Interactive Brokers Group's (IBKR)

Q2 2025 Results - Earnings Call Transcript

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Executives

Thomas Peterffy - Chairman

Milan Galik - President, CEO & Director

Paul Brody - CFO

Nancy Stuebe - Director, IR

Analysts

Craig Siegenthaler, *Bank of America/Merrill Lynch*

James Yaro, *Goldman Sachs*

Ben Budish, *Barclays*

Daniel Fannon, *Jefferies*

Kyle Voigt, *KBW*

Patrick Moley, *Piper Sandler*

Operator

Good day and thank you for standing by. Welcome to the Interactive Brokers Group Second Quarter 2025 earnings call. (Operator Instructions) Please be advised that today's conference is being recorded. I would like to turn the call over to Nancy Stuebe. Please go ahead.

Nancy Stuebe

Thank you. Good afternoon, and thank you for joining us for our second quarter 2025 earnings call. Joining us today are Thomas Peterffy, our Founder and Chairman; Milan Galik, our President and CEO; and Paul Brody, our CFO. I will be presenting Milan's comments on the business, and all three will be available at our Q&A.

As a reminder, today's call may include forward-looking statements, which represent the company's belief regarding future events, which by their nature are not certain and are outside of the company's control. Our actual results and financial condition may differ, possibly materially, from what is indicated in these forward-looking statements. We ask that you refer to the disclaimers in our press release. You should also review a description of risk factors contained in our financial reports filed with the SEC.

What we experienced in the second quarter felt like a "roller coaster in reverse". Instead of the market moving upward, getting to a high level, then dropping precipitously to a series of volatile ups and downs, we got the precipitous drop first, with the S&P reaching a low on April 8, then a spike of volatility, followed by the market grinding upwards towards quarter-end. The uncertainty and volatility during the quarter led to an accompanying spike in trade volumes.

Also over the quarter, we saw the shrinking life of market dips: investors, whether looking for securities with momentum behind them, or simply worried about missing out on a rally, "bought the dip". In equities, we saw customers actively using our platform tools to find companies to invest in that met their particular parameters. This included an expansion of the "Magnificent 7" to include companies that may be beneficiaries of the world embrace of artificial intelligence, as AI is incorporated into more environments.

By quarter-end, the market had recovered to surpass its February peak, closing up over 10% and, since quarter-end, it has continued upwards from there.

Volatility and uncertainty often spark increased market activity. Combined with our strong net new account growth, this led to our client trading volumes expanding for stocks, options, and futures.

Our commission revenue increased by 27% compared to last year, though this figure may slightly understate the actual growth. The SEC fee rate, which is included within our commission revenue, was reduced to zero halfway through the quarter. Without this fee, we would have

generated an additional $15 million in commission revenue, which would have represented a 3% increase on our total of $516 million.

We continue to see increasing activity in our overnight trading hours. We offer the most comprehensive overnight product set, with over 10,000 US stocks and ETFs, plus US equity index futures and options, and on the fixed income side, global corporate bonds, US Treasuries and European and UK government bonds. Given our global client base, for some customers overnight hours here are their daytime trading hours that they want to operate in, and therefore are particularly sought after. Our overnight volumes grew over 170% from second quarter 2024 to second quarter 2025.

Given our rapid growth, continuous additions and enhancements to our platforms, and periodic volume surges, having a platform that is scalable is critical. We enhanced our ATS this quarter by improving its performance, and ability to handle large spikes in volume by up to 20x on high-volume days, ensuring we're better equipped for market surges, and capable of delivering top-tier execution for our clients.

We also made enhancements to our Smart Order Router, which is designed to provide best execution, which includes price improvement and the possibility of receiving rebates. It is this price execution advantage we offer that keeps our sophisticated customer base engaged on our platform, and that encourages new clients.

