

ROYCE FOCUS TRUST INC
Form DEF 14A
August 04, 2014

As filed with the Securities and Exchange Commission on August 4, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 Definitive Proxy Statement
 Definitive Additional Materials
 Soliciting Material Pursuant to §240.14a-12

ROYCE FOCUS TRUST, INC.

(Name of Registrant as Specified In Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
 Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

ROYCE FOCUS TRUST, INC.

**745 Fifth Avenue
New York, New York 10151**

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON SEPTEMBER 24, 2014

To the Stockholders of:

ROYCE FOCUS TRUST, INC.

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders (the Meeting) of ROYCE FOCUS TRUST, INC. (the Fund) will be held at the offices of the Fund, 745 Fifth Avenue, New York, New York 10151 on Wednesday, September 24, 2014, at 2:00 p.m. (Eastern Time), for the following purposes:

1. To elect two Directors to the Fund s Board of Directors.
 2. To transact such other business as may properly come before the Meeting or any postponement or adjournment thereof.
- The Board of Directors of the Fund has set the close of business on July 18, 2014 as the record date for determining those stockholders entitled to vote at the Meeting or any postponement or adjournment thereof, and only holders of record at the close of business on that day will be entitled to vote.

IMPORTANT

To save the Fund the expense of additional proxy solicitation, please mark your instructions on the enclosed Proxy, date and sign it and return it in the enclosed envelope (which requires no postage if mailed in the United States), even if you expect to be present at the Meeting. You may also authorize a proxy to vote your shares via telephone or the Internet by following the instructions on the proxy card or Notice of Internet Availability of Proxy Materials. Please take advantage of these prompt and efficient proxy authorization options. The accompanying Proxy is solicited on behalf of the Board of Directors of the Fund, is revocable and will not affect your right to vote in person in the event that you attend the Meeting.

By order of the Board of Directors,

John E. Denneen
Secretary

August 4, 2014

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF
PROXY MATERIALS FOR THE ANNUAL MEETING OF
STOCKHOLDERS TO BE HELD ON SEPTEMBER 24, 2014**

**THE NOTICE, PROXY STATEMENT AND PROXY CARD FOR
THE FUND ARE AVAILABLE AT WWW.PROXYVOTE.COM**

PROXY STATEMENT

ROYCE FOCUS TRUST, INC.
745 Fifth Avenue
New York, New York 10151

ANNUAL MEETING OF STOCKHOLDERS
September 24, 2014

INTRODUCTION

The enclosed Proxy is solicited on behalf of the Board of Directors of the Fund (the **Board**) for use at the Annual Meeting of Stockholders (the **Meeting**) of Royce Focus Trust, Inc. (the **Fund**), to be held at the offices of the Fund, 745 Fifth Avenue, New York, New York 10151, on Wednesday, September 24, 2014, at 2:00 p.m. (Eastern Time) and at any postponements or adjournments thereof. The approximate mailing date of this Proxy Statement is August 8, 2014.

All properly executed Proxies received prior to the Meeting will be voted at the Meeting in accordance with the instructions marked thereon or otherwise as provided therein. Unless instructions to the contrary are marked, Proxies will be voted **FOR** the election of the Director nominees of the Fund.

You may revoke your Proxy at any time before it is exercised by sending written instructions to the Secretary of the Fund at the Fund's address indicated above or by filing a new Proxy with a later date, and any stockholder attending the Meeting may vote in person, whether or not he or she has previously filed a Proxy.

The cost of soliciting proxies will be borne by the Fund, which will reimburse brokerage firms, custodians, nominees and fiduciaries for their expenses in forwarding proxy material to the beneficial owners of the Fund's shares of common stock (**Common Stock**). Some officers and employees of the Fund and/or Royce & Associates, LLC (**R&A** or **Royce**), the Fund's investment adviser, may solicit proxies personally and by telephone, if deemed desirable. Stockholders vote at the Meeting by casting ballots (in person or by proxy) which are tabulated by one or two persons, appointed by the Board before the Meeting, who serve as Inspectors and Judges of Voting at the Meeting and who have executed an Inspectors' and Judges' Oath.

The Board has set the close of business on July 18, 2014 as the record date (the **Record Date**) for determining those stockholders entitled to vote at the Meeting or any postponement or adjournment thereof, and only holders of record at the close of business on that day will be entitled to vote. Stockholders on the Record Date will be entitled to one vote for each

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outstanding share of Common Stock held (proportional voting rights for fractional shares held), with no shares having cumulative voting rights.

As of the Record Date, there were 22,357,228 shares of Common Stock outstanding. The following persons were known to the Fund to be beneficial owners or owners of record of 5% or more of its outstanding shares of Common Stock as of the Record Date:

<u>Name and Address of Owner</u>	<u>Amount and Nature of Ownership</u>	<u>Percent</u>
Charles M. Royce c/o Royce & Associates, LLC 745 Fifth Avenue New York, NY 10151	1,454,472 shares Beneficial (sole voting and investment power)	6.51%
W. Whitney George c/o Royce & Associates, LLC 745 Fifth Avenue New York, NY 10151	4,824,265 shares Beneficial* (sole voting and investment power)	21.58%
Cede & Co.** Depository Trust Company P.O. Box #20 Bowling Green Station New York, NY 10028	21,688,768 shares Record**	97.01%

* Includes 1,096,446 shares of Common Stock held by W. Whitney George Family Foundation, a charitable foundation established by Mr. George and members of his family. Also includes 143,991 shares of Common Stock held in The Mallory Descendant's Trust U/T/A DTD 12/13/2013 (the Mallory Trust). Mr. George serves as trustee of the Mallory Trust and, in such capacity, has investment and voting discretion over shares held by the Mallory Trust. Mr. George's spouse has a pecuniary interest in the Mallory Trust. Also includes 75,707 shares of Common Stock held in The TDM & BBM Trust U/T/A DTD 3/25/2013 (the TDM & BBM Trust). Mr. George serves as trustee of the TDM & BBM Trust and, in such capacity, has investment and voting discretion over shares held by the TDM & BBM Trust.

** Shares held by brokerage firms, banks and other financial intermediaries on behalf of beneficial owners are registered in the name of Cede & Co.

The Board knows of no business other than that stated in Proposal 1 of the Notice of Meeting that will be presented for consideration at the Meeting. If any other matter is properly presented at the Meeting or any postponement or adjournment thereof, it is the intention of the persons named on the enclosed proxy card to vote in accordance with their best judgment.

PROPOSAL 1: ELECTION OF DIRECTORS

At the Meeting, two members of the Board will be elected. The Board has eight Directors. The eight Directors are currently divided into three classes, each class having a term of office of three years. The term of office of one class expires each year. Each of Patricia W. Chadwick and Richard M. Galkin currently serves as a Class III director and has been nominated by the Board to serve as a Class III director for a three-year term to expire at the Fund's 2017 Annual Meeting of Stockholders or until his or her successor is duly elected and qualified.

The classes of Directors and their respective terms are indicated below.

CLASS III DIRECTORS TO SERVE UNTIL 2017 ANNUAL MEETING OF STOCKHOLDERS

Patricia W. Chadwick
Richard M. Galkin

CLASS II DIRECTORS SERVING UNTIL 2016 ANNUAL MEETING OF STOCKHOLDERS

W. Whitney George
Arthur S. Mehlman
Stephen L. Isaacs

CLASS I DIRECTORS SERVING UNTIL 2015 ANNUAL MEETING OF STOCKHOLDERS

Charles M. Royce
G. Peter O'Brien
David L. Meister

Each of the two Director nominees has agreed to serve if elected, and the Fund's management has no reason to believe that either of them will be unavailable for service as a Director. However, if either of them become unwilling or unable to serve, the persons named in the accompanying Proxy will vote for the election of such other persons, if any, as the Board may nominate.

Certain biographical and other information concerning Charles M. Royce and W. Whitney George, each of whom is an interested person as defined in the Investment Company Act of 1940, as amended (the Investment Company Act), of the Fund, including their current designated classes, is set forth below.

Name, Address* and Principal Occupations During Past Five Years	Age	Positions With the Fund	Length of Time Served	Current Term Expires	Number of Portfolios in Fund Complex Overseen	Other Public Company Directorships
Charles M. Royce** Chief Executive Officer and Chairman of Board of Managers of Royce & Associates, LLC (R&A), investment adviser to the Fund. President and Member of Board of Directors/Trustees of the Fund, Royce Micro-Cap Trust, Inc. (RMT), Royce Value Trust, Inc. (RVT), Royce Global Value Trust, Inc. (RGT), The Royce Fund (TRF), and Royce Capital Fund (RCF) (the Fund, RMT, RVT, RGT, TRF, and RCF collectively, The Royce Funds).	74	Class I Director and President	1986	2015	34	TICC Capital Corp.
W. Whitney George** Managing Director and Vice President of R&A, having been employed by R&A since October 1991. Vice President and Member of Board of Directors/Trustees of The Royce Funds.	56	Class II Director and Vice President	2013	2016	34	None

* The address of Messrs. Royce and George is c/o Royce & Associates, LLC, 745 Fifth Avenue, New York, New York 10151.

** Interested person, as defined in the Investment Company Act, of the Fund.

Each of Mr. Royce and Mr. George was elected by, and serves at the pleasure of, the Board in his capacity as an officer of the Fund.

Interested Persons

Messrs. Royce and George are interested persons of the Fund within the meaning of Section 2(a)(19) of the Investment Company Act due to the positions they hold with R&A and their stock ownership in Legg Mason, Inc. (Legg Mason). There are no family relationships between any of the Fund's Directors and officers.

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Certain biographical and other information concerning the existing Directors, including the two Director nominees, who are not interested persons, as defined in the Investment Company Act, of the Fund, including their current designated classes, if any, is set forth below.

