



## Interactive Brokers Hong Kong Limited Fully Disclosed Clearing Agreement

This Fully Disclosed Clearing Agreement ("Agreement") is entered into by and between Interactive Brokers Hong Kong Limited (SFC CE No. ADI249) ("IB", "Interactive" or "Interactive Brokers"), a limited company that is duly organized and existing under the laws of the Hong Kong Special Administrative Region ("Hong Kong SAR") and Introducing Broker (collectively "the Parties"). If this Agreement is inconsistent with any content on the Interactive website, this Agreement prevails to the extent of the inconsistency. This Agreement cannot be amended or waived except in writing, signed by a duly authorized officer of Interactive. Interactive's Client service employees are not authorized to amend or waive any part of this Agreement.

**WHEREAS**, Introducing Broker desires to introduce accounts to Interactive on a fully disclosed basis ("Fully Disclosed Accounts" or "Accounts");

**WHEREAS**, Interactive desires to provide execution and clearing services for the fully disclosed accounts, subject to the terms and conditions of this Agreement;

**NOW THEREFORE**, for and in consideration of the mutual promises, covenants and agreements contained in this Agreement and other good and valuable consideration, the sufficiency of which the Parties hereby acknowledge, and intending to be legally bound by this Agreement, the Parties agree as follows

1. **Establishment of the Accounts and Approval of Agreement:** Fully Disclosed Accounts shall be established and maintained in conformity with any and all applicable laws, rules, and regulations of the Hong Kong SAR, the relevant exchanges and clearinghouses, and the relevant Code of Conduct and associated guidance issued by the Securities and Futures Commission ("SFC") (collectively, the "Laws and Regulations").
2. **Applicable Fully Disclosed Accounts:** This Agreement shall apply to all Fully Disclosed Accounts introduced by Introducing Broker and carried by Interactive and any separate proprietary accounts of the Introducing Broker. Introducing Broker represents that all information provided by the Introducing Broker to Interactive in the application process is true and correct.
3. **Account Information:**
  - A. Interactive generally will endeavor to keep information relating to Introducing Broker and its Clients' Accounts confidential, but Interactive may be required to disclose the name and beneficial owner identity or such other information concerning the Introducing Broker and/or Clients as necessary to comply with the Laws and Rules and/or to provide services to Clients. Introducing Broker agrees to provide such information to Interactive, and consents for Interactive to provide such information to the relevant exchange, clearing house, regulator or other necessary party and as may otherwise be required under applicable Rules, laws and regulations. Introducing Broker irrevocably authorizes Interactive to make any such disclosure.
  - B. Where Interactive utilizes another broker or entity, which could be an affiliate, to facilitate execution of Introducing Broker's or its Clients' instructions or provision of services to Introducing Broker and/or its Clients under this Agreement, Introducing Broker authorizes Interactive to provide information relating to the Introducing Broker and/or its Clients' Accounts to the relevant broker or entity as necessary, including but not limited to the purpose of satisfying the broker or entity's obligations under the Laws and Rules (including any applicable rules, laws or regulations relating to anti-money laundering, "Know Your Client", trade and position reporting, or as may otherwise be required for such purpose).
  - C. **Use of Personal Data of Individuals Listed in your Application:** Interactive intends to use the details (including the name(s) and email address(es)) of individuals that you have listed in the application to send information relating, but not limited, to new product announcements, market updates,

upcoming Interactive webinars and other relevant information relating to Interactive Brokers' services. Further, Interactive may disclose the personal information of the individuals that you have listed in your Application to: (a) any international financial market participant and any affiliate of Interactive, whether local or overseas; (b) any clearing or settlement participant responsible for the clearing or settlement of the transactions; (c) Interactive's service providers (including marketing companies, data consultants and IT contractors); (d) Interactive's agents, contractors, and external advisers; (e) government and other regulatory bodies and authorities whether local or elsewhere; (f) payment system operators; (g) other financial institutions and credit providers; (h) on a confidential basis, a prospective purchaser of, or investor in, Interactive or an affiliate or all or part of the business of Interactive or an affiliate; and (i) any other relevant person to the extent required by applicable law. By signing this Agreement, you indicate that you have consulted the individuals listed in your application and have received their authorization to consent and agree to such use on their behalf. If any of the individuals listed in your application do not agree to such use of their personal information, they can exercise the opt-out option by following the instructions on the Interactive website.