We saw strong account growth as we added more investors to our platform. This quarter we added 250,000 net new accounts, bringing our year-to-date total to over 528,000 – more than we added in all of 2023. Our application processing is highly automated and continually becoming even more so, allowing us to handle surges in new accounts efficiently, without adding significantly to our headcount or cost base.

New accounts meant more cash in those accounts, raising our client credit balances 34% to a record $144 billion, despite strength in trading volumes indicating our customers are using the

cash they deposit to participate in the markets. Our client equity rose 34% to $664 billion, up 16% for the quarter versus 11% for the S&P.

More accounts and higher volumes translated into strong financial results. Quarterly commissions, net interest, total net revenue, and pretax income were all records, with our pretax income reaching over a billion dollars for the third consecutive quarter.

Our expenses remained well-controlled and our pretax profit margin was an industry-leading 75%, a record for us.

Finally on the platform side, automating substantial parts of the brokerage business and using all possible tools and the judicious inclusion of artificial intelligence, is the heart of what we do. In the second quarter alone, we rolled out thousands of software releases and product configuration changes around the globe. This is the scale of automation and effort that we handle routinely, within highly regulated environments around the globe, to give our clients the global access and edge they demand.

In terms of how the business looked on the client front, we continue to see growing numbers of investors worldwide wanting access to international, and particularly US, markets.

Regarding introducing brokers, our pipeline of potential clients remains healthy. We continue to onboard i-brokers to the platform, and add prospective ones to it at a steady pace with steady demand around the world.

In terms of new efforts and product introductions, we had a busy quarter.

ForecastEx is now live for retail clients across most of Europe, as it is for the US, Canada and Hong Kong. We also expanded into forecast contracts on financial markets, including indices like the S&P 500, as well as forex and crypto; these have seen strong interest.

Yesterday, we introduced Investment Themes, a powerful new discovery tool designed to help investors quickly turn market trends into actionable trading ideas. With Investment Themes, clients can begin with broad topics like ‘Generative AI’ or ‘Nuclear Energy’ and instantly uncover companies tied to those themes—no ticker symbols or prior research needed. Alternatively, they can start with a ticker symbol and view detailed company profiles, including insights into competitors, related industries, and global revenue sources, helping them assess regional risks and growth opportunities. We believe Investment Themes will streamline our clients’ investment process, helping them uncover opportunities and make informed decisions faster than ever before.

With respect to our stock, we completed our four-for-one stock split on June 17th, and increased the dividend as announced in the previous quarter. As for capital allocation, while we have not stopped looking at potential acquisitions, we realize there are few opportunities at a price that makes sense for us. We will keep looking, but as we have been noting, returning capital to shareholders via increases in the dividend makes sense for now.

We will be adding our four millionth customer in the third quarter, just one year after adding our three millionth. While the market may move in any direction in the short-run, we are looking to capture the long-term trend towards more global investing across multiple customer types and jurisdictions, giving investors the ability to invest in the companies they like, paying in the currencies they have, around the clock. This trend, and our ability to serve it with a much lower cost structure and a much broader product and tool set, is what sets us apart, and will continue to do so in the years ahead.

With that, I will turn the call over to Paul Brody. Paul?

Paul Brody

Thank you, Nancy. Thanks, everyone, for joining the call. We'll review the second quarter results, and then, of course, we'll open it up for questions.

Starting with our revenue items on page 3 of the release. We are again pleased with our financial results this quarter as we again produced record net revenues and pretax income.

Commissions rose to a record $516 million, 27% above last year's 2nd quarter. We continued to see higher trading volumes from our growing base of active customers, with options and futures both setting new quarterly volume records.

Net interest income also reached a quarterly record of $860 million despite lower benchmark rates in some of the major currencies and a risk off posture adopted by investors responding to tariff-driven market uncertainty at the beginning of the quarter. We recognized a onetime credit of $26 million related to recovery of taxes withheld at source, which is reflected in segregated cash interest. Without this, our net interest income still reached a record $834 million. Higher segregated cash balances and strong securities lending contributed to these results. Net interest income also received a benefit from lower interest expense on customer cash balances as rates have declined worldwide over the past year.

