



Risk Disclosure Regarding Short Selling of Mexican Stocks

There are risks associated with short selling Mexican stocks that may expose you to significant losses. This strategy is not suitable for all customers. Please read the following carefully:

1. Selling stock short is a risky strategy for investors.
 - » There is unlimited risk when shorting stock as stocks may continue to increase in price indefinitely.
 - » There is risk that the company will effect a corporate action while you are short the stock and you will be responsible for paying for any dividends or other distributions.
2. Short sales must be done in a margin account and are subject to IB's margin requirements.
3. Prior to selling short, IB must confirm that it can locate shares of the stock to borrow for delivery. Any fees incurred by IB for borrowing stock on your behalf will be passed on to you.
4. If IB cannot borrow stock (or re-borrow after a recall notice from the lender) IB may buy shares of stock on your behalf to cover short positions and you will be liable for any losses/costs.
5. Borrowing stock requires that you post collateral. The lender and IB determine which type of assets may be posted as Collateral. Collateral is returned to you when the shares are returned to the lender.
6. The lender of the shares reserves the right to recall the shares at any time. Should a recall of shares occur, IB will attempt to replace the previously borrowed shares with shares from another source. If IB is unable to borrow sufficient shares, IB reserves the right to buy shares on your behalf to cover short positions. Additionally, the lender may execute a buy-in transaction in the marketplace and notify IB of the execution price. IB, in turn, allocates the buy-in to customers based upon their settled short stock position. You will be liable for any losses/costs.
7. Based on the manner in which a buy-in may be required to be executed, significant differences between the price at which the buy-in transaction was executed and the prior day's close may result. These differences may be especially pronounced in the case of illiquid securities.
8. Based on the manner in which a buy-in and a third party is allowed to execute a buy-in, significant differences between the price at which the buy-in transaction was executed and the prior day's close may result. These differences may be especially pronounced in the case of illiquid securities.

9. Short positions are subject to liquidation to meet any margin deficiency that may arise in your account (s) and IB may not provide notice prior to such liquidation.
10. The Mexican peso borrow fee amount charged while holding a short position in Mexican shares will be calculated based on the number of shares short rounded up to the next increment of 100 shares (with a minimum of 100 shares). For example, a 1 share short position will be charged as if the account is short 100 shares, whereas a 180 share short position would be charged as if the account was short 200 shares.