<u>Name, Address* and Principal Occupations During Past Five Years**</u>	<u>Age</u>	<u>Positions With the Fund</u>	<u>Length of Time Served</u>	<u>Current Term Expires</u>	<u>Number of Portfolios in Fund Complex Overseen</u>	<u>Other Public Company Directorships</u>
Patricia W. Chadwick Consultant and President of Ravengate Partners LLC (since 2000).	65	Class III Director	2010	2014	34	Wisconsin Energy Corp. and ING Mutual Funds
Richard M. Galkin Private investor. Mr. Galkin's prior business experience includes having served as President of Richard M. Galkin Associates, Inc., telecommunications consultants, President of Manhattan Cable Television (a subsidiary of Time Inc.), President of Haverhills Inc. (another Time Inc. subsidiary), President of Rhode Island Cable Television and Senior Vice President of Satellite Television Corp. (a subsidiary of Comsat).	76	Class III Director	1986	2014	34	None

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Name, Address* and Principal Occupations During Past Five Years**	Age	Positions With the Fund	Length of Time Served	Current Term Expires	Number of Portfolios in Fund Complex Overseen	Other Public Company Directorships
Stephen L. Isaacs Attorney and President of Health Policy Associates, Inc., consultants. Mr. Isaacs's prior business experience includes having served as President of The Center for Health and Social Policy (1996 to 2012); and Director of Columbia University Development Law and Policy Program and Professor at Columbia University (until August 1996).	74	Class II Director	1986	2016	34	None
Arthur S. Mehlman Director of The League for People with Disabilities, Inc.; Director of University of Maryland Foundation (non-profits). Formerly: Director of Municipal Mortgage & Equity, LLC (from October 2004 to April 2011); Director of University of Maryland College Park Foundation (non-profit)(from 1998 to 2005); Partner, KPMG LLP (international accounting firm) (from 1972 to 2002); Director of Maryland Business Roundtable for Education (from July 1984 to June 2002).	72	Class II Director	2004	2016	52 (Director/Trustee of all Royce Funds consisting of 34 portfolios; Director/Trustee of the Legg Mason Family of Funds consisting of 18 portfolios)	None

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Name, Address* and Principal Occupations During Past Five Years**	Age	Positions With the Fund	Length of Time Served	Current Term Expires	Number of Portfolios in Fund Complex Overseen	Other Public Company Directorships
David L. Meister Consultant. Chairman and Chief Executive Officer of The Tennis Channel (from June 2000 to March 2005). Mr. Meister's prior business experience includes having served as Chief Executive Officer of Seniorlife.com, a consultant to the communications industry, President of Financial News Network, Senior Vice President of HBO, President of Time-Life Films and Head of Broadcasting for Major League Baseball.	74	Class I Director	1986	2015	34	None
G. Peter O'Brien Director, Bridges School (since 2006); Trustee Emeritus of Colgate University (since 2005); Board Member of Hill House, Inc. (since 1999). Formerly: Trustee of Colgate University (from 1996 to 2005); President of Hill House, Inc. (from 2001 to 2005); and Managing Director/Equity Capital Markets Group of Merrill Lynch & Co. (from 1971 to 1999).	69	Class I Director	2001	2015	52 (Director/Trustee of all Royce Funds consisting of 34 portfolios; Director/Trustee of the Legg Mason Family of Funds consisting of 18 portfolios)	TICC Capital Corp.

* The address of each of Ms. Chadwick and Messrs. Galkin, Isaacs, Mehlman, Meister, and O'Brien is c/o Royce & Associates, LLC, 745 Fifth Avenue, New York, New York 10151.

** Each of the Directors, including the two Director nominees, is a director/trustee of certain other investment companies for which R&A acts as an investment adviser. Each of Ms. Chadwick and Messrs. Galkin, Isaacs, Mehlman, Meister and O'Brien is a member of the Audit Committee of the Board and the Nominating Committee of the Board.

Additional information about each Director follows (supplementing the information provided in the table above) that describes some of the specific experiences, qualifications, attributes or skills that each Director possesses which the Board believes has prepared them to be effective Directors.

Charles M. Royce - In addition to his tenure as a Director/Trustee of The Royce Funds, Mr. Royce currently serves as the Chief Executive Officer and Chairman of the Board of Managers of R&A, having an executive officer at R&A since 1972. Mr. Royce has over 40 years of investment and business experience.

W. Whitney George - In addition to his tenure as a Director/Trustee of The Royce Funds, Mr. George currently serves as Managing Director and Vice President of Royce, having been employed by Royce since 1991. Mr. George has over 30 years of investment business experience.

Patricia W. Chadwick - In addition to her tenure as a Director/Trustee of The Royce Funds, Ms. Chadwick is designated as an Audit Committee Financial Expert. Ms. Chadwick has over 30 years of investment and business experience, including extensive experience in the financial sector and as a consultant to business and non-profit entities. In addition, Ms. Chadwick has served on the boards of a variety of public and private companies and non-profit entities, including currently serving on the boards of two public companies.

Richard M. Galkin - In addition to his tenure as a Director/Trustee of The Royce Funds, Mr. Galkin serves as co-Chairman of the Board's Nominating Committee. Mr. Galkin also served as Chairman of the Board's Audit Committee for more than 15 years, acting as liaison between the Board and the Fund's independent registered public accountants. Mr. Galkin has over 40 years of business experience, including extensive experience in the telecommunications industry.

Stephen L. Isaacs - In addition to his tenure as a Director/Trustee of The Royce Funds, Mr. Isaacs serves as Attorney and President of a private consulting firm. Mr. Isaacs has over 40 years of business and academic experience, including extensive experience related to public health and philanthropy.

Arthur S. Mehlman - In addition to his tenure as a Director/Trustee of The Royce Funds and of the Legg Mason Family of Funds, Mr. Mehlman serves as the Chairman of the Board's Audit Committee, acting as liaison between the Board and the Fund's independent registered public accountants, and is designated as an Audit

Committee Financial Expert. Mr. Mehlman has over 35 years of business experience, including as Partner of an international accounting firm and a Director for various private companies and non-profit entities.

David L. Meister - In addition to his tenure as a Director/Trustee of The Royce Funds, Mr. Meister has over 40 years of business experience, including extensive experience as an executive officer in and consultant to the communications industry.

G. Peter O'Brien - In addition to his tenure as a Director/Trustee of The Royce Funds and of the Legg Mason Family of Funds, Mr. O'Brien serves as co-Chairman of the Board's Nominating Committee. Mr. O'Brien has over 35 years of business experience, including extensive experience in the financial sector. In addition, Mr. O'Brien has served on the boards of public companies and non-profit entities. The Board believes that each Director's experience, qualifications, attributes and skills should be evaluated on an individual basis and in consideration of the perspective such Director brings to the entire Board, with no single Director, or particular factor, being indicative of Board effectiveness. However, the Board believes that Directors need to have the ability to critically review, evaluate, question and discuss information provided to them, and to interact effectively with Fund management, service providers and counsel, in order to exercise effective business judgment in the performance of their duties; the Board believes that their members satisfy this standard. Experience relevant to having this ability may be achieved through a Director's educational background; business, professional training or practice, public service or academic positions; experience from service as a board member (including the Board) or as an executive of investment funds, public companies or significant private or non-profit entities or other organizations; and/or other life experiences. The charter for the Board's Nominating Committee contains certain other specific factors considered by the Nominating Committee in identifying and selecting Director candidates (as described below).

To assist them in evaluating matters under federal and state law, the Directors are counseled by their own independent legal counsel, who participates in Board meetings and interacts with R&A, and also may benefit from information provided by R&A's internal counsel; both Board and R&A's internal counsel have significant experience advising funds and fund board members. The Board and its committees have the ability to engage

other experts as appropriate. The Board evaluates its performance on an annual basis.

Board Composition and Leadership Structure

The Investment Company Act requires that at least 40% of the Fund's Directors not be interested persons (as defined in the Investment Company Act) of the Fund and as such are not affiliated with R&A (Independent Directors). To rely on certain exemptive rules under the Investment Company Act, a majority of the Fund's Directors must be Independent Directors, and for certain important matters, such as the approval of investment advisory agreements or transactions with affiliates, the Investment Company Act or the rules thereunder require the approval of a majority of the Independent Directors. Currently, 75% of the Fund's Directors are Independent Directors. The Board does not have a chairman, but the President, Mr. Royce, an interested person of the Fund, acts as chairman at the Board meetings. The Independent Directors have not designated a lead Independent Director, but the Chairman of the Board's Audit Committee, Mr. Mehlman, generally acts as chairman of meetings or executive sessions of the Independent Directors and, when appropriate, represents the views of the Independent Directors to management. The Board has determined that its leadership structure is appropriate in light of the services that Royce and its affiliates provide to the Fund and potential conflicts of interest that could arise from these relationships.

Audit Committee Report

The Board has a standing Audit Committee (the Audit Committee), which consists of the Independent Directors who also are independent as defined in the listing standards of the New York Stock Exchange. The current members of the Audit Committee are Patricia W. Chadwick, Richard M. Galkin, Stephen L. Isaacs, Arthur S. Mehlman, David L. Meister and G. Peter O'Brien. Mr. Mehlman serves as Chairman of the Audit Committee. Ms. Chadwick and Mr. Mehlman have been designated as Audit Committee Financial Experts, as defined under Securities and Exchange Commission (SEC) regulations.

The principal purposes of the Audit Committee are to (i) assist Board oversight of the (a) integrity of the Fund's financial statements; (b) independent accountants' qualifications and independence; and (c) performance of the Fund's independent accountants and (ii) prepare, or oversee the preparation of any audit committee report required by rules of the SEC to be included in the Fund's proxy statement for its annual meeting of stockholders. The Board has adopted an Audit Committee charter for the Fund which is attached to this Proxy Statement as Exhibit A.

The Audit Committee also has (i) received written disclosures and the letter required by Independence Standards Board Standard No. 1 from Tait,

Weller & Baker (TW&B), independent auditors for the Fund, and (ii) discussed certain matters required to be discussed under the requirements of The Public Company Accounting Oversight Board with TW&B. The Audit Committee has considered whether the provision of non-audit services by the Fund's independent auditors is compatible with maintaining their independence.

At its meetings held on February 14, 2014 and February 26-27, 2014, the Audit Committee reviewed and discussed the audit of the Fund's financial statements as of December 31, 2013 and for the fiscal year then ended with Fund management and TW&B. Had any material concerns arisen during the course of the audit and the preparation of the audited financial statements mailed to stockholders and included in the Fund's 2013 Annual Report to Stockholders, the Audit Committee would have been notified by Fund management or TW&B. The Audit Committee received no such notifications. At the same meeting, the Audit Committee recommended to the Board that the Fund's audited financial statements be included in the Fund's 2013 Annual Report to Stockholders.

Nominating Committee

The Board has a Nominating Committee (the Nominating Committee) composed of the six Independent Directors, namely Ms. Chadwick and Messrs. Galkin, Isaacs, Mehlman, Meister and O'Brien. Messrs. Galkin and O'Brien serve as co-Chairmen of the Nominating Committee. The Board has adopted a Nominating Committee Charter which is attached to this Proxy Statement as Exhibit B.