Other fees and services generated $62 million, down 9% from the prior year, driven by more cautious risk taking by clients, leading to lower risk exposure fees, partially offset by positive contributions from higher market data and FDIC sweep fees.

Other income includes gains and losses on our investments, our currency diversification strategy and principal transactions. Note that many of these noncore items are excluded in our adjusted earnings. Our other income was a $42 million gain, both as reported and as adjusted.

Turning to expenses, Execution, Clearing and Distribution costs were $116 million in the quarter, up just 1% over the year-ago quarter despite significantly higher volumes in options and futures, which carry higher fees. Midway through the quarter, the SEC fee rate was cut from $27.80 per million to zero. Had it been in effect the entire quarter, Commission revenue and Execution & Clearing expense would both have been an estimated $15 million higher. The SEC fee is a pass-through to customers, so it does not impact our profitability.

As a percent of commission revenues, Execution & Clearing costs were 18% in the 2nd quarter for a Gross Transactional Profit margin of 82%.

- We calculate this by excluding from "Execution, Clearing and Distribution" $22 million of non-transaction-based costs, predominantly market data fees, which do not have a direct commission revenue component.

Compensation & Benefits expense was $163 million for the quarter, for a ratio of Compensation expense to Adjusted Net Revenues of 11%, unchanged from last year's quarter. IBKR Stock Incentive Plan bonuses vest in the second quarter, which leads to higher taxes paid for FICA and other social insurance than in other quarters; the total of these extra taxes was $5 million over the year-ago quarter. As always, we remain focused on expense discipline, as reflected in our moderate staff increase of 5% over the prior year, and our headcount at June 30th was 3,087.

G&A expenses were $61 million, up from the year-ago quarter mainly on higher advertising expenses.

Our pretax margin was 75% for the quarter, both as reported and as adjusted.

Income Taxes of $98 million reflects the sum of the public company's $50 million and the operating companies' $48 million. The public company's effective tax rate was 18.1%, within its usual range.

Moving to our balance sheet on page 5 of the Release.

- Our total assets ended the quarter 33% higher than the prior year quarter-end at $181 billion, with growth driven by higher segregated cash balances and higher margin lending. New account growth helped drive our record customer credit balances. We continue to believe that our strong financial standing and competitive interest rates provide customers with an attractive place to hold their idle cash.
- We have no long-term debt.
- Profit growth drove our firm equity up 22% to $18.5 billion. We maintain a balance sheet geared towards supporting growth in our existing business and helping us win new

business by demonstrating our strength to prospective clients and partners, while also considering overall capital allocation.

- The consistent strength of our business and our healthy balance sheet supported our raising the dividend in the 2nd quarter from $1.00 per year to $1.28, or $0.32 on a split-adjusted basis.

In our operating data on pages 6 and 7,

- Our customer trading volumes tracked industry growth over the prior-year quarter in our three major product classes. Options and futures contract volumes rose 24% and 18%, respectively, and stock share volumes rose 31%.

On page 7, you can see that:

- Total Customer DARTs were 3.6 million trades per day, up 49% from the prior year and strong in all product classes.
- Commission per Cleared Commissionable Order of $2.65 was down from last year, primarily due to the elimination of the SEC fee mid-quarter; and the performance of our Smart order router leading to the capture of higher exchange rebates, which, as pass-throughs, serve to lower both our commission revenues and our Execution & Clearing costs.

Page 8 shows our Net Interest Margin, or “NIM”, numbers.

Total GAAP net interest income was $860 million for the quarter, up 9% on the year-ago quarter, and, excluding the $26 million recovery of taxes withheld at source, it was $834 million. This quarter’s NIM is also adjusted by removing this one-time credit of $26 million from segregated cash interest. The adjusted NIM net interest income was $861 million.

