



## Interactive Brokers LLC Insured Bank Deposit Sweep Program Disclosure Statement

### **Introduction.**

This document provides important information about the Insured Bank Deposit Sweep Program ("Program") offered by Interactive Brokers LLC ("IB"). Through the Program, eligible cash balances, as described below, in your brokerage account at IB ("IB Account") are automatically deposited into an FDIC-insured, interest-bearing deposit account at one or more participating banks ("Program Banks"). The Program is designed to maximize FDIC insurance coverage of your cash by allocating your eligible cash balances among the Program Banks.

### **How the Program Works.**

#### **Eligibility:**

IB may establish eligibility criteria for the Program based on account type, amount of free credit balances or other criteria established by IB in its discretion or as required by law. Free credit balances are generally defined as USD cash in your IB Account in excess of margin requirements and short stock value. Eligible cash balances are free credit balances within the minimum and maximum balance criteria detailed below, calculated as of the close of business each day and swept into the Program on the next business day. Current eligibility criteria can be found on IB's web site at <https://www.interactivebrokers.com/en/index.php?f=27462#sweepprogram>

#### **Deposit Procedures:**

When funds are first available for deposit, IB, as your agent, will open a money market deposit account ("MMDA") and a linked transaction account ("TA") (collectively, "Deposit Accounts") on your behalf at one or more of the Program Banks, as set forth on the then-current Priority List in the order set forth on the Priority List (see below for a further description of this process). The funds deposited in your Deposit Accounts (each, a "Program Deposit") are eligible for deposit insurance coverage up to the standard maximum deposit insurance amount ("SMDIA") in accordance with FDIC regulations. The SMDIA is \$250,000 per depositor, per insured bank, for each account ownership category as defined by the FDIC (e.g., individual, joint, organizational, etc.)

The maximum deposit limit at each Program Bank will at all times be \$246,500 ("Maximum Deposit Limit") and \$493,000 for joint accounts to allow for FDIC coverage of accrued interest. Once the funds in Deposit Accounts at a Program Bank reach the Maximum Deposit Limit, IB, as your agent, will open an MMDA and TA for you at the next Program Bank on the Priority List and place the additional funds in that Program Bank. As your funds will be swept into Deposit Accounts at the Program Banks, your funds will be eligible for up to \$2,500,000 per depositor (\$5,000,000 for joint accounts) in deposit insurance coverage by the FDIC, subject to applicable limitations.

In the event that you have aggregate Program Deposits equal to \$2,500,000 (\$5,000,000 for joint accounts) at Program Banks, excess funds will remain at IB and will continue to be handled in accordance with the regulations applicable to IB's handling of customer funds. If you have both a Program Deposit and non-Program deposits (i.e., your own account(s) or deposits established on your own, separate from the Program) at the same Program Bank held in the same account ownership category as your Program Deposit, you must aggregate all such deposits with your Program Deposit for purposes of determining FDIC coverage. You are responsible for monitoring your deposits for FDIC coverage. Failure to do so may void insurance on any portion of your deposits in excess of the FDIC limit. If you do not wish to participate in the Program, your funds will remain in your IB Account, which is subject to coverage, with applicable limitations (currently, up to \$250,000 in cash), by the

Securities Investor Protection Corporation ("SIPC").

### **Withdrawal Procedures:**

As your agent, IB will deposit available cash balances in your MMDA at each Program Bank as set forth above. As necessary to satisfy withdrawals, funds will be transferred from your MMDA to the related TA at each Program Bank and withdrawals will be made from the TA. Funds will be withdrawn from the last Program Bank on the Priority List in which you have Program Deposits on the date of withdrawal. The Program Bank and IB in their discretion may determine a minimum, or "threshold", amount to be maintained in your TA to satisfy debits in your IB Account. IB, as your agent and custodian, will make all withdrawals necessary to satisfy debits in your IB Account from your TA. A debit is created to satisfy a securities purchase, a margin requirement, a request for a withdrawal of funds from your IB Account or to satisfy any other payment obligations in your IB Account and, if applicable, when you make payments to other financial institutions. Withdrawals from your TA can only be made by IB as your agent. You will have no direct access to your Deposit Accounts. Withdrawal requests from the Deposit Accounts are processed for next day value, i.e., they are subject to a one-day delay.

Federal banking regulations limit the transfers from an MMDA to a total of six (6) during a monthly statement cycle. At any point during a month in which transfers from an MMDA at a Program Bank have reached the applicable limit, all funds will be transferred from that MMDA to the linked TA at the Program Bank until the end of the month. Deposits for the remainder of the month into this Program Bank will be made to the TA. At the beginning of the next month, funds on deposit in the TA will be transferred to the MMDA, minus any threshold amount to be maintained in the TA. The limits on MMDA transfers will not limit the number of withdrawals that can be made from funds on deposit at a Program Bank or the amount of FDIC insurance coverage for which you are eligible.