The Nominating Committee is responsible for identifying and recommending to the Board individuals believed to be qualified to become Board members in the event that a position is vacated or created. The Nominating Committee will consider Director candidates recommended by stockholders. In considering potential nominees, the Nominating Committee will take into consideration (i) the contribution which the person can make to the Board, with consideration given to the person's business and professional experience, education and such other factors as the Committee may consider relevant, including but not limited to whether a potential nominee's personal and professional qualities and attributes would provide a beneficial diversity of skills, experience and/or perspective to the Board; (ii) the character and integrity of the person; (iii) whether or not the person is an interested person as defined in the Investment Company Act and whether the person is otherwise qualified under applicable laws and regulations to serve as a Director or Independent Director of the Fund; (iv) whether or not the person has any relationships that might impair his or her independence, such as any

business, financial or family relationships with Fund management, the investment adviser of the Fund, Fund service providers or their affiliates; (v) whether or not the person is financially literate pursuant to the New York Stock Exchange's audit committee membership standards; (vi) whether or not the person serves on boards of, or is otherwise affiliated with, competing financial service organizations or their related investment company complexes; (vii) whether or not the person is willing to serve as, and willing and able to commit the time necessary for the performance of the duties of, a Director of the Fund; and (viii) whether or not the selection and nomination of the person would be in the best interest of the Fund in light of the requirements of the Fund's retirement policies. While the Nominating Committee does not have a formal policy regarding diversity, as noted above, it may consider the diversity of skills, experience and/or perspective a potential nominee will bring to the Board as part of its evaluation of the contribution such potential nominee will make to the Board. Such factors will be considered in light of the other factors described above and in the context of the Board's existing membership at the time such potential candidate is considered.

To have a candidate considered by the Nominating Committee, a stockholder must submit the recommendation in writing and must include biographical information and set forth the qualifications of the proposed nominee. The stockholder recommendation and information described above must be sent to the Fund's Secretary, John E. Denneen, c/o Royce Focus Trust, Inc., 745 Fifth Avenue, New York, New York 10151.

Although the Board does not have a standing compensation committee, the Independent Directors review their compensation annually.

Board's Oversight Role in Management

The Board's role in management of the Fund is oversight. As is the case with virtually all investment companies (as distinguished from operating companies), service providers to the Fund, primarily R&A and its affiliates, have responsibility for the day-to-day management of the Fund, which includes responsibility for risk management (including management of investment performance and investment risk, valuation risk, issuer and counterparty credit risk, compliance risk and operational risk). As part of its oversight, the Board, acting at its scheduled meetings, or the Chairman of the Audit Committee, acting between Board meetings, regularly interacts with and receives reports from senior personnel of service providers, including the Fund's and R&A's Chief Compliance Officer and portfolio management personnel. The Audit Committee (which consists of the six Independent Directors) meets during its scheduled meetings, and between meetings the Chairman of the Audit Committee maintains contact with the Fund's independent registered public accounting firm and the Fund's Vice President

and Treasurer. The Board also receives periodic presentations from senior personnel of R&A or its affiliates regarding risk management generally, as well as periodic presentations regarding specific operational, compliance or investment areas such as business continuity, anti-money laundering, personal trading, valuation, investment research and securities lending. The Board also receives reports from counsel to R&A and the Board's own independent legal counsel regarding regulatory, compliance and governance matters. The Board's oversight role does not make the Board a guarantor of the Fund's investments or activities.

Committee and Board of Directors Meetings

During the year ended December 31, 2013, the Board held six meetings, the Audit Committee held two meetings, and the Nominating Committee did not hold any meetings. Each Director then in office attended 75% or more of the aggregate of the total number of meetings of the Board and the total number of meetings of the Audit Committee held during that year.

Compensation of Directors

For the year ended December 31, 2013, each Independent Director received a base fee of \$6,500 per year, plus \$300 for each in-person meeting of the Board attended. No Director received remuneration for services as a Director for the year ended December 31, 2013 in addition to or in lieu of this standard arrangement. Effective January 1, 2014, each Independent Director receives a base fee of \$7,200 per year, plus \$300 for each in-person meeting of the Board attended.

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Set forth below is the aggregate compensation paid by the Fund and the total compensation paid by The Royce Funds and the Fund Complex to each Independent Director of the Fund for the year ended December 31, 2013.

<u>Name</u>	<u>Aggregate Compensation From the Fund</u>	<u>Pension or Retirement Benefits Accrued as Part of Fund Expenses</u>	<u>Estimated Annual Benefits upon Retirement</u>	<u>Total Compensation From The Royce Funds Paid to Directors</u>	<u>Total Compensation From the Fund and Fund Complex Paid to Directors*</u>
Patricia W. Chadwick, Director	\$8,000	None	None	\$250,710	\$250,710
Richard M. Galkin, Director	\$8,000	None	None	\$250,710	\$250,710
Stephen L. Isaacs, Director	\$8,000	None	None	\$250,710	\$250,710
Arthur S. Mehlman, Director	\$8,000	None	None	\$250,710	\$391,960
David L. Meister, Director	\$8,000	None	None	\$250,710	\$250,710
G. Peter O'Brien, Director	\$8,000	None	None	\$250,710	\$381,960

* Represents aggregate compensation paid to each Director during the calendar year ended December 31, 2013 from the Fund Complex. The Fund Complex currently includes the 34 portfolios of The Royce Funds and the 18 portfolios of the Legg Mason Family of Funds.

Officers of the Fund

Officers of the Fund are elected each year by the Board. The following sets forth information concerning the Fund's officers:

Name, Address* and Principal

Officer of

Thomas Peterffy	Chairman	Chairman
Earl H. Nemser	ü	ü
Paul J. Brody		
Milan Galik		
Lawrence E. Harris	Chairman	ü
Hans R. Stoll	ü	
Richard Gates	ü	
Wayne H. Wagner		
Meetings held during fiscal 2014	7	2

Compensation Committee Interlocks and Insider Participation

None of our executive officers has served as a member of the board of directors or compensation committee of any unrelated entity that has one or more executive officers serving on our Board or Compensation Committee.

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IBG LLC Steering Committee

The management of IBG LLC and its subsidiaries is governed by a committee of our executive officers and certain other members of senior management, which we refer to as the steering committee. The steering committee handles day-to-day and strategic management issues, and reports to the Chief Executive Officer of IBG LLC, Thomas Peterffy.

Communication with the Board of Directors

If you wish to communicate with our Board, independent directors and committees of our Board, you may send your communication in writing to Paul J. Brody, the Secretary of the Company, at Interactive Brokers Group, Inc., One Pickwick Plaza, Greenwich, CT 06830. You must include your name and address in the written communication and indicate whether you are a stockholder of the Company.

The Secretary will compile all communications, summarize lengthy, repetitive or duplicative communications and forward them to the appropriate director(s) or committee(s) of our Board. The Secretary will not forward non-substantive communications or communications that pertain to personal grievances, but instead will forward them to the appropriate department within the Company for resolution. If this is the case, the Secretary will retain a copy of such communication for review by any director or committee upon his, her or its request.

Compensation Discussion and Analysis

Compensation Philosophy and Objectives

We adhere to the philosophy that compensation of our executive officers should first and foremost be directly and materially linked to each executive officer's individual performance and our overall performance. The objectives of our executive compensation program are (1) to enhance our long-term value, (2) to assist us in attracting and retaining high quality talent, (3) to reward past performance and motivate future performance and (4) to align executive officers' long-term interests with those of our stockholders.

Role of Executive Officers in Compensation Decisions

Employee performance is reviewed and compensation changes are recommended to IBG LLC's Chairman and Chief Executive Officer by members of the IBG LLC steering committee. The Chairman and Chief Executive Officer ultimately determines compensation for all employees and is significantly involved in all aspects of executive compensation, including his own executive compensation, as Chairman of our Compensation Committee. Our Compensation Committee is responsible for overseeing the implementation of our philosophy and objectives with respect to the compensation of our executive officers and directors and administering all aspects of our compensation and benefit plans and programs. The Compensation Committee is currently comprised of Messrs. Peterffy and Nemser. As a controlled company, we are not required by the NASDAQ Global Select Market to have a compensation committee composed entirely of independent directors.

Setting Executive Compensation

Historically, we have kept base salaries at a relatively modest level in comparison to salaries paid to senior executives at many other companies in our industry and have not sought to "benchmark" salaries to those of our competitors. We have not utilized the services of a compensation consultant to date. We leave decisions as to these matters to our Compensation Committee.

We compensate our executive officers through three primary sources: base pay, annual cash bonuses and equity incentives. Using this approach, the base salary portion of the compensation of our

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executive officers is fixed; however, a substantial additional portion of total compensation is variable. This practice ensures that our executive compensation packages include a combination of base pay and incentives that are appropriate and competitive in the relevant marketplace, as well as related to the individual's performance and our performance. Our executive officers have an average of 29 years tenure with us.

Our compensation program is designed to reward performance by tying a substantial portion of each executive officer's total potential compensation to individual performance and our performance. We evaluate individual and company performance in a qualitative fashion; we do not utilize specific financial or operating performance goals or targets in setting executive compensation. Through our practice of granting equity awards, the compensation program also promotes and rewards an executive officer's tenure and longevity with us, as well as the executive officer's role in our financial performance.

We do not utilize a set formula for allocating compensation among the elements of total compensation. The subjective decisions regarding the amount and mix of elements which comprise the compensation awarded to the executive officers are principally based upon an assessment of each executive's leadership, performance and contribution to the achievement of our financial goals, as well as subjective judgments about each executive officer individually, rather than on rigid guidelines or formulas. Key factors include the executive officer's performance; the nature, scope and level of the executive officer's responsibilities; and the executive officer's contribution to our overall financial results. The compensation of the executive officers who have the greatest ability to influence our performance is predominately performance-based, which is consistent with the overall compensation philosophy as described above. The decisions concerning specific base compensation elements and the total compensation paid or awarded to our executive officers in fiscal year 2014 were made within this framework. Specific individual and/or company performance goals or targets were not used. In fiscal year 2014, the aggregated base salaries of our Named Executive Officers ("NEOs") constituted approximately 19% of their total aggregated compensation, bonuses constituted approximately 32%, and equity-based grants (as described below) constituted the remaining 49%. We granted \$6,490,000 worth of awards in connection with the Interactive Brokers Group, Inc. 2007 Stock Incentive Plan ("Stock Incentive Plan") as part of their 2014 compensation. The individual allocations of compensation vary considerably from year to year.

We believe that these practices provide our executive officers with incentives that are aligned with our conservative risk management policies. A substantial portion of executive compensation is in the form of long-term equity incentive awards, which include vesting periods and forfeiture conditions. These are designed not only to encourage long-term performance, but also to minimize the type of short-term risk-taking that might contravene our risk management policies. Our approach to compensation complements the Company's practices of real-time risk assessment and daily measurement of financial performance in the various parts of its businesses, which also act as disincentives to excessive risk-taking.

Elements of Compensation

Although our senior executive officers and other key employees holding ownership interests in Holdings have benefited from the increased value of their ownership interests, they have historically received salary and performance-based bonuses and we expect to continue compensating them in this form. We believe that in order to attract and retain highly effective people we must maintain a flexible compensation structure, including base salary, cash bonuses and equity-based compensation awards as described below. As stated above, we do not utilize a specific formula for allocating compensation among the various elements of total compensation. The relative amounts of bonus and equity-based compensation were determined at the discretion of our Chairman and Chief Executive Officer. Historically, Mr. Peterffy has taken no bonus or long-term incentives as he believes that his and his

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affiliates' approximate 88.0% ownership of Holdings which, in turn, owns approximately 85.5% of IBG LLC, has provided sufficient incentive to align his interests with those of our common stockholders.