We also include for NIM purposes certain income that is more appropriately considered interest, but that for GAAP purposes is classified as Other Fees & Services or as Other Income.

Our Net Interest Income reflects strength in segregated cash interest and securities lending, as well as a decrease in interest expense, driven by lower benchmark interest rates on customer cash balances.

A few central banks – the UK, Australia, and Europe – reduced rates again this quarter, while others – including the US, Canada, Hong Kong and Switzerland - held steady.

Year on year, the average US Fed funds rate fell 100 basis points or 19%. Despite this decline, our segregated cash interest income was up 2% on higher balances, while margin loan interest decreased 6% on lower rates but was bolstered by higher lending balances.

The average duration of our investment portfolio remained at less than 30 days. The US dollar yield curve remains inverted from the short to medium term, so we continue to maximize what we earn by focusing on short-term yields rather than accept the lower yields and higher duration risk of longer maturities, particularly in an unpredictable economic environment. This strategy also allows us to maintain a relatively tight maturity match between our assets and liabilities.

Securities lending net interest was stronger this quarter. After a long period in the industry with few of the “hard-to-borrow” names that typically drive revenue, there was an uptick in hard-to-borrows that we were able to capitalize on.

What we have mentioned in the past still holds true. Some of the typical drivers of securities lending, including IPOs and merger & acquisition activity, are somewhat more active than in 2024, but without a substantial impact on the securities lending market. Nevertheless, we have been consistently successful in raising the total notional dollar value of securities we lend.

As benchmark interest rates rose from near zero in 2022, more of what we earned from securities lending became classified as interest on “segregated cash”. We estimate that if the additional interest earned and paid on cash collateral were included under “Securities Borrowed and Loaned”, then securities lending net revenue would have been $251 million this quarter versus $194 million in the prior year quarter, a 29% increase.

Interest on Customer Credit Balances, the interest we pay to our customers on the cash in their accounts, declined on lower benchmark rates, even though we built up higher client cash balances from new account growth and from risk-reducing sales resulting in cash balances. As we have noted in the past, the high interest rates we pay on customer cash – currently 3.83% on qualified US dollar balances - is a significant attraction to new customers.

Fully rate sensitive customer balances ended the current quarter at $22.8 billion versus $18.6 billion in the year ago quarter.

Now for our estimates of the impact of changes in rates. Given market expectations of rate cuts sometime in 2025, we estimate the effect of a 25-basis point decrease in the benchmark Fed Funds rate to be a $73 million reduction in annual net interest income.

Note that our starting point for this estimate is June 30, with the Fed funds effective rate at 4.33% and balances as of that date. Any growth in our balance sheet and interest-earning assets would reduce this impact.

About 27% of our customer cash balances is not in US dollars, so estimates of a US rate change exclude those currencies. We estimate the effect of decreases in all the relevant non-USD benchmark rates would reduce annual net interest income by $8 million for a 25-basis point decrease in those benchmarks.

At a high level, a full 1% decrease in all benchmark rates would decrease our annual net interest income by $335 million. This takes into account rate-sensitive customer balances and firm equity.

In the 2nd quarter of 2024, we estimated that a 1% decrease in all benchmark rates would decrease our annual net interest income by $307 million. In the past year, the US Fed funds benchmark did, in fact, fall 1%, and other countries' rates for the most part fell about the same. However, this quarter's NII represented an annualized increase of $225 million, driven by higher balances.

In conclusion, we posted another financially strong quarter in net revenues and pretax margin, reflecting our continued ability to grow our customer base and deliver on our core value proposition to customers while scaling the business. Our business strategy continues to be effective: Automating as much of the brokerage business as possible, continuously improving and expanding what we offer while minimizing what we charge.

And with that, we will now open up the line for your questions.

Question and Answer Session

Operator

(Operator Instructions) And our first question today will be coming from the line of Craig Siegenthaler, Bank of America.