4. **Allocation of Responsibilities:** Introducing Broker shall introduce Clients to Interactive on a fully disclosed basis pursuant to the terms and conditions of this Agreement. The Fully Disclosed Accounts shall be carried in the name of the Fully Disclosed Clients. Responsibilities of the Parties shall be allocated as set forth below. To the extent that a particular function is allocated to one party under this Agreement, the other party shall supply that party with information in its possession pertinent to the proper performance and supervision of that function.

A. Opening, Approval and Monitoring of Fully Disclosed Accounts:

- i. Interactive shall be responsible for the opening, approval, monitoring and supervision of the Fully Disclosed Client Accounts.
- ii. Interactive shall not have any discretionary authority with respect to any Fully-Disclosed Account. Introducing Broker may have discretionary authority with respect to Fully-Disclosed Accounts and shall supervise such accounts in accordance with the Laws and Regulations.
- iii. Interactive shall: (a) verify Clients' identities; (b) obtain certain information from each Client (e.g., financial information and investment objectives) to determine whether the Client satisfies Interactive's criteria for establishing a brokerage account and trading the investment products requested by Client; (c) approve or disapprove the opening of the account; and (d) maintain those new account records related to the foregoing that are required by applicable Laws and Regulations. Introducing Broker shall be solely and exclusively responsible for: (i) satisfying all other "know your client," suitability and sales practice requirements including, without limitation, all requirements related to any investment advice, investment recommendations, solicitation of orders, discretionary trading authority or any other service that the Introducing Broker may provide to Client and (ii) maintaining all new account records related thereto that are required by the Laws and Regulations.

B. Required Disclosures:

- i. Interactive shall, subject to 2, be responsible for providing Clients with any disclosures required under the Laws and Regulations in relation to transactions in products conducted through Client Accounts held with Interactive. If Introducing Broker is required under its home country Laws and Regulations or the home country Laws and Regulations of Clients to provide certain disclosures, Introducing Broker will be responsible for providing such disclosures.
- ii. Introducing Broker shall be responsible for providing notice and any ongoing disclosures (including statements, confirmations, or receipts) required under applicable Laws and

Regulations to Clients of all fees and commission fees and any amounts to be received or received by Introducing Broker in relation to Accounts introduced to Interactive Brokers.

- C. Investment Advice: Representatives of Interactive are not authorized to provide investment, tax or trading advice or to solicit orders, and none of the information, research or other material provided by Interactive or on Interactive's website is intended as, or should be interpreted as being a recommendation by Interactive or a solicitation to buy or sell securities, options, futures or other investment products. Introducing Broker may provide investment advice and, to the extent that it does so, shall comply with applicable Laws and Regulations including, without limitation, any applicable suitability and "know your client" requirements.

If IB solicits the sale of or recommends any financial product to you, the financial product must be reasonably suitable for you having regard to your financial situation, investment experience and investment objectives. No other provision of this agreement or any other document IB may ask you to sign and no statement IB may ask you to make derogates from this clause.

- D. Receipt, Segregation, Safeguarding and Delivery of Client Funds and Extension of Credit:

- i. Interactive shall receive, segregate, safeguard and deliver Fully Disclosed Client funds, securities, and other property in accordance with the Laws and Regulations.
- ii. Interactive shall be responsible for extending credit to the Fully Disclosed Accounts, collecting margin from the Accounts, and determining and enforcing credit or margin limits applicable to the Accounts in accordance with the Laws and Regulations.
- iii. Interactive shall credit each Account with any credit interest owed to the respective Client in accordance with the credit interest terms and rates set by Introducing Broker for such Account subject to Interactive Brokers' maximums/minimums and other criteria. Interactive shall deduct any debit interest owed in each Account in accordance with the debit interest terms and rates set by Introducing Broker subject to Interactive Brokers' maximums/minimums and other criteria.
- iv. To the extent allowed by the Laws and Regulations, and as authorized by Client under the Client Securities Standing Authority, Interactive and its affiliated companies ("Affiliates") may engage in stock lending activity and the lending of Client collateral, securities or other property including, but not limited to, using Client collateral, securities or other property for their own accounts or for the accounts of other Clients, and lending, either to themselves, to their Affiliates, or to others, any Client collateral, securities and other property held by Interactive in Clients' Fully-Disclosed Accounts. Pursuant to applicable Laws and Regulations, Interactive or its Affiliates may deposit collateral, securities and/or other Client property with third parties and may pledge, re-pledge, hypothecate or re-hypothecate Client collateral, securities and/or other Client property, either separately or together with other securities and/or other property of other Clients of Interactive for any amount due to Interactive in any Interactive Fully-Disclosed Account in which Client has an interest. Interactive or its Affiliates, may so pledge, re-pledge, hypothecate or rehypothecate Client collateral, securities and/or other property without retaining in Interactive's or its Affiliate's possession or under its control for delivery a like amount of similar collateral, securities and/ or other property and Interactive or its Affiliates may return to Client collateral, securities and/ or other property other than the original, or original type of, collateral, securities and/or property that Client deposited with Interactive. Collateral that is registered with a third party may not be in Client's name.
- v. Interactive may hold securities in the Client's name ("Client Name Securities"), or may cause such securities to be registered in the name of Interactive or its nominee or in the names or nominees of any depository used by Interactive. In connection with Client Name Securities, Introducing Broker shall be responsible for, among other things, collecting and paying of dividends, transmitting and handling tenders or exchanges pursuant to tender offers and exchange offers, transmitting proxy materials and other shareholder communications, and handling exercises or expirations of rights and warrants or redemptions.

E. Acceptance and Submission of Orders and Instructions:

- i. Interactive is authorized to accept orders directly from a Client for its Fully Disclosed Account or from the Introducing Broker for a Client's Fully Disclosed Account. For orders transmitted to Interactive by the Introducing Broker, Introducing Broker is solely responsible for determining whether such orders are properly authorized by the Client and Interactive will not contact the Client to verify or confirm, prior to execution, orders sent to Interactive by the Introducing Broker. For orders transmitted to Interactive by the Introducing Broker, Introducing Broker shall be solely responsible for any errors in the transmission of such orders.
- ii. Interactive shall be responsible for screening orders to make sure that such orders are within the risk management limits for the Fully Disclosed Accounts.
- iii. Interactive is entitled to rely on all instructions given, or apparently given, and all actions taken by Introducing Broker or on its behalf entered using the Introducing Broker's username and password, and Introducing Broker and its Client are bound by any Transaction or any dealing or other action or omission in connection with its Account or any financial products held for Introducing Broker's Client in reliance on such instructions. Interactive will not be liable for any loss caused by us acting on instructions, actions or omissions or other communications using the Introducing Broker's user name and password except to the extent that such loss cannot be excluded by law.
- iv. Interactive shall process instructions received from Clients (or from Introducing Broker on behalf of Clients) with respect to voluntary corporate actions (e.g., exchange offers, rights offerings, warrants, tender offers) involving the Fully Disclosed Accounts.
- v. Interactive is authorized to accept any account instructions received from the Introducing Broker related to a Customer's Fully Disclosed Account, including but not limited to account instructions to view, update or change account information, account settings, passwords or security/account access information, products to be traded; to issue payments, wires and transfers to customers and third parties; to freeze, limit or restrict access to client accounts or funds, to vote shares and make elections regarding positions and to participate in special programs and investments. Introducing Broker is solely responsible for determining whether such instructions are properly authorized by the Customer and Interactive is not required to contact the Customer to verify or confirm instructions submitted to Interactive by the Introducing Broker before effectuating those instructions.

F. Client Support: Introducing Broker shall be responsible for providing all client service and technical support to Clients. Interactive will provide necessary information and assistance to Introducing Broker to assist Introducing Broker in fulfilling this obligation. Disputes and issues concerning Interactive's performance of its responsibilities for Client Accounts (e.g., questions relating to execution, margin and credit issues, etc.) will be forwarded to Interactive by the Introducing Broker and will be addressed by Interactive and the resolution communicated to Introducing Broker. Introducing Broker shall have no authority to bind Interactive or to enter into any agreement, understanding or commitment giving rise to any liability or obligation of Interactive.