Base Salary. Base pay is structured to ensure that our executive officers are fairly and equitably compensated. Base pay is used to appropriately recognize and reward the experience and skills that employees bring to us and provides motivation for career development and enhancement. Base pay is designed to ensure that all employees continue to receive a basic level of compensation that reflects any acquired skills that are competently demonstrated and are consistently used at work.

Base pay for our executive officers is initially established based on the scope of their responsibilities and the applicable competitive market compensation paid by other companies for similar positions and is reviewed annually after employment. A single base salary level is established each year, applicable to all senior executive officers except our Chairman and Chief Executive Officer and our Vice Chairman. Because executive officers are partially and, sometimes, substantially compensated through the appreciation in their equity ownership, the base salary is kept at a relatively modest level in comparison to salaries generally believed to be paid to senior executives at many other firms in our industry. An executive officer's base pay is not dependent upon our achievement of performance goals.

Bonuses. We maintain an executive cash bonus program to reward superior individual and financial performance for the year. Each year, an executive cash bonus pool is established, from which we pay annual cash bonuses to our executive officers upon the direction of our Chairman and Chief Executive Officer. The amount of the pool is based on several factors, including the financial performance of the Company, our progress toward our strategic goals and the competitive environment for experienced executives. Executive bonuses are based on individual performance and on the financial performance of the company, measured in a qualitative fashion. Specific individual and/or company performance goals or targets have historically not been used. Cash bonuses awarded to our executive officers in December 2014 for fiscal year 2014 performance ranged from 0% to approximately 525% of the executive officer's 2014 base salary, amounting to an aggregate payout of \$4,220,000. Our Chairman and Chief Executive Officer did not take a bonus in accordance with historical practices. The annual bonuses paid to our other executive officers for fiscal year 2014 performance are shown below in the Summary Compensation Table.

Long-Term Incentives. We utilize long-term equity incentive awards to promote the success of each executive officer, motivate outstanding performance and encourage and reward employment longevity. Prior to our Initial Public Offering (the "IPO"), senior executive officers and other key employees had historically been granted equity ownership interests in IBG LLC and continue to hold such interests through their ownership of membership interests in Holdings.

We believe that compensation paid to executive officers should be closely aligned with our performance on a continuing and long-term basis and, thereby, with the interests of our stockholders. Toward this end, the Stock Incentive Plan provides for the granting of restricted stock units, which under the current terms gives rise to the issuance of Common Stock over approximately a six-year vesting schedule and subject to continued employment. Since the inception of the Stock Incentive Plan, it has been our practice to make dividend equivalent payments on unvested Awards in line with our Common Stock. It is not currently anticipated that we will grant, as part of executive compensation, stock appreciation rights or other forms of non-cash compensation except pursuant to the employee incentive plan described below.

Pursuant to policies set by our Compensation Committee, salary increases, bonuses and stock grants shall be awarded annually, following an evaluation of the individual's and the Company's performance for the year.

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Compensation for Executive Officers During 2014

Historically Mr. Peterffy, our Chairman and Chief Executive Officer, has ultimately determined compensation for all employees. Mr. Peterffy has traditionally set his own compensation as salary, capped at 0.2% of IBG LLC's net income. During 2014, Mr. Peterffy was paid a salary of \$800,000 by IBG LLC and no bonus in accordance with historical practices. With the intention to set a salary level safely below the cap as calculated for 2014, during 2015, Mr. Peterffy will be paid a salary of \$800,000 by IBG LLC. We believe that the ownership by Mr. Peterffy and affiliates, through ownership in Holdings, of a significant amount of the equity in IBG LLC aligns his interests with those of our common stockholders.

Mr. Nemser's compensation has historically included significantly lower overall compensation than the other executive officers, befitting the fact that Mr. Nemser works less than full-time with us, but his compensation has been mainly in salary and a relatively small long-term incentive grant. Mr. Peterffy has made this determination based on the assessments described above under "Setting Executive Compensation." During 2014, Mr. Nemser was paid a salary of \$540,000 by IBG LLC and no bonus in accordance with these practices. Mr. Nemser also received an award of \$270,000 of restricted stock units under our Stock Incentive Plan in 2014. During 2015, Mr. Nemser will be paid a salary of \$555,000 by IBG LLC.

Messrs. Galik, Brody and Frank have historically been compensated in accordance with the policies discussed above under "Setting Executive Compensation" with a mixture of salary, bonus and long-term incentives. Their 2014 base salary was \$400,000, and each received an individual performance-based bonus. In addition to performance evaluations, consideration was given to the benefits derived from each individual's existing ownership of membership interests in Holdings. Messrs. Galik, Brody and Frank received awards under our Stock Incentive Plan valued at \$3,300,000, \$2,100,000 and \$820,000, respectively, for the year ended December 31, 2014.

The contributions of each of our NEOs that the Compensation Committee considered included: Mr. Brody made ongoing efforts with respect to building and maintaining strong financial and operational controls, a prudent liquidity program, banking relationships, credit ratings and interaction with domestic and foreign financial regulators. Dr. Frank continued to enhance the Company's risk management and global technical infrastructure. Mr. Galik played a key role in the development of software and systems for our electronic brokerage platform, driving our growth in this segment, as well as for our market making business. Mr. Galik's performance and contribution to the achievement of the Company's financial goals, as well as his appointment to the office of President, merited a higher bonus in 2014 than the other executive officers of the Company, including Mr. Brody and Dr. Frank, in the determination of the Compensation Committee. Their 2015 base salary has been increased to \$420,000. Each of Messrs. Galik, Brody and Frank is expected to receive an award under our Stock Incentive Plan in 2015 based on each executive officer's anticipated future contribution to our success. The 2014 stock awards were consistent with the above-mentioned policies and reflected the Compensation Committee's assessment of each executive's leadership, performance and contribution to the building of our company.

All salaries and bonuses will be paid by IBG LLC or one of its operating subsidiaries. No employee of IBG LLC will be paid any separate or additional amount for their services as employees of the Company. In addition to the foregoing, each of the executive officers, as a result of their ownership of membership interests in Holdings, received indirect distributions from IBG LLC in part for the purpose of funding their income taxes due on their proportionate share of Holdings' proportionate share of IBG LLC's taxable income.

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401(k) Plan

We offer substantially all employees of our U.S. based subsidiaries who have met minimum service requirements the opportunity to participate in a defined contribution retirement plan qualifying under the provisions of Section 401(k) of the Internal Revenue Code (the "Code"). The general purpose of this plan is to provide employees with an incentive to make regular savings in order to provide additional financial security during retirement. The plan provides for IBG LLC to match 50% of the employees' pretax contribution, up to a maximum of 10% of eligible earnings. Employees are vested in the matching contribution incrementally over six years.

Severance Arrangements

None of our senior executive officers have employment agreements and none are subject to severance arrangements. A portion of our NEOs' equity ownership in us is in the form of Holdings membership interests. The Holdings operating agreement provides that if at any time a member's employment with us is terminated for any reason (other than such employee's death or as determined by the managing member of Holdings, such employee's disability, retirement or termination without cause), any non-vested Holdings membership interests held by such employee on the date of termination that remain subject to restriction shall be forfeited to Holdings. Similarly, with regard to grants of restricted stock under the Stock Incentive Plan, a portion of the shares of restricted stock for which restrictions are still applicable may under certain conditions be immediately forfeited upon the termination of employment for any reason.

Perquisites

Our senior executive officers receive only the fringe benefits normally provided to all other employees, such as health, dental, life, hospitalization, surgical, major medical and disability insurance, participation in our 401(k) plan, paid time off, and other similar company-wide benefits which may be in effect from time to time for all other employees. Other than the standard employee benefits, we do not provide additional perquisites, personal direct or indirect benefits, or use any separate set of standards in determining the benefits for our executive officers. We believe that our base pay and total compensation package are reasonable and competitive in the industry, and we have demonstrated that we are able to hire and retain talented executives without offering additional perquisites.

It is our philosophy that each executive officer may determine, within the limits of his or her own compensation, whether or not to personally purchase non-reimbursable luxury travel, private flights, housing, security systems, car service, club memberships, financial planning services, or other such goods and services, including those which are sometimes provided as executive perquisites by other companies, but not offered by us. This is consistent with our general operating principles.

Accounting for Stock-Based Compensation

IBG, Inc. follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718, "Compensation - Stock Compensation" ("ASC Topic 718"), to account for its stock-based compensation plans. ASC Topic 718 requires all share-based payments to employees to be recognized in the financial statements using a fair value-based method. The fair value of awards granted to employees are generally expensed as follows: 50% in the year of grant in recognition of plan forfeiture provisions (described below) and the remaining 50% over the related vesting period utilizing the "graded vesting" method permitted under ASC Topic 718. In the case of "retirement eligible" employees (those employees older than 59), 100% of awards are expensed when granted.

Awards granted under the stock-based compensation plans are subject to forfeiture in the event an employee ceases employment with the Company. The plans provide that employees who discontinue employment with the Company without cause and continue to meet the terms of the plans'

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post-employment provisions will forfeit 50% of unvested previously granted awards unless the employee is over the age of 59, in which case the employee would be eligible to receive 100% of unvested awards previously granted.

We have never issued stock options to our employees.

Advisory Vote on Executive Compensation

At the 2011 Annual Meeting, pursuant to Section 14A of the 1934 Act, we submitted a proposal to stockholders for a (nonbinding) advisory vote to approve the compensation of our NEOs as disclosed in the Proxy Statement for the 2011 Annual Meeting. This advisory vote on executive compensation, commonly known as a "say-on-pay" proposal, gives our stockholders the opportunity to express their views on the compensation of our NEOs. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our NEOs and the principles, policies and practices described in this proxy statement. Our stockholders approved this proposal with more than 99% of the total votes cast voting in favor.

At the 2011 Annual Meeting, we also asked our stockholders to indicate if we should hold an advisory vote on the compensation of our NEOs every one, two or three years, with our board of directors recommending an advisory vote every two years. At our 2011 Annual Meeting more than 94% of the total votes cast were in favor of an advisory vote every two years. At the 2013 Annual Meeting, stockholders approved, on an advisory basis, the compensation of our NEOs. In accordance with the two-year schedule, we are asking our stockholders to approve, on an advisory basis, the compensation of our NEOs as disclosed in this Proxy Statement for the 2015 Annual Meeting.

Executive Compensation**Summary Compensation Table**

The following table summarizes the compensation of our NEOs for the fiscal years ended December 31, 2014, 2013 and 2012. Our NEOs are our Chief Executive Officer, Vice Chairman, President, Chief Financial Officer and the other most highly compensated executive officer as determined by their total compensation in the table below.