Craig Siegenthaler

Hey, good evening everyone. Hope you're all doing well. So I wanted to follow up with a comment that Thomas made at a conference in May. Actually, I think it was Thomas. The commentary was regarding decelerating account growth. However, account growth in the quarter was still really strong, 32% clip in line with last quarter. So I was just -- I was hoping you could help clarify those comments you made. And should we expect somewhat slower growth in the summer months into 4Q as we've seen in previous years?

Thomas Peterffy

So I would like -- I always like to overdeliver. That's why I projected lower account growth than I really believed would take place. And I continue to do that for the future.

Craig Siegenthaler

Great. Well, Thomas, we like it when you overdeliver, too. Just for my follow-up, so the Genius Act, I think, just passed in the house several minutes ago, so that's pretty much done. The Clarity Act is making its way through Congress, so two digital asset initiatives.

Thomas, I'm wondering, will broader demand for digital assets. Could this cause you to rethink your current digital asset model, which relies on Paxos partnership but also doesn't allow your clients to use noncustodial wallets with their IBKR accounts. I know -- I think you felt pretty strongly in the past about holding crypto on the balance sheet, which is one issue.

Milan Galik

So I will take this one. This is Milan. Thanks for the question. You might have seen in the news that Interactive Brokers has an investment in a cryptocurrency exchange called Zero Hash. The news was published this week or a week ago that there is a continued capital raise done by Zero Hash, and we obviously participated in it in order to keep our percentage ownership steady.
We have a good partnership with Zero Hash. We work together on a number of items that we're going to be delivering in the next quarters. We have already added several cryptocurrencies in the past quarter, and there are numerous initiatives that we are working on. We are going to be making it possible for the clients to fund their accounts with stable coins. We are working on the asset transfer capability in the crypto space, so we will be able to take in crypto asset transfers. And then later during the year, we will be adding staking. Obviously, at the same time, we're working on expanding our ability to offer cryptocurrency trading geographically. At the moment, we are focusing on Europe, and we are hopeful that we will be able to add the capability to our European customers in the coming quarters.

Craig Siegenthaler

Great. That sounds exciting. Good to hear Milan, and guys, thanks for taking my questions.

Operator

Thank you. And our next question will be coming from the line of James Yaro, of Goldman Sachs.

James Yaro

Thanks a lot for taking the questions. I just wanted to start with any perspective that you might have on the tokenized equity products that we're seeing across a variety of brokerage and crypto firms for European customers on US stocks, maybe you could just talk about the advantages and

disadvantages of this product in your view, I guess, is it something that you would consider offering, I'm not sure exactly why, but if so, that would be helpful. And then, I guess, your perspective on whether this product represents any sort of additional competition in Europe relative to your business?

Milan Galik

So I will focus on two different stock tokens that are currently available. One was made available to the European clients of Robinhood, I think they made it available at the beginning of July. And I think it's probably best if I contrast our offering to the offering that each has launched.

So what they put online in the form of tokens on US stocks is a fundamentally worse product than what our European clients have had access to for years.

Our clients have access to more than 10,000 real US shares and ETFs – 24 hours a day, 5 days a week. In contrast, the stock tokens that Robinhood made available to the European clients are a derivative on 200 or so symbols, which means that the client does not have ownership interest in the stock. Instead, he or she has an OTC contract against Robinhood Europe. The customer cannot transfer the position to another broker if he wanted to; he would have to sell the position and transfer the cash. As to the cost, if you look at Robinhood's own Key Investor Information Document, which is a document every broker has to offer to their clients about every financial instrument they make available for trading, a hypothetical $10,000 investment costs a client $10, while our clients pay a fraction of that, $1 or so. So that's the Robinhood offering.

