Securities Lending Agreement

Program Overview

By signing up for an account with Interactive Brokers, Inc. (also referred to as IBKR) you are agreeing to allow IBKR to borrow shares from you in exchange for collateral (either U.S. Treasuries or cash), and then lend the shares to traders who want to sell them short and are willing to pay interest to borrow them.

Each day that your stock is on loan, IBKR will be paid interest on the collateral (U.S Treasuries or cash) value for the loan based on market rates.

Only eligible accounts with IBKR, acting as the clearing and custodial agent, who have an approved margin account or have a cash account with equity greater than USD 50,000 (or equivalent).

Simple and automatic

IBKR manages all aspects of stock lending. Once you are enrolled, IBKR will examine your fully-paid stock portfolio automatically. If you have stocks that are attractive in the securities lending market, IBKR will borrow the stocks from you, secured by collateral (either US Treasuries or cash), and lend the shares.

Trade your loaned stock with no restrictions

You will see the loaned shares on your account statement with IBKR, indicating that they are being loaned out. You are still the owner of the stock, which means you continue to have market risk and will recognize any profit (or loss) if the stock price moves. You can sell your shares at any time without restriction, whether such shares have been loaned out or not.

Example

XYZ is currently trading at USD 75.00/share. You are long 5,000 shares of XYZ, with a market value of USD 375,000.00. XYZ is in demand and the market-based rate is 9%.

You are enrolled in IBKR's Stock Lending Program and IBKR borrows your 5,000 shares of XYZ. IBKR earns interest on the U.S Treasuries or cash collateral of USD 375,000.00 x 4.5% = USD 16,875.00.

Eligibility

The IBKR Stock Lending Program is available to eligible customers who have been approved for a margin account, or who have a cash account with equity greater than USD 50,000 (or equivalent).

Stocks that are eligible to be loaned out are all “fully-paid” ”stocks” (stocks not held on margin) and “excess-margin” “stocks” (stocks held on margin but whose market value exceeds 140% of your margin debit balance).

Considerations and Risks

Shares loaned out may not be protected by SIPC

The Securities Investor Protection Act of 1970 may not protect shares loaned out. This is why under SEC rules, IBKR, as the custodial broker, must provide you with U.S Treasury securities or cash collateral in the same amount as the value of your shares to protect you in the very unlikely event that the stock is not returned to you.

Shares loaned out are typically used to facilitate short sales

Shares are attractive in the stock loan market because other traders want to borrow and sell them short, possibly affecting the value of the shares.

Loans may be terminated at any time by IBKR

IBKR does not guarantee that it will lend all eligible shares.

Voting rights go to the borrower

During any period in which your securities are loaned out, you will forfeit your right to vote those shares by proxy.

Selling your shares or borrowing against them or withdrawing cash in a margin account will terminate the loan transaction

If you sell the fully paid shares that have been lent out, or if you borrow the shares or withdraw cash in a margin account (such that the securities become margin securities and are no longer fully paid or excess margin securities) the loan will terminate.

For More Information

For a complete discussion of the risks and characteristics of the program, click here.

When you open an account, you will be signed up for IBKR's Stock Lending Program on the Account Settings configuration table in Client Portal.

For more information, see IBKR's FAQ page.

Disclosures

1. The market-based rate is determined by taking into account the rates on shares IBKR has loaned to or borrowed from others, and third-party market data.

2. Not all clients are eligible to participate in the IBKR Stock Lending Program.

Supporting documentation for any claims and statistical information from IBKR will be provided upon request. Any trading symbols displayed are for illustrative purposes only and are not intended to portray recommendations.

The risk of loss in online trading of stocks, options, futures, currencies, foreign equities, and fixed income can be substantial.

For information on the IBKR ATS, please visit the SEC site.