Name and Principal Positions	Year	Salary(1)	Bonus	Awards(2)	Compensation(3)	Total
				(in dollars)		
Thomas Peterffy	2014	\$ 800,000				\$ 800,000
Chairman and Chief Executive Officer	2013	\$ 1,350,000				\$ 1,350,000
	2012	\$ 1,350,000				\$ 1,350,000
Earl H. Nemser	2014	\$ 540,000		\$ 270,000		\$ 810,000
Vice Chairman and Director	2013	\$ 530,000		\$ 250,000		\$ 780,000
	2012	\$ 530,000		\$ 314,000		\$ 844,000
Milan Galik	2014	\$ 400,000	\$ 2,100,000	\$ 3,300,000		\$ 5,800,000
President and Director	2013	\$ 380,000	\$ 2,000,000	\$ 3,000,000		\$ 5,380,000
	2012	\$ 370,000	\$ 2,100,000	\$ 3,414,000		\$ 5,884,000
Paul J. Brody	2014	\$ 400,000	\$ 1,600,000	\$ 2,100,000		\$ 4,100,000
Chief Financial Officer, Treasurer, Secretary and Director	2013	\$ 380,000	\$ 1,500,000	\$ 2,000,000		\$ 3,880,000
	2012	\$ 370,000	\$ 1,450,000	\$ 2,064,000		\$ 3,884,000
Thomas A. Frank	2014	\$ 400,000	\$ 520,000	\$ 820,000		\$ 1,740,000
Executive Vice President and Chief Information Officer	2013	\$ 380,000	\$ 500,000	\$ 800,000		\$ 1,680,000
	2012	\$ 370,000	\$ 600,000	\$ 964,000		\$ 1,934,000

(1)

Mr. Peterffy's salary is capped at 0.2% of IBG LLC's net income. As a result, his salary in 2014 and 2013 was reduced by approximately \$145,000, and \$337,000, respectively.

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(2) The amounts shown as stock awards in the Summary Compensation Table represent the fair value granted for 2014 in connection with the Stock Incentive Plan awarded to NEOs in accordance with ASC Topic 718. For information on fair value related to our Stock Incentive Plan, refer to Notes 2 and 12 to our consolidated financial statements filed with the Annual Report on Form 10-K for the year ended December 31, 2014.

(3) IBG LLC operates in the form of a limited liability company. The amounts in the Summary Compensation Table do not include distributions received by each named executive officer from Holdings relating to Holdings' invested capital in IBG LLC, as these amounts do not constitute executive compensation. These distributions, with the exception of the special dividends paid in December, 2010 and December, 2012, were made in part to assist the holders of Holdings member interests, as applicable, in paying personal income taxes on their proportionate share of the consolidated profits of Holdings and to satisfy the contractual terms of the Tax Receivable Agreement (see below for a description). Certain amounts reported in prior years have been amended to include amounts paid in the subsequent year that were attributable to the year being reported. These amounts were not known at the time the corresponding original filings were prepared. (Note: If amended, the change from the previously reported amount is shown in parentheses.) Messrs. Peterffy and his affiliates, Nemser, Galik, Brody and Frank received approximately \$244,301,000, \$2,432,000, \$3,954,000, \$2,513,000 and \$9,098,000, respectively, for the year ended December 31, 2014; \$119,828,000 (\$217,000), \$1,352,000 (\$22,000), \$1,939,000 (\$3,000), \$1,326,000 (\$11,000) and \$4,463,000 (\$8,000), respectively, for the year ended December 31, 2013; and \$452,523,000, \$5,197,000, \$7,323,000, \$5,057,000 and \$16,853,000, respectively, in distributions with respect to the year ended December 31, 2012.

Also excluded from the Summary Compensation Table are dividend equivalent payments on unvested shares, under the terms of our Stock Incentive Plan, paid to our NEOs. Messrs. Nemser, Galik, Brody and Frank received approximately \$21,500, \$258,040, \$145,894 and \$72,711, respectively, in dividend equivalent payments with respect to the year ended December 31, 2014; \$23,335, \$280,071, \$148,828 and \$78,849, respectively, in dividend equivalent payments with respect to the year ended December 31, 2013; and \$72,450, \$833,040, \$409,729 and \$236,189, respectively, in dividend equivalent payments with respect to the year ended December 31, 2012

Grants of Plan Based Awards Table

The following table provides information on shares of Common Stock granted to each of our NEOs, under the Stock Incentive Plan during the year ended December 31, 2014. This table sets forth information regarding shares granted to our NEOs for performance in 2014.

Name	Grant Date	All Other Stock Awards Number of Shares(2)	Grant Date Fair Value of Stock Award(3)
Thomas Peterffy(1)	12/31/2014		
Earl H. Nemser	12/31/2014	9,541	\$ 270,000
Milan Galik	12/31/2014	116,608	\$ 3,300,000
Paul J. Brody	12/31/2014	74,205	\$ 2,100,000
Thomas A. Frank	12/31/2014	28,976	\$ 820,000

(1) Historically, Mr. Peterffy has taken no bonus or long-term incentives as he believes that the approximate 88.0% ownership of Holdings by himself and his affiliates has provided sufficient incentive to align his interests with those of IBG LLC and our common stockholders. As a result Mr. Peterffy was not granted shares under the Stock Incentive Plan for the year ended December 31, 2014.

(2) The number of shares for the December 31, 2014 grant was determined using a price of \$28.3001 per share.

(3) The amounts shown as stock awards represent the fair value granted for 2014 in connection with the Stock Incentive Plan awarded to NEOs in accordance with ASC Topic 718. For information on fair value related to our Stock Incentive Plan, refer to Notes 2 and 12 to our consolidated financial statements filed with the Annual Report on Form 10-K.

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Outstanding Equity Awards at Fiscal Year End Table

The following table sets forth outstanding equity awards (unvested restricted shares of Common Stock) as of December 31, 2014.

Name	Number of Shares not Vested(1)(3)	Market Value of Shares not Vested(2)
Thomas Peterffy		
Earl H. Nemser	59,526	\$ 1,735,778
Milan Galik	716,423	\$ 20,890,895
Paul J. Brody	415,878	\$ 12,127,002
Thomas A. Frank	198,472	\$ 5,787,444

(1) The outstanding shares as of December 31, 2014 are subject to the Stock Incentive Plan vesting schedule. The vesting schedule for the above awards is detailed in the following table:

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Name	Shares	Vesting Schedule
	2,176	The award is scheduled to vest on 5/9/2015
	4,463	The award is scheduled to vest in 2 equal installments on 5/9/2015 and 5/9/2016
	6,800	The award is scheduled to vest in 3 equal installments on 5/9/2015, 5/9/2016 and 5/9/2017
Earl H. Nemser	13,836	The award is scheduled to vest in 4 equal installments on 5/9/2015, 5/9/2016, 5/9/2017 and 5/9/2018
	13,491	The award is scheduled to vest in 5 equal installments on 5/9/2015, 5/9/2016, 5/9/2017, 5/8/2018 and 5/8/2019
	9,219	The award is scheduled to vest in 6 equal installments on 5/9/2015, 5/9/2016, 5/9/2017, 5/9/2018, 5/8/2019 and 5/9/2020
	9,541	10% of the award is scheduled to vest on 5/9/2015 and the rest in 6 equal installments on 5/9/2016, 5/9/2017, 5/9/2018, 5/8/2019, 5/9/2020 and 5/9/2021
	26,109	The award is scheduled to vest on 5/9/2015
	60,074	The award is scheduled to vest in 2 equal installments on 5/9/2015 and 5/9/2016
	78,454	The award is scheduled to vest in 3 equal installments on 5/9/2015, 5/9/2016 and 5/9/2017
Milan Galik	143,791	The award is scheduled to vest in 4 equal installments on 5/9/2015, 5/9/2016, 5/9/2017 and 5/9/2018
	180,765	The award is scheduled to vest in 5 equal installments on 5/9/2015, 5/9/2016, 5/9/2017, 5/8/2018 and 5/8/2019
	110,622	The award is scheduled to vest in 6 equal installments on 5/9/2015, 5/9/2016, 5/9/2017, 5/9/2018, 5/8/2019 and 5/9/2020
	116,608	10% of the award is scheduled to vest on 5/9/2015 and the rest in 6 equal installments on 5/9/2016, 5/9/2017, 5/9/2018, 5/8/2019, 5/9/2020 and 5/9/2021
	10,879	The award is scheduled to vest on 5/9/2015
	24,030	The award is scheduled to vest in 2 equal installments on 5/9/2015 and 5/9/2016
	41,843	The award is scheduled to vest in 3 equal installments on 5/9/2015, 5/9/2016 and 5/9/2017
Paul J. Brody	83,253	The award is scheduled to vest in 4 equal installments on 5/9/2015, 5/9/2016, 5/9/2017 and 5/9/2018
	107,920	The award is scheduled to vest in 5 equal installments on 5/9/2015, 5/9/2016, 5/9/2017, 5/8/2018 and 5/8/2019
	73,748	The award is scheduled to vest in 6 equal installments on 5/9/2015, 5/9/2016, 5/9/2017, 5/9/2018, 5/8/2019 and 5/9/2020
	74,205	10% of the award is scheduled to vest on 5/9/2015 and the rest in 6 equal installments on 5/9/2016, 5/9/2017, 5/9/2018, 5/8/2019, 5/9/2020 and 5/9/2021
	5,222	The award is scheduled to vest on 5/9/2015

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	17,164	The award is scheduled to vest in 2 equal installments on 5/9/2015 and 5/9/2016
	26,152	The award is scheduled to vest in 3 equal installments on 5/9/2015, 5/9/2016 and 5/9/2017
Thomas A. Frank	42,894	The award is scheduled to vest in 4 equal installments on 5/9/2015, 5/9/2016, 5/9/2017 and 5/9/2018
	48,564	The award is scheduled to vest in 5 equal installments on 5/9/2015, 5/9/2016, 5/9/2017, 5/8/2018 and 5/8/2019
	29,500	The award is scheduled to vest in 6 equal installments on 5/9/2015, 5/9/2016, 5/9/2017, 5/9/2018, 5/8/2019 and 5/9/2020
	28,976	10% of the award is scheduled to vest on 5/9/2015 and the rest in 6 equal installments on 5/9/2016, 5/9/2017, 5/9/2018, 5/8/2019, 5/9/2020 and 5/9/2021

- (2) The market value for unvested shares is based on the closing price of the Common Stock as of December 31, 2014, which was \$29.16, and is rounded to the nearest dollar.
- (3) All participants in the Company's Stock Incentive Plan are eligible to receive dividend equivalent payments on their unvested shares.

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The following table contains information about stock awards that have vested during the year ended December 31, 2014.