There is also Kraken X shares that are available. Kraken, as you know, is a significant cryptocurrency exchange. They made 60 or so tokens available, which are similarly secured notes backed by the underlying in a Jersey entity that they have. The creation and redemption fees for these X shares are 0.5% each, and there is a management fee of 0.25% per year. Now unlike in the case of Robinhood, Kraken lets you withdraw the tokens to your own self-custody wallet and then trade the token on the DeFi network. But that obviously leads to some problems. There was an article a couple of days ago in the Wall Street Journal, which talked about the very significant price differences between the tokens and the underlying shares. And on some dates, I think

specifically on July 5, Amazon was reported to show the price that was 4 times as large as the stock price from the previous closing price. And the same similarly, an Amazon X, which is the token issued by Kraken, suffered even wider dislocation on Jupiter. There was lack of liquidity available for the client who submitted an order for $500. And briefly, the Amazon token was trading at a price 100 times larger than the closing price on the previous day. So all in all, stock tokens at this time seem like a great opportunity to do much worse than buying an ordinary share.

James Yaro

Okay. Thank you, Milan. That's really helpful color. Could you just talk a little bit about the execution cost differences that you're seeing on your platform in overnight market versus during market hours? I know that's a tough one because I'm generalizing across a variety of products. So maybe you can just talk about execution costs on stocks today. And then maybe you could just talk about your expectations for how execution costs outside of market hours could evolve over time?

Milan Galik

There's obviously a difference between the stocks and options and futures on the other hand, on the -- between the overnight hours and regular trading hours. If you look at the exchange traded products like options and futures, the execution costs are the same, whether you trade them overnight or during the day.

The execution costs for stocks are very different because the stocks are currently not offered outside of extended trading hours. So every platform that offers them and Interactive Brokers has a substantial offering in this space, has a different price than what one would pay to an exchange. Interactive Brokers has its own ATS, Eos ATS, where overnight stocks are trading. And it is also connected to Blue Ocean that is another significant ATS in the space. So the combination with these two venues allows us to offer thousands and thousands of stocks and ETFs during the overnight trading with a lot of liquidity at a very low cost.

Operator

Thank you. One moment, our next question will come from the line of Benjamin Budish, of Barclays.

Ben Budish

Hi, good evening and thanks for taking the question. Maybe first, just a high-level question. You've talked a lot about the pickup in international growth quite a bit over the last many years. I'm just curious in terms of overnight trading specifically, it sounds like that is growing much faster than international growth more broadly. Curious, is that sort of a behavior change? Is it sort of more – stocks and options being made available? It sounds like your offering has been pretty consistent for some time, but just curious if you could unpack what you're seeing there? I know -- I think Thomas mentioned also at a conference earlier that you have an expectation that that's going to be quite meaningful as a percentage of total volumes over the next 10 to 20 years. So I'd be curious for your commentary on sort of the recent drivers of that outsized growth?

Milan Galik

Well, for us, especially the overnight US stock offering is important because we have significant clientele in Europe and Asia, and our overnight hours correspond to their during-the-day hours. So by us offering the US stock trading overnight, we are satisfying the appetite of the overseas clients in these geographies so that they can trade and access US markets during the day.

Given that we have significant clients that are overseas, that part of an offering for us is very important. More and more of our introducing brokers are realizing that and are turning on this offering for their clients. As far as the importance of the overnight trading in the long run in general, I think we will see the same progression as we have seen over the past decade or so.

I'm sure you remember that the regular trading hours for NYSE stocks or even Nasdaq stocks, those markets opened at 9:30 and close at 4:00 PM and then the so-called extended hours have been added. Those markets now open at 4:00 AM and close at 8:00 PM and the amount of volume we see during those trading sessions is growing as well as the volume we show in the overnight session.

So over time, the differences between the trading hours will not disappear, but will diminish for sure. There will still be some special time periods like “on open” trading at 9:30 and “on close” trading at 4:00 PM because a lot of ETFs and mutual funds marked their NAV using those prices, but we will see more and more overnight trading in the future.