### **Interest:**

You will earn interest on your Program Deposits at IB's published rates based on your total settled cash balances, including cash held in your IB Account and in Program Deposits (and regardless of whether Program Deposits are held in an MMDA or a TA). Balance tiers, which determine the applicable interest rates, apply to your total settled cash balances. Current policies and interest rate information can be found on IB's web site at [www.interactivebrokers.com/en/p.php?f=interest](http://www.interactivebrokers.com/en/p.php?f=interest). The balance tiers and interest rates may be changed at IB's discretion without notice to you.

Interest on Program Deposits will accrue daily and be credited to your Deposit Accounts at the end of each month. The interest rate on Program Deposits may be higher or lower than the interest rates available to depositors making deposits directly with the Program Banks or other depository institutions in comparable accounts or for investments in money market funds and other cash equivalent investments available through IB. You should compare the terms, interest rates, required minimum amounts, charges and other features of the Program with other accounts and alternative investments.

### **Priority List:**

From the list of Program Banks, which is available to eligible customers on the Account Management sign-up page for the Program, IB maintains a priority list of available Program Banks into which your funds may be deposited ("Priority List"). The hierarchy of the Program Banks on the Priority List reflects the order in which these Program Banks will be utilized in connection with your account. Once the funds in Deposit Accounts at a Program Bank reach the Maximum Deposit Limit, IB, as your agent, will open Deposit Accounts for you at the next Program Bank on the Priority List and place the additional funds in that Program Bank, until the aggregate Program limit is reached.

We will inform you into which Program Banks your funds are deposited on your IB Activity Statement. We reserve the right to choose the priority of Program Banks in which your funds will be placed and the intermediary bank, providing operational services, through which your funds will pass. We reserve the right to include additional Program Banks as well as delete Program Banks. IB will electronically notify you of any changes in the Program Banks.

You may not change the order of the Program Banks on the Priority List. However, you may, at any time, designate a Program Bank as ineligible to receive your funds through IB's Account Management system. This will result in your funds being deposited into Deposit Accounts at the next Program Bank on the Priority List, subject to applicable limitations. In addition, you may at any time instruct us to remove your funds from a Program Bank, close your Deposit Accounts with the Program Bank and designate the Program Bank as ineligible to receive future deposits. Designating a Program Bank as ineligible to receive future deposits, however, may result in a lower available limit for FDIC insurance.

### **Your Relationship with IB.**

IB is acting as your agent in establishing the Deposit Accounts at each Program Bank, depositing funds into the Deposit Accounts, withdrawing funds from the Deposit Accounts and transferring funds among the Deposit Accounts. Deposit Account ownership will be evidenced by a book entry on the account records of each Program Bank and by records maintained by IB as your custodian. No evidence of ownership, such as a passbook or certificate, will be issued to you. Your IB Activity Statement will reflect the balances in your Deposit Accounts at the Program Banks.

Unless you establish deposit accounts directly with a Program Bank as described below, all transactions with respect to your Program Deposit Accounts must be directed by IB and all information concerning your Deposit Accounts can only be obtained from IB. The Program Banks have no obligation to accept instructions from you with respect to your Deposit Accounts or provide you with information concerning your Deposit Accounts.

IB may, in its sole discretion, terminate your use of the Deposit Accounts as a sweep investment option. You may terminate your participation in the Program at any time through IB's Account Management system. If IB terminates your use of the Deposit Accounts as a sweep investment option or if you decide to terminate your participation in the Program, you may establish a direct depository relationship with each Program Bank by requesting the Program Bank to establish deposit accounts in your name at such Program Bank, subject to such Program Bank's rules with respect to establishing and maintaining deposit accounts. Establishing deposit accounts in your name at a Program Bank will separate those deposit accounts from your IB Account. Your deposit account balances will no longer be reflected in your IB Account statement and IB will have no further obligations or responsibility concerning your deposit accounts. If you close your IB Account, your Deposit Accounts will also be closed and the funds will be distributed to you according to the terms and conditions of the IB Account Customer Agreement.

### **Your Relationship with the Program Banks.**

You will not have a direct account relationship with the Program Banks. IB, as your agent, will establish the Deposit Accounts for you at each Program Bank and make deposits to and withdrawals from the Deposit Accounts. Each Deposit Account constitutes a direct obligation of the Program Bank and is not directly or indirectly an obligation of IB. You can obtain publicly available financial information concerning each Program Bank at <http://www.ffiec.gov/nicpubweb/nicweb/nichome.aspx> or by contacting the FDIC Public Information Center by mail at 3501 North Fairfax Drive, Room E-1005, Arlington, Virginia 22226 or by phone at 703-562-2200. IB does not guarantee in any way the financial condition of the Program Banks or the accuracy or completeness of any publicly available financial information concerning any Program Bank.