G. Transmission and Execution of Orders, Clearing and Settlement: Interactive shall receive and execute orders (directly or by transmitting them to a market center for execution) and shall clear and settle transactions executed by Interactive for the Fully Disclosed Accounts, pursuant to the terms and conditions of this Agreement.

H. Commissions and Fees:

- i. In order to apply to become an Introducing Broker, Interactive requires the Introducing Broker to provide an application deposit in an amount to be specified by Interactive (the "Deposit"). The Deposit shall be placed in the Introducing Broker's Interactive account. Upon approval of the Introducing Broker's application, it is expected that this Deposit will be applied against

commissions/clearing fees incurred. If the Introducing Broker does not complete its application, the Deposit will not be refunded. If Interactive rejects the Introducing Broker's completed application, the deposit will be refunded.

- ii. Commissions and fees to be paid by the Introducing Broker itself (including but not limited to any required monthly minimum aggregate commission owed by Introducing Broker regardless of activity) shall be as described on Interactive's website, unless separately agreed in writing by an authorized officer of Interactive.
- iii. Introducing Broker shall notify Interactive of the commission rates applicable to transactions for the Fully Disclosed Accounts. Commission rates for Fully Disclosed Accounts shall be no lower than the standard commission rates published on the Interactive website. Introducing Broker is responsible for notifying Client of the commission rates for Fully Disclosed Accounts and any fees applicable to the Fully Disclosed Accounts. If required under the Laws and Regulations, Introducing Broker confirms that it has or will disclose to Clients the portion of the commissions or fees to be received by Introducing Broker, and that Clients consent to Introducing Broker's receipt of such commissions and fees. Introducing Broker represents and warrants that the commission rates and fees for Fully Disclosed Accounts shall be commercially reasonable and shall comply with all applicable Laws and Regulations.
- iv. Interactive shall deduct applicable commissions and fees from the Fully Disclosed Accounts.
- v. Interactive's share of the commissions and fees collected for transactions in the Fully Disclosed Accounts shall be equal to its standard commissions and fees published on the Interactive website (although an aggregate minimum commission for all of Introducing Broker's accounts generally shall apply as described on the Interactive website). The remainder of the commissions and fees collected for the Fully Disclosed Accounts shall be remitted periodically to the Introducing Broker. Introducing Broker agrees to return to Interactive immediately any funds of any kind erroneously or improperly remitted to Introducing Broker by Interactive. In the event that funds in a Fully Disclosed Account are insufficient to pay Interactive's portion of commissions and fees and Introducing Broker's portion, Interactive's portion shall be paid first.

I. Confirmations and Statements: Interactive generally shall be responsible for providing confirmations and account statements to Clients in relation to transactions and other activity in Client Accounts in financial or other products save as specified in this clause I or as otherwise agreed. Interactive Brokers may instead elect to provide confirmations and account statements to Introducing Broker for Introducing Broker to provide to Clients and Introducing Broker agrees to provide such confirmations or statements in such circumstance. Introducing Broker shall be entirely responsible for providing any statements or confirmations required by the applicable Laws and Regulations in relation to amounts to be received or received by Introducing Broker in relation to Clients introduced to Interactive Brokers, which includes any notices or statements in respect of any amounts received by Introducing Broker due to any interest or commission mark-up or mark-down.

J. Books and Records:

- i. Interactive shall be responsible for maintaining required books and records including, without limitation, account documentation required for a brokerage account and for trading the products requested by Client, in connection with the Fully Disclosed Accounts. If Introducing Broker is required under its home country Laws and Regulations or the home country Laws and Regulations of the Client to maintain additional books and records, Introducing Broker shall do so.
- ii. Introducing Broker shall have access to account information regarding the Fully Disclosed Accounts introduced by Introducing Broker.