Ben Budish

Very helpful. Maybe one more sort of in the weeds question perhaps for Paul. Just in terms of your interest rate sensitivity, it looks like this quarter versus last quarter, maybe a slightly higher percentage of cash is not in US dollars, but the sensitivity to a 25 basis point change in rates seems like it's is a much lower dollar number. Just curious is it like a lower absolute starting level of rates? Or what's the driver of that sort of lower sensitivity? Thank you.

Paul Brody

Right. And that's a good question, Ben. So primarily, there are some, once again, low rate, low interest rate currencies. There are several of them out there, that are either nearing or just breached the zero line back into negative territory.

So that leads to nonlinearity of the up and down scenarios because when you cross over the zero point, we're either passing through or we're not passing through, the full spread gets compressed and then it returns. So yes, the -- that overall number was somewhat lower than in the past because those rates are going down.

Operator

And the next question will come from the line of Dan Fannon, of Jefferies.

Dan Fannon

Great. Thank you. I was hoping to expand upon your comments around sec lending, clearly improved this quarter. You talked about an increase in some hard to borrow securities. Curious about how diverse that was. And as we think about an environment where IPOs are picking up, is it reasonable to assume that should be on an upward trajectory, given the kind of current trends?

Paul Brody

Well, if -- so in terms of how diverse it was, not especially, there are several high flyers in there. But -- so our results are coming from two places, right? We -- generally, with more accounts and more equity and more participation, we see a rise in our general level of both customers who are shorting stocks and they're covering, or customers with margin stocks that we're able to lend out, or fully paid stocks in our fully paid program to lend out and share the benefits with the customer.

And then, of course, the specials come in on top of that. And as I said, a few high flyers can make a substantial difference in the overall P&L. As to what's going to happen in the future, you tell me, if the general markets for IPOs and M&A activity and so forth leads to more of this and these hot stocks from a stock loan rate standpoint come from a greater proportion of shorts to available stock to cover those shorts. So corporate deals and so forth tend to lead to those kind of conditions. If those pick up then the likelihood is so will some of the hard to borrow stocks.

Dan Fannon

Great. That's helpful. And then I was hoping you could expand upon the introducing broker comments thinking about the size of the partners that are coming on and also the backlog you mentioned also, I think, was reasonably good. Just curious how you would characterize that versus, say, maybe a year ago and how those conversations have progressed.

Milan Galik

If we look at the number of integrations delivered in the second quarter, they increased compared to the Q1 of this year. The pipeline remains very strong. The pipeline includes new entrants to the market, existing firms that broaden their offering in terms of new products or countries or asset classes.

One interesting note I would make is that some firms that we spoke to in the past, who at the time decided not to go with Interactive Brokers, but chose a competitor or chose to do an in-house build, are coming back around to us and reengaging. They do realize that our offering is superior.

Our cost is superior as well, so they come to us. So I'm very happy with what I see in the pipeline, both in terms of conversion as well as what's in the backlog.

Operator

Our next question will be coming from the line of Kyle Voigt, of KBW.

Kyle Voigt

Hi, good evening. Maybe just a question on client credit balances, which grew, I think, over 6% in the month of June, which is the highest since March of 2020. Can you just speak about the main drivers of what you saw in June specifically. Was it more new cash being deposited into accounts? Was it rebalancing from existing clients? Or is there something else driving that significant cash increase that we saw in June?

Paul Brody

I think it was a combination of those things. New cash coming in was as strong as it has been in the last several months. It does have its ups and downs. April was particularly strong, both in taking in new cash and in that risk-off environment of April when a lot of stocks are being sold - that generates cash balances and, because clients feel comfortable leaving those cash balances with us, they simply go up and reinvest them. I don't think there was anything else specific to June that was notable.

Kyle Voigt

Okay. Just for a follow-up. We've seen a recent reacceleration in 0DTE trading percentages in the broader options market, was just curious to hear about whether you have been seeing that in your own customer base in recent months?

And then also curious to hear about your view of rolling out 0DTE on single stocks, what else needs to be done from the brokerage industry standpoint in terms of functionality to be able to offer this? And how close are we in terms of being able to see that product hit the market, do you think?

