

INTERACTIVE BROKERS AUSTRALIA PTY LTD DISCLOSURE OF RISKS OF MARGIN TRADING [AND AUTOMATIC LIQUIDATION]

Interactive Brokers Australia Pty Ltd (“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 calls¹, 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

¹ IBA will, however, automatically issue electronic warnings to alert you to top up the margin account with additional collateral or cash. This is in the form of an email automatically issued to you, as well as various alerts within the various trading interfaces.

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 is entitled to immediately sell your securities or futures contracts without notice to you in the event that your account has insufficient margin. You will, however, be issued with various electronic warnings via email and through the various trading interfaces to alert you to top up your margin account with additional cash or collateral when your margin account is approaching margin call.
- **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.**