]

Annualized Percentage of Net Liquidation

Type	Fixed
Applied	Daily
Amount	3 %

Invoicing

Applied	Monthly
Max Fee Per Billable Period	USD 145.00

Hedge Fund Capital Introduction Program (HFCIP)

Hedge Fund Name	Ace of Swords, LP
Annualized Percentage of Net Liquidation Value	1 %
Applied	Quarterly

Other Client Expenses

Charge commissions to your own master account?	No
Charge other fees to your own master account?	No

- Client Fees for an account display on the page. Use the icon to the right to review and make changes. Click Continue at the bottom to return to the client, and click the Home button to return to Fee Administration.
- You can also view the client's fees in the client's profile. Just click on the gear icon to review and configure.

Profile Information ?

i Dave Nelson BVI Test Account Account Holder ✎ ✕

Financial Information

Annual Net Income	250,000 - 499,999 USD
Net Worth	25,000,000 - 29,999,999 USD
Liquid Net Worth	500,000 - 999,999 USD
Investment Objectives	Speculation

Trading Experience & Permissions

Stocks	> 10 Years of Experience	> 100 Trades per Year	Extensive Knowledge
Canada, Mexico, United States, United States (Algorithmic Execution Venue), United States (T+1 Settlement Program)			
Currency Conversion	Global		

Configuration ?

Customer Type: Individual
Legal Residence: British Virgin Islands
Application Method: Fully Electronic
Market Data Subscriber
Status: Professional
Application Start Date: 2019-02-20
Account Open Date: 2019-02-25
Account Status: Open
Account Title: IBLLC [Redacted] BVI Test Account
Username: [Redacted]

Email Address: [Redacted]@interactivebrokers.com

Account Alias: John Smith ⚙️

Account Type: Margin

Base Currency: USD

Dividend Reinvestment: Disabled ⚙️

Full Service: Disabled

Secure Login System: Disabled

Client Account Access ⚙️

Privileges: Access Disabled

Household: Not Specified

Configure Client Fees: Custom ⚙️

Linkage: Not Specified

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Hedge Funds are highly speculative, and investors may lose their entire investment.