K. Complaints: In the event that Interactive receives any complaint regarding the Introducing Broker or its associated persons relating to functions and responsibilities allocated to the Introducing Broker

pursuant to this Agreement, Interactive is authorized in its discretion to provide such complaint to Introducing Broker and/or to Introducing Broker's regulator(s).

L. Client Agreements: Nothing in this Agreement shall be deemed to alter or supersede the rights of Interactive pursuant to the agreements Interactive shall enter with Fully Disclosed Clients ("Client Agreements"). Interactive retains complete discretion in determining whether to approve account applications from prospective Clients, to suspend or terminate Client Accounts, to handle and resolve disputes with Clients, and to take any other action with respect to Clients or Clients' Fully Disclosed Accounts under the relevant Client Agreements.

M. Introducing Broker's Proprietary Accounts:

i. Introducing Broker acknowledges that an account separate from its Clients' accounts must be used to hold any proprietary funds and positions of the Introducing Broker. If Introducing Broker maintains a proprietary account with Interactive, such account shall be subject to the terms and conditions of the Interactive Brokers Client Agreement, which is incorporated herein by reference.

ii. Introducing Broker agrees to maintain its proprietary and client accounts (and the proprietary and client accounts of any introducing firm for which Introducing Broker is acting as intermediary in obtaining clearing services from Interactive), in such a manner as to enable Interactive specifically to identify the proprietary and client accounts belonging to each introducing firm.

N. Proprietary Trading; Display of Introducing Broker Orders: Subject to the Laws and Regulations, Introducing Broker authorizes Interactive to engage in proprietary trading, and to execute the proprietary trades of its affiliates notwithstanding that Interactive may simultaneously hold unexecuted Introducing Broker orders for the same products that could be executed at the same price; and Introducing Broker authorizes Interactive to disclose Introducing Broker orders to others, including Interactive's affiliates and brokers, to disseminate quotes; and to facilitate the execution of such orders. All unexecuted orders, including proprietary orders, for the same products at the same price are executed in the order in which they are received by Interactive.

## **5. Representations and Warranties**

A. Introducing Broker represents that Introducing Broker is authorized pursuant to its articles of incorporation, charter, by-laws, operating agreement or other governing document(s) and the Laws and Regulations to: (1) retain the services of Interactive; (2) enter into this Agreement; (3) engage in the securities, options, futures, and other investment transactions to be effected through the Fully Disclosed Accounts; (4) effect such transactions on behalf of Introducing Broker's Clients; and (5) engage in all other transactions and activities contemplated by this Agreement.

B. Introducing Broker represents that all information provided by the Introducing Broker to Interactive in the Account application and during the account approval process is true and correct and that Introducing Broker will notify Interactive promptly in writing in the event of a material change at any time in the future of any of the information provided.

C. Introducing Broker represents that Introducing Broker and its officers, directors and employees are and shall remain for the duration of this Agreement properly registered, licensed, or authorized (unless such persons are not required to be so registered, licensed, or authorized), under the Laws and Regulations. Introducing Broker shall promptly notify Interactive of any material changes in any of its regulatory or self-regulatory organization registrations, licensures, authorizations, or memberships.

D. Introducing Broker represents that Introducing Broker and its officers, directors and employees are now, and shall remain, in material compliance with the Laws and Regulations.

E. Introducing Broker represents that there are no material civil or criminal complaints, investigations, proceedings, actions or suits pending against or involving Introducing Broker or any of Introducing Broker's officers, directors, or employees that have not been disclosed in writing to Interactive as part of its application in connection with this Agreement: (1) that allege any material violation by

Introducing Broker of any of the criminal, securities, or commodities laws or regulations of any jurisdiction, regulatory or self-regulatory organization, or exchange or (2) that, if decided, would have a material, adverse effect on the ability of Introducing Broker to fulfill its obligations under this Agreement.