### **Fees to IB: Relationship between IB and Others.**

IB receives a fee from each Program Bank in connection with the operation of the Program. This fee is based on the average aggregate daily deposits in the Deposit Accounts with the Program Bank and may vary from bank to bank.

IB utilizes a third-party to perform certain services in connection with the program ("Service Provider"). The Service Provider receives a service fee for services rendered in connection with the Program.

The rates of interest on Program Deposits may be lower than prevailing market interest rates or rates on deposits accounts opened directly with such Program Bank. You will earn interest at IB's published rates based on your combined settled cash balances in your IB Account and your Program Deposits.

The Program Banks use Program Deposits to fund current and new lending and for investment activities. The Program Banks earn net income from the difference between a) the interest they pay on Program Deposits and the fees paid to IB and the Service Provider, and b) the income they earn on loans, investments and other assets.

### **Risks of Program.**

- » Program Banks are required to reserve the right to request seven days prior written notice of a withdrawal.
- » In the event of a failure of a Program Bank, there may be a time period during which you may not be able to access your money.
- » Deposits at a Program Bank outside the Program may limit the available FDIC insurance on deposits through the Program.
- » IB is not liable for any bank failure or any loss of funds related to any bank failure for any reason, including for delays or failure of any FDIC insurance coverage.

### **Changes to Program.**

IB may modify the Program at any time in its sole discretion. Modifications to the Program may include, but are not limited to, changing the terms and conditions and adding, changing or eliminating banks in the Program. You will receive notification in advance of such changes.

### **FDIC Insurance Coverage.**

The funds in your Deposit Accounts, together with any non-Program deposits you may have at the same Program Bank are insured by the Federal Deposit Insurance Corporation ("FDIC"), an independent agency of the U.S. government, up to \$250,000 per depositor in each account ownership category (e.g., single accounts, retirement accounts, joint accounts, trust accounts, employee benefit plan accounts, organizational accounts, etc.), in accordance with the rules of the FDIC. The applicable FDIC insurance limit depends upon the account ownership category in which you hold the Program Deposit, and the relevant limit will be applied to all deposits (including Program Deposits and non-Program deposits) held in the same account ownership category by you at the Program Bank. For example, if you have three single accounts (i.e., the account titles are in your name) at an insured bank with \$100,000 in each account, the FDIC would combine the three accounts, totaling \$300,000, and insure up to \$250,000, leaving \$50,000 uninsured.

The same limitation would apply separately to accounts held under other account ownership categories (e.g., joint, organizational, etc.). This means if you and an equal co-owner share three joint accounts at the same bank with \$200,000 in each account, the FDIC would combine each co-owners' share of funds, totaling \$600,000, and insure up to \$250,000 per co-owner (i.e. \$500,000 per joint account), leaving \$100,000 uninsured.

If you have both a Program Deposit and non-Program deposits at the same Program Bank held in the same account ownership category as your Program Deposit, you must aggregate all such deposits with your Program Deposit held in the same account ownership category for purposes of determining FDIC coverage. You are responsible for monitoring the total amount of deposits that you hold with any one Program Bank, directly or through an intermediary, in order to determine the extent of deposit insurance coverage available to you on your deposits, including the Deposit Accounts. IB does not monitor or take any responsibility for money that you may have at a Program Bank outside the Program. IB is not responsible for any insured or uninsured portion of the Deposit Accounts or any other deposits.

In the event that FDIC insurance payments become necessary, payments of principal plus unpaid and accrued interest will be made to you. There is no specific time period during which the FDIC must make insurance payments available, and IB is under no obligation to credit your IB Account with funds in advance of payments received from the FDIC.

If you have questions about basic FDIC insurance coverage, please contact IB Customer Service. You may wish to seek advice from your own attorney concerning FDIC insurance coverage of deposits held inside or outside the Program, in more than one account ownership category, or in other possible combinations. You may also obtain information by contacting the FDIC, Deposit Insurance Outreach, Division of Supervision and Consumer Affairs, by letter (550 17th Street, N.W., Washington, D.C. 20429), by phone (877-275-3342 or 800-925-4618

(TDD)), by visiting the FDIC website at [www.fdic.gov/deposit/index.html](http://www.fdic.gov/deposit/index.html), or by e-mail using the FDIC's On-line Customer Assistance Form available on its website.

**No SIPC Coverage for Assets Held in Deposit Account.**

The Securities Investor Protection Corporation has taken the position that assets held in a Deposit Account are not covered by SIPC; accordingly, funds held in the Program will not be SIPC protected. Likewise, funds held in the Program will not be eligible for any excess-SIPC coverage purchased by IB for the benefit of IB clients.