Milan Galik

I did not pay a lot of attention to how the 0DTE percentages are changing. They are roughly the same as they were in the previous quarter. I would point out one interesting thing, and that is the 0DTE options trading is doing very well, and those options are very busy, especially the ones on the S&P 500 Index.

If you look at the ForecastEx, ForecastEx just listed a few weeks ago, contracts “Yes” and “No” contracts that are, in some sense, similar to the 0DTE options, and we listed those on a number of different indexes, and we see significant engagement from our clients and we are very happy with that.

As far as the stocks are concerned, that's a little bit a more complicated issue. As I mentioned, the popular 0DTE options are the index options that settle in cash. The stock options, they settle into physical. So you get the stock delivered if you exercise a long call. Now you can submit your exercise requests after the stock market is closed, after the main session closes at 4:00. You have, I think, half an hour or 60 minutes to submit your exercise instructions.

So it will -- there will be some amount of extra volatility in the stock on the days when they publish their earnings or when there is a significant news issue. So you may see some unexpected exercise and assignment activity on those days. And that is an issue that the industry recognizes, we ourselves wrote a comment letter about that. So one way to solve that would be to list 0DTE stock options that settle in cash, but that would come with its own set of problems. So we will see what the ultimate decision is going to be, but there are some issues that the cash-settled index options did not have.

Operator

And our next question will be coming from the line of Patrick Moley, of Piper Sandler.

Patrick Moley

Good evening. Thanks for taking the question. Thomas, I had one for you. I caught your interview on CNBC before the call here. You sounded very bullish. I think you said that you

don't really see much that could derail this rally here, and that you could see this rally continue for the next two or three years. So with that in mind, I'm just hoping you could elaborate on what that could mean for overall retail trading activity if we do see markets continue to grind higher. And then in terms of IBKR platform specifically, what are some of the read-throughs there, if that is the environment that we're entering into? Thanks.

Thomas Peterffy

Well, as I have said, I expect this environment to be very, very favorable to brokerage firms in general and investment banks in general and specifically for Interactive Brokers. This is a great time for us. And it's a great time for your firm too! All of your firms.

Patrick Moley

And maybe just a follow-up on crypto. Milan, I think last quarter, you said that you were somewhat surprised at just how much -- how little market share you've taken since beefing out the crypto offering just given how much lower cost the offering was. So just curious if that's still what you've seen. Have you seen any market share gains there? And then this push to kind of build out the offering even more, is that a factor of you just recognizing that you think you need to have a more robust offering in order to attract more retail customers to the platform? Any color there on that strategy would be great. Thanks.

Milan Galik

So my disappointment in terms of how much market share we are getting in the crypto space remains. I'm still disappointed given how much less expensive we make it for our customers to buy cryptos. But I do expect, and I do hope for some asset transfers coming our way, which right now is impossible if you already have holdings in cryptocurrencies and you want to switch brokers, you would have to sell those currencies, turn them into cash, and that's what you would have to deposit with us. So supporting asset transfers should open the doors to some new clients to recognize that our prices are lower, and they should bring their assets to our platform. That is my hope.

As to why it is that we are paying attention to crypto, we have been paying attention to it for a while, but the environment has changed with the new administration, which is significantly friendlier to the crypto space than the previous one. We obviously have to react to that. Our investors as well as clients, financial advisers, individual clients do expect to have means to enter the space through us, so we need to add it to our offering.

Operator

Thank you. This does conclude today's Q&A session. I would like to turn the call back over to Nancy for closing remarks. Please go ahead.

Nancy Stuebe

Thank you, everyone, for participating today. As a reminder, this call will be available for replay on our website, and we will also be posting a clean version of our transcript on the site tomorrow. Thank you again, and we will talk to you next quarter end.

Operator

Thank you for joining today's conference call. You may all disconnect.