



Interactive Brokers Canada Inc. Disclosure of Risks of Margin Trading

Interactive Brokers Canada Inc. (“IB”) is furnishing this document to you to provide some basic facts about purchasing securities and futures contracts on margin, and to alert you to the risks involved with trading in a margin account. “Margin trading” can mean engaging in a transaction in which securities are purchased partially through a margin loan extended to you by IB, for which the securities act as collateral. Margin trading can also mean trading investment products such as futures or options in which an initial “margin” deposit is made to secure your obligations and further margin may be required to secure your obligations as the value of your positions changes.

Before trading stocks, futures or other investment products in a margin account, you should carefully review the margin agreement provided by IB and you should consult IB regarding any questions or concerns you may have with your margin accounts.

When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from IB. If you choose to borrow funds from IB, you will open a margin account with the firm. The securities purchased are IB’s collateral for the loan to you. If the securities or futures contracts in your account decline in value, so does the value of the collateral supporting your loan, and, as a result, IB can take action, such as sell securities or other assets in any of your accounts held with IB or issue a margin call, in order to maintain the required equity in the account.

You should understand that pursuant to the IB Client Agreement, IB generally will not issue margin calls, that IB will not credit your account to meet intraday margin deficiencies, and that IB generally will liquidate positions in your account in order to satisfy margin requirements without prior notice to you and without an opportunity for you to choose the positions to be liquidated or the timing or order of liquidation.

In addition, it is important that you fully understand the risks involved in trading securities or futures contracts on margin. These risks include the following:

- You can lose more funds than you deposit in the margin account. A decline in the value of securities or futures contracts that are purchased on margin may require you to provide additional funds to IB or you must put up margin to avoid the forced sale of those securities or futures contracts or other assets in your account(s).
- IB can force the sale of securities or other assets in your account(s). If the equity in your account falls below the maintenance margin requirements, or if IB has higher “house” requirements, IB can sell the securities or futures contracts or other assets in any of your accounts held at the firm to cover the margin deficiency. You also will be responsible for any shortfall in the account after such a sale.
- IB can sell your securities or other assets without contacting you. Some investors mistakenly believe that a firm must contact them for a margin call to be valid, and that the firm cannot liquidate securities or other assets in their accounts to meet the call unless the firm has contacted them first. This is not the case. As noted above, IB generally will not issue margin calls and can immediately sell your securities or futures contracts without notice to you in the event that your account has insufficient margin.
- You are not entitled to choose which securities or futures contracts or other assets in your account(s) are liquidated or sold to meet a margin call. IB has the right to decide which positions to sell in order to protect its interests.
- IB can increase its “house” maintenance margin requirements at any time and is not required to provide you with advance written notice. These changes in firm policy often take effect immediately. Your failure to maintain adequate margin in the event of an increased margin rate generally will cause IB to liquidate or sell securities or futures contracts in your account(s).
- If IB chooses to issue a margin call rather than immediately liquidating undermargined positions, you are not entitled to an extension of time on the margin call.
- You will pay interest on your margin loan at the rates disclosed on the IB website, which can increase or decrease over time. These margin interest costs reduce your return on investment. For details on IB’s margin

rates, please visit ibkr.com/margin.

- Special Risks of Short Selling:

There are additional risks associated with short selling stocks that may expose you to significant losses. This strategy is not suitable for all customers. Fees associated with short selling are available on the IB website.

Please read the following carefully. For details regarding short-selling at IB, please review the information available on the IB website at <https://ibkr.info/article/2880>.

- Short sales must be done in a margin account and are subject to IB's margin requirements. IB may close out your short position by buying the stock if you do not maintain adequate margin in your account. This may expose you to substantial losses if the price of the stock is above the price at which you sold it short. Short selling carries unlimited market risk and could lead to extraordinary losses because you may have to purchase a stock at a higher price than you sold it for in order to cover a short position, and **there is no limit to how high the price of a stock can go**.
- When you sell a stock short IB must lend you the shares either from its own inventory or from shares it sources from various stock-loan counterparties. You are charged interest in connection with borrowing securities in order to maintain a short position. Interest rates paid to, or rates and fees collected from, clients in connection with borrowing or lending securities are subject to frequent change without notice and will vary based on the nature of the security being sold short (i.e., the interest charge to finance a short position in a hard-to-borrow stock may be more costly than a stock that is not hard-to-borrow). Please refer to the IB website for details on short sale costs.
- Before selling short, IB must confirm that it can locate shares of the stock to borrow for delivery to the buyer. Borrowed stock is subject to recall without notice. Stock lenders retain the right to recall their stock at any time. IB may buy-in stock on your behalf, without notice to you, to cover short positions in the event that IB cannot borrow stock or re-borrow stock after a recall notice. You are liable for any losses or costs incurred in the event of a buy-in, including any associated trade commissions or fees. Please refer to the IB website for additional details on short selling, recalls and buy-ins.
- You may be liable for dividend payments and certain other corporate actions. If you are maintaining a short settled position as of the close of business two business days prior to the Record Date (or one business day prior to the Ex-Dividend date) you will be liable to the lender for the dividend.