## **6. Reporting by Introducing Broker:**

- A. Disciplinary Action, Suspension, or Restriction: Introducing Broker shall immediately notify Interactive if Introducing Broker becomes subject to any disciplinary action, suspension or restriction imposed by any agency, regulatory or self-regulatory organization, or exchange that would materially and adversely affect Introducing Broker's ability to fulfill its obligations hereunder, and shall promptly provide to Interactive a copy of any decision relating to such disciplinary action, suspension, or restriction. Introducing Broker also shall immediately notify Interactive of any other restriction on its activities with respect to the Fully Disclosed Accounts or Clients. In either of these events, Interactive may take any action it deems to be necessary: (1) to assure itself that Introducing Broker will continue to comply with the Laws and Regulations notwithstanding such action, suspension or restriction, and (2) to comply with any requests, directives, or demands made upon Interactive by any agency, regulatory or self-regulatory organization, or exchange.
- B. Regulatory Requests for Information: Introducing Broker shall comply with all appropriate requests for information from any agency, regulatory or self-regulatory organization, or exchange regarding any activities of Introducing Broker that involve the Fully Disclosed Accounts or Clients.

## **7. Event of Default:**

- A. An "Event of Default" hereunder shall occur automatically, without notice from Interactive if: (1) Introducing Broker breaches, repudiates, or defaults in any way on any agreement with Interactive; (2) Interactive, in its sole discretion, determines that it has sufficient grounds for insecurity with respect to Introducing Broker's performance of any obligation to any person and, immediately after demand, Introducing Broker fails to provide assurance of performance of the obligation satisfactory to Interactive; (3) any proceedings are commenced by or against Introducing Broker under any bankruptcy, insolvency, relief of debtors, or similar law; (4) Introducing Broker makes an assignment for the benefit of creditors; (5) a receiver, trustee, conservator, liquidator, or similar officer is appointed for Introducing Broker or any of Introducing Broker's property; (6) any of Introducing Broker's material representations to Interactive, whenever or wherever made, were misleading when made or later become untrue; (7) Introducing Broker or any organization of which Introducing Broker is a member suspends or threatens to suspend the transaction of its usual business; (8) any proceeding is commenced with respect to any of Introducing Broker's property or any such organization; or (9) Interactive has reason to believe that any of the foregoing is likely to occur imminently.
- B. Introducing Broker absolutely and unconditionally agrees that, after the occurrence of an Event of Default, Interactive is authorized to terminate any or all of Interactive's obligations to Introducing Broker for future performance and Interactive shall have the right in its discretion, but not the obligation, without prior notice, to liquidate all or any part of Introducing Broker's positions in any Interactive account, individual or joint, at any time and any manner and through any market or dealer. Interactive will use its best endeavors to liquidate all or any part of Introducing Broker's positions in a liquidation process on the best terms available at the time of the liquidation.
- C. Introducing Broker shall indemnify Interactive and hold Interactive harmless for all actions, omissions, costs, expenses (including attorneys' fees), losses, penalties, claims or liabilities, which Interactive incurs in connection with: (1) the exercise of any remedy, (2) the care of collateral and defending or asserting the rights and claims of Interactive in respect thereof, and (3) meeting any obligation of Interactive which it fails to perform by reason of an Event of Default.

8. **License to Use Interactive Software and Related Restrictions:** Interactive grants to Introducing Broker and Introducing Broker accepts a non-exclusive and non-transferable license to use Interactive's proprietary software to communicate with the Interactive System ("Interactive Software"), solely as provided herein. Title to the Interactive Software shall remain the sole property of Interactive, including without limitation, all applicable rights to patents, copyrights and trademarks. Introducing Broker shall secure and protect the Interactive Software in a manner consistent with the maintenance of Interactive's ownership and rights therein and shall not sell, exchange, or otherwise transfer the Interactive Software to others. Interactive shall be entitled to obtain immediate injunctive relief against threatened breaches of the foregoing undertakings. Introducing Broker shall not copy, modify, translate, decompile, reverse engineer, disassemble or otherwise reduce to a human readable form, or adapt, the Interactive Software or use it to create a derivative work, unless authorized in writing to do so by an officer of Interactive and confirmed by Interactive's Secretary. Any updates, replacements, revisions, enhancements, additions or conversions to the Interactive Software supplied to Introducing Broker by Interactive shall become subject to this Agreement.

