

Two Sigma Securities, LLC (Private; New York, NY) has agreed to acquire the U.S. Options-Market-Making Business of Interactive Brokers Group, Inc. (NasdaqGS: IBKR; Greenwich, CT)

Deal Value: Undisclosed

Sandler O'Neill served as financial advisor to Two Sigma Securities, LLC in this transaction. This represents Sandler O'Neill's 158th financial services transaction since January 1, 2015, more than any other investment bank during that time.¹

Greenwich, Conn. and New York, May 9, 2017 -- Two Sigma Securities, LLC (TSS), the market-making affiliate of Two Sigma Investments, LP has reached an agreement to acquire the U.S. options-market-making business of Timber Hill, a subsidiary of Interactive Brokers Group, Inc. (NASDAQ GS: IBKR), the companies announced today. This transaction positions TSS to become a top-tier market-maker across both options and equities. By adding Timber Hill's options business, TSS's market-making offering will span over 7,000 U.S. equity securities and options on 1,300 underlying securities, executing over 300 million shares and one million options contracts per day.

TSS expects to integrate Timber Hill's system into its platform over the coming months, and the transaction is expected to close in September upon receiving required regulatory approvals.

Through combining Two Sigma's technology and quantitative capabilities and Timber Hill's options expertise, TSS clients will now have access to a unified, best-in-class provider. Additionally, the broader options-trading community will continue to benefit from a strong competitive landscape as Timber Hill maintains and extends its ability to provide liquidity across the U.S. exchanges.

Simon Yates, CEO of TSS, said, "Through this transaction, TSS will integrate Timber Hill's highly complementary platform to form a full-service, large-scale market-maker across equities and options on exchanges and for wholesale retail clients. We look forward to welcoming Timber Hill's employees into our organization. We will also be actively engaging with the exchanges, other market participants and regulators to be part of the dialogue around growing a healthy options industry."

Thomas Peterffy, founder of Timber Hill said, "Interactive Brokers' brokerage business has grown at a very rapid pace. This success is substantially due to our expertise in building first-rate execution technology, which we acquired over our forty years as market makers, leading the way from open outcry floor trading to today's electronic markets. As we are turning our entire attention to our brokerage business, we are gratified that under able management by Two Sigma our software modules will continue to provide liquidity in the U.S. options markets."

TSS plans to open an office in Connecticut to accommodate Timber Hill's current team. This team will operate alongside TSS's existing operations in SoHo.

1) Includes all geographies; Includes minority transactions; Excludes terminated transactions and self-advisory roles
Source: SNL Financial; Company press release

Sandler O'Neill Contacts:

Richard Herr
Managing Director
(212) 466-7763

Joe Krumholz
Associate
(212) 466-8039

Alex Timmons
Associate
(312) 281-3475