Name	Number of Shares Acquired on Vesting	Value Realized on Vesting(1)
Earl H. Nemser	15,061	\$ 342,337
Milan Galik	181,140	\$ 4,117,312
Paul J. Brody	92,249	\$ 2,096,820
Thomas A. Frank	49,126	\$ 1,116,634

- (1) The value realized is based on the closing price of the Common Stock on the vesting date, May 9, 2014, of \$22.73.

Executive Employment Agreements

Historically, we have not entered into employment agreements with our executive officers, and we do not plan on entering into employment agreements at this time. We do maintain non-disclosure, non-competition and non-solicitation agreements currently in effect between our subsidiaries and our officers and other employees.

Stock Incentive Plan

Under the Stock Incentive Plan up to 30 million shares of Common Stock may be granted and issued to directors, officers, employees, contractors and consultants of the Company and its subsidiaries. The purpose of the Stock Incentive Plan is to promote the Company's long-term financial success by attracting, retaining and rewarding eligible participants.

As a result of the Company's organizational structure as described in the "Business Our Organizational Structure" in Part 1, Item 1 of our Annual Report on Form 10-K for the year ended December 31, 2014, there is no dilutive effect upon ownership of minority shareholders of issuing shares under the Stock Incentive Plan. The issuances do not dilute the book value of the ownership of minority shareholders because a) the restricted stock units are granted at market value and b) upon their vesting and the related issuance of shares of Common Stock, the ownership of the Company in its operating subsidiary, IBG LLC, increases proportionately to the shares issued. As a result of such proportionate increase in share ownership, the dilution upon issuance of Common Stock is borne by IBG LLC's majority shareholder (i.e., noncontrolling interest), Holdings, and not by the Company or its minority shareholders. Additionally, dilution of earnings that may take place after issuance of Common Stock is reflected in the earnings per share ("EPS") reported in the Company's financial statements. The EPS dilution can neither be estimated nor projected, but based upon historical experience, would not be expected to be material.

The Stock Incentive Plan is administered by our Compensation Committee. The Compensation Committee has discretionary authority to determine which employees will be eligible to participate in the Stock Incentive Plan. The Compensation Committee establishes the terms and conditions of the awards under the Stock Incentive Plan, including the number of awards offered to each employee and all other terms and conditions applicable to such awards in individual grant agreements. Awards are generally made through grants of Common Stock. The Stock Incentive Plan provides that awards will be subject to issuance over time and may be forfeited upon an employee's termination of employment or violation of certain applicable covenants prior to issuance, unless determined otherwise by our Compensation Committee.

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The Stock Incentive Plan provides that, upon a change in control, our Compensation Committee may, at its discretion, fully vest any granted but unissued shares of Common Stock awarded under the Stock Incentive Plan, or provide that any such granted but unissued shares of Common Stock will be honored or assumed, or new rights substituted thereof by the new employer on a substantially similar basis and on terms and conditions substantially comparable to those of the Stock Incentive Plan.

We generally grant awards on or about December 31 of each year, to specific employees as part of an overall plan of equity compensation. We granted awards of 1,709,968 in 2014 under the Stock Incentive Plan.

Under applicable tax law, we are required to withhold an amount based on the value of the shares upon their issuance, and remit the withheld amount to the Internal Revenue Service ("IRS") and other taxing authorities. To effect that withholding, we may redeem a portion of the shares with an aggregate fair market value equal to the amount of taxes we are required to withhold and remit. For instance, if 1,000 shares would become issuable and we were required to withhold for federal taxes an amount equal to 40% of the value, we would redeem 400 shares and the employee would reclaim 600 shares. The source of funds for the amount to be remitted to the IRS would be a redemption by IBG LLC of a corresponding number of our interests in IBG LLC. Alternatively, we may elect to effect the withholding by facilitating the sale of a portion of the shares, on behalf of employees, in the open market, and the proceeds of such sales would be remitted to the IRS and other taxing authorities.

Shares granted under the Stock Incentive Plan may become subject to forfeiture in the event an employee ceases employment with the Company. The plans provide that employees who discontinue employment with the Company without cause and continue to meet the terms of the plans' post-employment provisions will forfeit 50% of unvested previously granted shares unless the employee is over the age of 59, in which case the employee would be eligible to receive 100% of unvested shares previously granted. Distributions of remaining shares granted before December 31, 2009 to former employees will occur within 90 days of the anniversary of the termination of employment date over a five (5) year vesting schedule, 12.5% in each of the first four years and 50% in the fifth year. Distributions of remaining shares granted on or after December 31, 2009 to former employees will occur over the remaining vesting schedule applicable to each grant.

ROI Unit Stock Plan

Under the Interactive Brokers Group, Inc. 2007 ROI Unit Stock Plan (the "ROI Unit Stock Plan"), certain of our employees who held ROI Dollar Units, at the employee's option, elected to invest their ROI Dollar Unit accumulated earnings as of December 31, 2006 in shares of Common Stock. An aggregate of 1,271,009 shares of Common Stock (consisting of 1,250,000 shares issued under the ROI Unit Stock Plan and 21,009 shares under the Stock Incentive Plan), were granted in 2007. No additional shares of Common Stock are available for issuance under the ROI Unit Stock Plan. Provisions governing tax withholding and forfeitures for the Stock Incentive Plan, described above, apply equally to the ROI Unit Stock Plan.

Table of Contents**Compensation of Directors**

The following table contains information regarding 2014 compensation of our non-employee directors with respect to their Board service.

Director	Fees Earned or Cash Paid	Stock Awards	All Other Compensation(1)	Total
Lawrence E. Harris	\$ 125,000			\$ 125,000
Hans R. Stoll	\$ 100,000			\$ 100,000
Ivers W. Riley	\$ 56,389			\$ 56,389
Richard Gates	\$ 100,000			\$ 100,000
Wayne H. Wagner	\$ 43,611	75,000		\$ 118,611

(1)

The amounts in the Compensation of Directors Table do not include dividend equivalent payments on unvested shares, under the terms of our Stock Incentive Plan, paid to our directors. Mr. Gates received approximately \$1,754 in dividend equivalent payments with respect to the year ended December 31, 2014.

Our policy is not to pay director compensation to directors who are also our employees. All of our directors are entitled to receive reimbursement of their out-of-pocket expenses in connection with their travel to and attendance at meetings of our Board or committees thereof. Under our current policy, each non-employee director is compensated with an annual retainer of \$100,000 and a one-time grant of restricted stock on December 31 in the year of appointment (valued at \$75,000, the number of shares granted is based on the fair market price of the Common Stock on the date of grant), subject to straight-line vesting over a five year period, and non-employee chairmen of committees of our Board are compensated with an additional annual retainer of \$25,000 per committee. We reserve the right to change the manner and amount of compensation to our non-employee directors at any time. Shares granted under the Stock Incentive Plan to non-employee directors carry the same forfeiture provisions as those granted to employees, which are described above.

Beneficial Ownership of Directors, Executive Officers and Owners of More Than Five Percent

Holdings currently holds, through its ownership of all of the outstanding shares of our Class B common stock, approximately 85.5% of the combined voting power of the outstanding shares of our common stock. While our Class B common stock is owned by Holdings, Thomas Peterffy, through his ownership of the voting membership interests in Holdings, is able to exercise control over all matters requiring the approval of our stockholders, including the election of our directors and the approval of significant corporate transactions.

The following table sets forth the beneficial ownership of Common Stock as of March 5, 2015 by each of our directors and NEOs, by all our directors and executive officers as a group, and of each beneficial owner, who is not our director or officer, of more than 5% of Common Stock as of December 31, 2014.

The amounts and percentages of Common Stock beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. Under the rules of the SEC, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or to direct the voting of such security, or investment power, which includes the power to dispose of or to direct the disposition of such security and if that person has the right to acquire such security within 60 days of the filing of this proxy. Unless otherwise indicated below, each beneficial owner named in the table below has sole voting and sole investment power with respect to all shares beneficially owned. Because the Holdings membership interests are not directly exchangeable into shares of Common Stock, none of our executive officers and directors may be deemed to own shares of Common Stock except as set forth below. Mr. Peterffy may be deemed to

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own all of the shares of Class B Common Stock. The following table is based on 58,473,186 shares of Common Stock and 100 shares of Class B Common Stock outstanding as of March 5, 2015:

Name and Address	Class A Common Stock Owned		Class B Common Stock Owned	
	(in shares and %)			
IBG Holdings LLC**(1)	0	0%	100	100%
Thomas Peterffy**(2)	0	0%	100	100%
Earl H. Nemser**(3)	57,171	*%	0	0%
Milan Galik**(3)	281,596	*%	0	0%
Paul J. Brody**(3)	303,499	*%	0	0%
Thomas A. Frank**(3)	182,699	*%	0	0%
Lawrence E. Harris**	62,321	*%	0	0%
Hans R. Stoll**	4,193	*%	0	0%
Richard Gates**	12,193	*%	0	0%
All current directors and executive officers as a group (9 persons)	903,672	1.55%	100	100%
Blackrock(4)	3,830,856	6.55%	0	0%
Vanguard(5)	3,637,972	6.22%	0	0%
Kylin(6)	3,483,544	5.96%	0	0%
FMR LLC(7)	3,425,883	5.86%	0	0%
Ancient Art(8)	3,403,458	5.82%	0	0%
RS(9)	2,938,424	5.03%	0	0%

*
Less than 1%

**
Address is c/o Interactive Brokers Group, Inc., One Pickwick Plaza, Greenwich, Connecticut 06830

(1)
Holdings, as the sole holder of the 100 outstanding shares of Class B Common Stock, is entitled to the number of votes equal to the number of IBG LLC membership interests held by it at any given time. The Class B Common Stock has approximately 85.5% of the voting power of the Company, which percentage will decrease proportionately to the extent that Holdings owns a smaller percentage of IBG LLC. Except as otherwise provided by law or our amended and restated certificate of incorporation, shares of Common Stock and the Class B Common Stock vote together as a single class.

(2)
Mr. Peterffy, through his ownership of the voting membership interests in Holdings, beneficially owns all of the outstanding shares of Class B Common Stock.

(3)
The amounts in the table reflect the issued and vested portion of the restricted shares of Common Stock that were granted to Messrs. Nemser, Galik, Brody and Frank under the Company's Stock Incentive Plan, less any shares sold for withholding tax purposes or through market transactions. Please refer to the Outstanding Equity Awards at Fiscal Year End Table for a vesting schedule of

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each of these grants. Also included are shares which will vest within 60 days of the filing of this proxy statement:

	Shares Directly Owned	Shares Vesting Within 60 Days	Total shares*
Earl H. Nemser	41,851	15,320	57,171
Milan Galik	97,102	184,494	281,596
Paul J. Brody	204,550	98,949	303,499
Thomas A. Frank	131,930	50,769	182,699

* Represents total shares beneficially owned as defined by rule 13d-3(d)(1) of the 1934 Securities Exchange Act.