9. **Liability and Indemnity:**

A. **UNDER NO CIRCUMSTANCES SHALL INTERACTIVE BE LIABLE FOR ANY PUNITIVE, INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL LOSS OR DAMAGES, INCLUDING LOSS OF BUSINESS, PROFITS OR GOODWILL UNLESS ARISING DIRECTLY FROM ITS FRAUD OR CAUSING PERSONAL BODILY INJURY OR DEATH.**

B. **INTRODUCING BROKER ACCEPTS THE INTERACTIVE SYSTEM "AS IS", AND WITHOUT WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE, PURPOSE OR APPLICATION; TIMELINESS; FREEDOM FROM INTERRUPTION; OR ANY IMPLIED WARRANTIES ARISING FROM TRADE USAGE, COURSE OF DEALING OR COURSE OF PERFORMANCE. INTERACTIVE SHALL NOT BE LIABLE TO INTRODUCING BROKER BY REASON OF DELAYS OR INTERRUPTIONS OF SERVICE OR TRANSMISSIONS, OR FAILURES OF PERFORMANCE OF THE INTERACTIVE SYSTEM, REGARDLESS OF CAUSE, INCLUDING, BUT NOT LIMITED TO, THOSE CAUSED BY HARDWARE OR SOFTWARE MALFUNCTION; GOVERNMENTAL, EXCHANGE OR OTHER REGULATORY ACTION; ACTS OF GOD; WAR; TERRORISM; OR INTERACTIVE'S INTENTIONAL ACTS. INTRODUCING BROKER RECOGNIZES THAT THERE MAY BE DELAYS OR INTERRUPTIONS IN THE USE OF THE INTERACTIVE SYSTEM, INCLUDING, FOR EXAMPLE, THOSE CAUSED INTENTIONALLY BY INTERACTIVE FOR PURPOSES OF SERVICING THE INTERACTIVE SYSTEM. INTRODUCING BROKER ACKNOWLEDGES THAT CLIENTS ARE RESPONSIBLE FOR MAINTAINING ALTERNATIVE TRADING ARRANGEMENTS IN ADDITION TO THEIR FULLY DISCLOSED ACCOUNT. IN NO EVENT SHALL INTERACTIVE'S LIABILITY, REGARDLESS OF THE FORM OF ACTION AND DAMAGES SUFFERED BY INTRODUCING BROKER EXCEED THE HIGHEST TOTAL MONTHLY COMMISSIONS PAID BY INTRODUCED CLIENTS TO INTERACTIVE OVER THE 12 MONTHS PRECEDING THE INCIDENT EXCEPT TO THE EXTENT SUCH LIABILITY IS IN RESPECT OF:**

- i. **DEATH OR PERSONAL INJURY CAUSED BY INTERACTIVE'S NEGLIGENCE OR THE NEGLIGENCE OF ITS PERSONNEL OR AGENTS;**
- ii. **FRAUD OR FRAUDULENT MISREPRESENTATION; OR**
- iii. **ANY OTHER LIABILITY WHICH CANNOT BE LIMITED OR EXCLUDED BY APPLICABLE LAW.**

10. **Indemnification of Interactive by Introducing Broker:** Introducing Broker shall indemnify, defend and agree to hold Interactive, Interactive's Affiliates, their respective successors and assigns, and their respective directors, officers, employees and agents ("Interactive Indemnitees") harmless from and against any and all claims, demands, proceedings, suits and actions, of any kind, made at any time, by any person or entity (including, but not limited to, Introducing Broker's Clients or regulatory or self-



regulatory authorities) for any penalties, damages, costs, judgments, attorneys' fees or any other expenses incurred in connection with Introducing Broker's actions or inactions involving the Fully Disclosed Accounts or any of Introducing Broker's Clients or any other transaction or activity contemplated by this Agreement. Errors, misunderstandings, controversies or disputes involving former, current, or potential Clients of Introducing Broker shall be Introducing Broker's sole responsibility and liability. Notwithstanding the foregoing, Introducing Broker shall not be obligated to indemnify Interactive for any penalties, damages, costs, judgments, attorneys' fees or other expenses that are incurred solely as a result of, solely arise out of, or are imposed solely due to Interactive's fraud or willful misconduct. These indemnification provisions shall remain operative and in full force after termination of this Agreement.