- (4) According to Schedule 13G filed on January 29, 2015, BlackRock Inc., with its address at 55 East 52nd St., New York, NY 10022, beneficially owned 3,830,856 shares of Common Stock as of December 31, 2014.
- (5) According to Schedule 13G filed on February 10, 2015, The Vanguard Group, with its address at 100 Vanguard Blvd, Malvern, PA 19355, beneficially owned 3,637,972 shares of Common Stock as of December 31, 2014.
- (6) According to Schedule 13G filed on February 17, 2015, Kylin Management LLC, with its address at 366 Madison Avenue, 16th Floor, New York NY 10017, beneficially owned 3,483,544 shares of Common Stock as of December 31, 2014.
- (7) According to Schedule 13G filed on February 13, 2015, FMR LLC, with its address at 245 Summer Street, Boston, MA 02210, beneficially owned 3,425,883 shares of Common Stock as of December 31, 2014.
- (8) According to Schedule 13G filed on February 17, 2015, Ancient Art, L.P., with its address at 500 West 5th Street, Suite 1110, Austin TX 78701, beneficially owned 3,403,458 shares of Common Stock as of December 31, 2014.
- (9) According to Schedule 13G filed on February 12, 2015, RS Investment Management Co LLC, with its address at One Bush Street Suite 900, San Francisco, CA 94104, beneficially owned 2,938,424 shares of Common Stock as of December 31, 2014.

Certain Relationships and Related Transactions

Recapitalization Transactions

Prior to the IPO, our business had been conducted by subsidiaries of IBG LLC, which was approximately 85% owned by Mr. Peterffy and his affiliates. In November 2006, the Company was incorporated as a Delaware corporation. The Recapitalization resulted in the former members of IBG LLC becoming the sole members of Holdings, and established us as the sole managing member of IBG LLC.

As a result of the Recapitalization, immediately following the IPO:

IBG became the sole managing member of IBG LLC;

we and Holdings owned approximately 10.0% and 90.0%, respectively (currently, approximately 14.5% and 85.5%, respectively), of the membership interests in IBG LLC;

Thomas Peterffy and his affiliates owned approximately 85% of the membership interests in Holdings, and management and other employees of IBG LLC owned substantially all of the remaining membership interests;

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outstanding shares of Common Stock represented more than 99.999% of our outstanding capital stock based on economic value (which, as used herein, refers to the right to share in dividend distributions and distributions upon liquidation, dissolution or winding up);

outstanding shares of Class B Common Stock, all of which is owned by Holdings, represented less than 0.001% of our outstanding capital stock based on economic value;

outstanding shares of Class B Common Stock represented approximately 90.0% (currently, approximately 85.5%) of the combined voting power of all shares of our capital stock, which percentage will decrease proportionately to the extent that Holdings owns a smaller percentage of IBG LLC; and

Thomas Peterffy owned all of the voting membership interests, and Mr. Peterffy and his affiliates owned a majority of the overall membership interests, in Holdings and, accordingly, beneficially owned all of the outstanding shares of Class B Common Stock. As a result, Mr. Peterffy is able to exercise control over all matters requiring the approval of our stockholders.

Voting

Each share of Common Stock entitles its holder to one vote per share. The Class B Common Stock currently has approximately 85.5% of the voting power of the Company, which percentage will decrease proportionately over time to the extent that Holdings owns a smaller percentage of IBG LLC. Thomas Peterffy currently owns all of the voting membership interests in Holdings. Accordingly, Mr. Peterffy beneficially owns all of the outstanding shares of Class B Common Stock and is able to exercise control over all matters requiring the approval of our stockholders, including the election of our directors and the approval of significant corporate transactions.

If at any time in the future Thomas Peterffy and his affiliates own less than a majority of the membership interests in Holdings, then at such time all membership interests in Holdings will become voting membership interests. Accordingly, all members of Holdings, instead of Mr. Peterffy alone, would together direct the voting of the shares of Class B Common Stock, and all such members would together exercise control over all matters requiring the approval of our stockholders. However, even if Mr. Peterffy and his affiliates cease to own a majority of the membership interest in Holdings, Mr. Peterffy could, depending on his level of percentage ownership, continue to effectively control or significantly influence matters requiring approval of stockholders.

Exchange Agreement

Concurrently with the IPO, we entered into an exchange agreement with Holdings, IBG LLC and the historical members of IBG LLC (the "Exchange Agreement"). Pursuant to this agreement, the historical members of IBG LLC contributed their IBG LLC membership interests to Holdings and received Holdings membership interests in return. The Exchange Agreement provides for future redemptions of member interests and for the purchase of member interests in IBG LLC by IBG, Inc. from Holdings, which could result in IBG, Inc. acquiring the remaining member interests in IBG LLC that it does not own. On an annual basis, holders of Holdings member interests are able to request redemption of such member interests over a minimum eight (8) year period following the IPO; 12.5% annually for seven (7) years and 2.5% in the eighth year. The redemption price for the membership interests in Holdings depends on the timing at which the redemption is made.

A copy of the Exchange Agreement was filed as Exhibit 10.3 to the Quarterly Report on Form 10-Q for the Quarterly Period Ended September 30, 2009 filed by the Company on November 9, 2009 and is incorporated herein by reference.

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On June 6, 2012, the Company, Holdings and IBG LLC amended the exchange agreement (the "Amendment"), filed as Exhibit 10.1 to Form 8-K filed by the Company on June 6, 2012 and is incorporated herein by reference. The Exchange Agreement, as amended, provides that the Company may facilitate the redemption by Holdings of interests held by its members through the issuance of shares of common stock through a public offering in exchange for the interests in IBG LLC being redeemed by Holdings. The Amendment eliminated from the Exchange Agreement an alternative funding method, which provided that upon approval by the board of directors and by agreement of the Company, IBG LLC and Holdings, redemptions could be made in cash.

Sales of Common Stock and the application of the net proceeds to acquire IBG LLC membership interests are expected to have a negligible effect on the existing holders of Common Stock, as the holders of Common Stock would then own a larger portion of IBG LLC. Such transactions will have the effect of diluting your percentage ownership in us. However, because we will acquire an increased percentage ownership in IBG LLC over time as a result of such transactions, such transactions will not impact your effective percentage ownership of the economics of the underlying IBG LLC business.

Holdings, with the consent of Thomas Peterffy and our Board, has the right to cause the holders of Holdings membership interests to have all or a portion of their interests redeemed at any time. Such redemptions would be financed in the same manner as the scheduled redemptions described above.

Tax Receivable Agreement

In connection with the IPO, we purchased membership interests in IBG LLC from Holdings for cash. In addition, IBG LLC membership interests held by Holdings may be purchased by us in the future in connection with offerings by us of shares of Common Stock. Our initial purchase of the IBG LLC membership interests will, and the subsequent purchases may, result in increases in the tax basis of the tangible and intangible assets of IBG LLC attributable to our interest in IBG LLC that otherwise would not have been available, although the IRS may challenge all or part of that tax basis increase or our ability to amortize all or part of that increased tax basis, and a court could sustain such a challenge by the IRS. These increases in tax basis, if sustained, may reduce the amount of taxable income that we are required to recognize as the result of our ownership of membership interests in IBG LLC in the future.

Concurrently with the IPO, we entered into a tax receivable agreement with Holdings that provides for the payment by us to Holdings of 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that we actually realize as a result of these increases in tax basis and of certain other tax benefits related to our entering into the tax receivable agreement, including tax benefits attributable to payments under the tax receivable agreement. We will retain 15% of the projected tax benefits.

If either immediately before or immediately after any purchase or the related issuance of our stock, the Holdings members own or are deemed to own, in the aggregate, more than 20% of our outstanding stock, then all or part of any increase in the tax basis of goodwill may not be amortizable and, thus, our ability to realize the annual tax savings that otherwise would have resulted if such tax basis were amortizable may be significantly reduced. Although the Holdings members are prohibited under the exchange agreement from purchasing shares of Common Stock, grants of our stock to employees and directors who are also members or related to members of Holdings and the application of certain tax attribution rules, such as among family members and partners in a partnership, could result in Holdings members being deemed for tax purposes to own shares of Common Stock.

In order to mitigate the risk to us of an IRS challenge to the tax basis increase, Holdings and its members will indemnify us for any additional taxes we owe if the IRS or other taxing authorities successfully challenge the basis increase. In addition, if the IRS or other taxing authorities successfully

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challenge the tax basis increase, any subsequent payments we are required to make under the tax receivable agreement will be reduced accordingly.

For purposes of the tax receivable agreement, cash savings in income and franchise tax will be computed by comparing our actual income and franchise tax liability to the amount of such taxes that we would have been required to pay had there been no increase in the tax basis of the tangible and intangible assets of IBG LLC attributable to our acquisition of our interest in IBG LLC, and had we not entered into the tax receivable agreement. The tax receivable agreement will, unless we exercise our right to terminate the tax receivable agreement for an amount based on an agreed value of payments remaining to be made under the agreement, terminate upon the earlier of (i) the end of the taxable year that includes the 50th anniversary of our initial acquisition of membership interests in IBG LLC, or (ii) the end of the taxable year that includes the 16th anniversary of the date upon which all rights of sale and exchange granted under the exchange agreement have terminated.

Our ability to achieve tax benefits from any increase in the tax basis attributable to our interest in IBG LLC resulting from our acquisition of membership interests in IBG LLC and the payments to be made under the tax receivable agreement with respect thereto depend upon a number of factors, including the law as in effect at the time of a purchase by us of membership interests in IBG LLC or a payment under the tax receivable agreement, the timing of purchases, the fair market value of membership interests in IBG LLC at the time of a purchase, the extent to which such purchases are taxable, the impact of the increase in the tax basis on our ability to use foreign tax credits and the rules relating to the amortization of intangible assets, the composition of IBG LLC's assets at the time of a purchase, and the amount and timing of our income and of payments under the tax receivable agreement. Depending upon the outcome of these factors, as a result of the size of the increases in the tax basis of the tangible and intangible assets of IBG LLC and its subsidiaries, the payments that we may make to Holdings could be substantial.

Legal Representation

Earl H. Nemser, our Vice Chairman and one of our directors, is also Special Counsel to the law firm of Dechert LLP, which has rendered legal services to IBG LLC and us, as applicable, during 2012, 2013 and 2014.

Margin Account at IB LLC

Thomas Peterffy and his affiliates maintain active retail brokerage accounts with IB LLC, one of our subsidiaries. At March 5, 2015, these accounts, in aggregate, had an outstanding margin balance of \$0.3 million. Although this is represented as a margin loan, this amount was more than offset by credit balances in various currencies. During 2014, the largest fully secured margin balance for these accounts was \$277 million. In addition, Thomas Peterffy and his affiliates invest in certain hedge funds that are customers of IB LLC. IB LLC may extend credit to these customers in connection with margin loans. Such loans were (i) made in the ordinary course of business, (ii) are made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable loans with persons not related to IB LLC, and (iii) do not involve more than the normal risk of collectability or present other unfavorable features.

Indemnification Agreement

Pursuant to the Indemnification Agreement dated October 8, 2014, between the Company and Mr. Peterffy ("Indemnification Agreement"), the Company paid Mr. Peterffy \$133,280 in 2014. The payment was in exchange for Mr. Peterffy providing indemnification coverage for the directors and officers of the Company. The Indemnification Agreement was approved by the Audit Committee and the Board.

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Review, Approval or Ratification of Transactions with Related Persons

We review all relationships and transactions in which the Company and our directors and executive officers or their immediate family members are participants to determine whether such persons have a direct or indirect material interest. Our Audit Committee, our Chief Executive Officer and the General Counsel of the Company are responsible for the development and implementation of processes and controls to obtain information from the directors and executive officers with respect to related person transactions and for then determining, based on the facts and circumstances, whether the Company or a related person has a direct or indirect material interest in the transaction. In addition, our Nominating and Corporate Governance Committee monitors and reviews any issues regarding the "independence" of directors or involving potential conflicts of interest, and evaluates any change of status or circumstance with respect to a director and determines the propriety of the director's continued service in light of that change.

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ITEM 2: ADVISORY VOTE ON THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

As noted in the preceding extensive and comprehensive discussion, executive compensation is an important matter both to us and to our shareholders. The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") enables our shareholders to vote to approve, on an advisory non-binding basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with SEC rules. The Compensation Committee has overseen the development and implementation of our executive compensation programs. We have designed our compensation programs to directly link a significant portion of the compensation of our named executive officers to individual performance and overall performance standards that promote long-term increase in shareholder value. The Committee also designed our compensation programs to attract, retain and motivate key executives who are essential to the implementation of our strategic growth and development strategy.

The Compensation Committee bases its executive compensation decisions on our core compensation principles, including the following:

incentivizing our executives to perform with shareholders' interests in mind;

assembling and maintaining a senior leadership team with the skills necessary to successfully execute our business strategy, maintain our competitiveness, and continue increasing the long-term market value of our company; and

rewarding past performance and motivating future performance

We believe that our existing compensation programs have been effective at motivating our key executives, including our named executive officers, to achieve superior performance and results for our company, effectively aligning compensation with performance results, giving our executives an ownership interest in our company so their interests are aligned with our shareholders, and enabling us to attract and retain talented executives whose services are in key demand in our industry and market sectors.

With our core compensation principles in mind, the Company:

structures executive compensation to include a relatively modest fixed portion with a substantial additional variable portion which is related to the individual's performance and the Company's performance;

awards a substantial portion of executive compensation in the form of long-term equity incentives, which include vesting periods and forfeiture conditions designed to encourage long-term performance and minimize short-term risk taking;

caps the salary of our Chairman and Chief Executive Officer at 0.2% of IBG LLC's net income;

does not enter into employment agreements and severance agreements;

provides executive officers with standard fringe benefits that are normally provided to all employees and does not provide additional perquisites.

Compensation actions like those described above evidence our philosophy of aligning executive compensation with company performance and increasing long-term shareholder value. We will continue to design and implement our executive compensation programs and policies in line with this philosophy to promote superior performance results and generate greater value for our shareholders.

The Board would like the support of our shareholders for the compensation of our named executive officers as disclosed in the Compensation Discussion and Analysis section and the accompanying compensation tables contained in this Proxy Statement. This advisory vote on the compensation of our named executive officers allows our shareholders to express their opinions about

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our executive compensation programs. As we seek to align our executive compensation programs with our performance results and shareholders' interests, we ask that our shareholders approve the compensation of our named executive officers as disclosed in the Compensation Discussion and Analysis section and the accompanying compensation tables contained in this Proxy Statement. Accordingly, for the reasons we discuss above, the Board recommends that shareholders vote in favor of the following resolution:

"RESOLVED, that the shareholders approve, on an advisory basis, the compensation of the named executive officers, as described in the Compensation Discussion and Analysis section, compensation tables, and other narrative executive compensation disclosures contained in this Proxy Statement as required by the rules of the Securities and Exchange Commission."

This advisory vote on the compensation of our named executive officers is not binding on us, our Board or the Compensation Committee. However, our Board and the Committee will review and consider the outcome of this advisory vote when making future compensation decisions for our named executive officers.

Directors' Recommendation

The Board of Directors recommends a vote FOR the compensation of our named executive officers as disclosed in the compensation discussion and analysis section and accompanying compensation tables contained in this proxy statement.

Table of Contents**ITEM 3: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Our Audit Committee has selected Deloitte & Touche LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2015. We are submitting the selection of independent registered public accounting firm for stockholder ratification at the Annual Meeting.

A representative of Deloitte & Touche LLP is expected to be present at the Annual Meeting, will have the opportunity to make a statement if he or she desires to do so and will be available to respond to appropriate questions from stockholders.

Our organizational documents do not require that our stockholders ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm. We are doing so because we believe it is a matter of good corporate practice. If our stockholders do not ratify the selection, our Audit Committee will reconsider whether to retain Deloitte & Touche LLP, but still may retain them. Even if the selection is ratified, our Audit Committee, in its discretion, may change the appointment at any time during the year if it determines that such a change would be in the best interests of the Company and its stockholders.

Our Audit Committee approves in advance all audit and any non-audit services rendered by Deloitte & Touche LLP to us and our consolidated subsidiaries.

Fees Paid to Independent Registered Public Accounting Firm

The following table summarizes the aggregate fees for professional services provided by Deloitte & Touche LLP related to the years ended December 31, 2014 and 2013:

	2014	2013
	(in dollars)	
Audit Fees(1)	\$ 2,765,285	\$ 2,593,841
Audit Related Fees(2)	180,500	179,500
Tax Fees(3)	449,188	630,794
All Other Audit Fees	45,097	33,410
	\$ 3,440,070	\$ 3,437,545

-
- (1) Audit Fees services include: (i) the audit of our consolidated financial statements included in the Company's Annual Report on Form 10-K and services attendant to, or required by, statute or regulation; (ii) reviews of the interim condensed consolidated financial statements included in our quarterly reports on Form 10-Q; (iii) comfort letters, consents and other services related to SEC and other regulatory filings; and (iv) accounting consultation attendant to the audit.
- (2) Audit-Related Fees services include: (i) audits of employee benefit plans and (ii) agreed upon procedures engagements.
- (3) Tax Fees services include tax compliance and tax advice. Tax compliance services include non-U.S. federal, state and local income and non-income tax compliance. Tax advice services include: (i) U.S. federal, state and local income and non-income tax advice; and (ii) non-U.S. income and non-income tax advice.

Directors' Recommendation

Our Board unanimously recommends a vote FOR ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2015. Unless a contrary choice is specified, proxies solicited by our Board will be voted FOR ratification of the appointment.

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OTHER MATTERS

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who own more than 10% of a registered class of our equity securities, to file reports of ownership of, and transactions in, our equity securities with the SEC. Such directors, executive officers and stockholders are also required to furnish us with copies of all Section 16(a) reports they file. Purchases and sales of our equity securities by such persons are published on our website at www.interactivebrokers.com.

Mr. Wagner inadvertently filed one late Form 3 related to his status as a reporting person which became effective upon his election to the Board of Directors at the Company's 2014 Annual Meeting on April 24, 2014. Other than this occurrence, based on a review of the copies of such reports, and on written representations from our reporting persons, we believe that all Section 16(a) filing requirements applicable to our directors, executive officers and stockholders were complied with during fiscal year 2014.

Other Business

At the date hereof, there are no other matters that our Board intends to present, or has reason to believe others will present, at the Annual Meeting. If other matters come before the Annual Meeting, the persons named in the accompanying form of proxy will vote in accordance with their best judgment with respect to such matters.

Stockholder Proposals for 2016 Annual Meeting of Stockholders

Stockholders who, in accordance with the SEC's Rule 14a-8, wish to present proposals for inclusion in the proxy materials to be distributed by us in connection with our 2015 Annual Meeting of Stockholders must submit their proposals to Paul J. Brody, the Secretary of the Company, at Interactive Brokers Group, Inc., One Pickwick Plaza, Greenwich, CT 06830, on or before November 15, 2015. As the rules of the SEC make clear, simply submitting a proposal does not guarantee its inclusion.

In accordance with our Bylaws, for a matter not included in our proxy materials to be properly brought before the 2015 Annual Meeting of Stockholders, a stockholder's notice of the matter that the stockholder wishes to present must be delivered to Paul J. Brody, the Secretary of the Company, at Interactive Brokers Group, Inc., One Pickwick Plaza, Greenwich, CT 06830, not less than 120 days prior to the first anniversary of the date of this Proxy Statement. As a result, any notice given by or on behalf of a stockholder pursuant to these provisions of our Bylaws (and not pursuant to the SEC's Rule 14a-8) must be received no later than November 15, 2015.

Stockholder Recommendations for Director Candidates

Our Nominating and Corporate Governance Committee will consider candidates recommended by stockholders. The policy of our Nominating and Corporate Governance Committee is to consider candidates recommended by stockholders in the same manner as other candidates. See **Item 1. Election of Directors** for the criteria our Nominating and Corporate Governance Committee utilizes to assess director candidates. Stockholders who wish to submit director candidates for consideration by our Nominating and Corporate Governance Committee for election at our 2015 Annual Meeting of Stockholders may do so by submitting in writing such candidates' names, credentials, contact information and his or her written consent to be considered as a candidate, in compliance with the procedures required by our Bylaws, to Paul J. Brody, the Secretary of the Company, at Interactive Brokers Group, Inc., One Pickwick Plaza, Greenwich, CT 06830, not less than 120 days prior to the first anniversary of the date of this Proxy Statement. As a result, any notice given by or on behalf of a stockholder pursuant to these provisions of our Bylaws must be received no later than November 15,

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2015. The proposing stockholder should also include his or her contact information and a statement of his or her share ownership (how many shares owned and for how long). We do not pay any fees to any third parties for assisting us with nominations and evaluations of candidates for director, nor do we obtain such services from third parties.

Important Notice Regarding Delivery of Stockholder Documents

Under SEC rules, a single package of Notices may be sent to any household at which two or more stockholders reside if they appear to be members of the same family. Each stockholder continues to receive a separate Notice within the package. This procedure, referred to as "householding," reduces the volume of duplicative information stockholders receive and reduces mailing expenses. Stockholders may revoke their consent to future householding mailings by contacting our Investor Relations Department at 2 Pickwick Plaza, Greenwich, Connecticut 06830, Attn: Investor Relations, telephone: 203-618-4070, e-mail: investor-relations@interactivebrokers.com.