11. **Defense of Third Party Claims:** If within ten (10) business days after receiving written notice of any claim, demand, proceeding, suit or action with respect to which an Interactive Indemnitee may have any claim to indemnification under this Agreement, Introducing Broker shall fail to institute the defense of the Interactive Indemnitee in connection with such claim, demand, proceeding, suit or action, or if thereafter Introducing Broker shall fail diligently to prosecute such defense, the Interactive Indemnitee shall have the right, but not the obligation, to defend such action. The costs and expenses, including reasonable attorneys' fees, associated with such a defense shall be borne by Introducing Broker. Neither the exercise of the right to participate in or assume the responsibility for any such defense nor the failure to exercise such rights shall limit, in any way, the Interactive Indemnitee's rights to indemnification under this Agreement. The Interactive Indemnitee shall have the right to select its counsel in connection with any claim or proceeding for which indemnification is provided. Introducing Broker shall not settle any claim, demand, proceeding, suit or action against Interactive without the prior written consent of the Interactive Indemnitee.

12. **Relationship between the Parties:**

A. This Agreement does not and shall not be deemed to constitute a partnership or joint venture between the Parties. Neither Introducing Broker nor any of its officers, directors, employees or representatives are employees or agents of Interactive, nor shall they hold themselves out as such. Introducing Broker has no authority to make any representations or give any warranties on Interactive's behalf and shall not make any such representations or give any such warranties. Introducing Broker shall have no authority to bind Interactive or to enter into any agreement, understanding or commitment giving rise to any liability or obligation of Interactive.

B. Nothing in this Agreement shall be construed to prevent Introducing Broker from competing with Interactive or to prevent Introducing Broker from doing business with Clients exclusive of Interactive and outside the terms of this Agreement. Nothing in this Agreement shall be construed to prevent Interactive from competing with Introducing Broker or to prevent Interactive from doing business with Clients exclusive of Introducing Broker and outside the terms of this Agreement.

13. **Transfer of Accounts:** In the event of a potential transfer by Interactive of any positions in any Fully Disclosed Account pursuant to this Agreement, Introducing Broker shall promptly provide Interactive with written notice of the name of the broker-dealer to whom such positions are to be transferred, the anticipated date on which it shall commence acting as executing and/or clearing broker with respect to the Fully Disclosed Account and the name of the individual within that organization that Interactive can contact to coordinate the transfer.

14. **Termination of the Agreement:**

A. Either party may terminate this Agreement and/or Introducing Broker's use of the Interactive System at any time, in its sole discretion. Termination of this Agreement shall not be deemed to terminate the agreements in effect between Interactive and the Fully Disclosed Clients, or the Accounts of the Clients.

B. Termination of this Agreement shall not release the Parties from any liability or responsibility with respect to transactions occurring prior to the effective date of such termination, whether or not claims relating to such transaction shall have been made before or after such termination.

## 15. Miscellaneous:

- A. Language: Introducing Broker agrees to the provision of this Agreement in English and represents that Introducing Broker understands all of the terms and conditions contained herein.
- B. Applicable Law; Jurisdiction; Service of Process: This Agreement and the rights and liabilities of the Parties shall, in all respects, be construed and governed in accordance with the laws of the Hong Kong SAR. Introducing Broker hereby irrevocably and unconditionally submits itself to the personal jurisdiction of the courts of the Hong Kong SAR. Introducing Broker waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of venue of any action, suit or proceeding arising out of or in connection with this Agreement brought in the Hong Kong SAR. Introducing Broker further hereby irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum. In all judicial actions, arbitrations, or dispute resolution methods, the Parties waive any right to punitive damages. Introducing Broker irrevocably and unconditionally agrees to accept service of process regarding any action, suit or proceeding brought in any court identified above by first class mail or courier service delivered to Introducing Broker's address. If Introducing Broker changes its address it shall notify Interactive immediately and Introducing Broker shall thereafter accept service of process as specified herein at its new address.
- C. Entire Agreement: The Parties acknowledge that they have not made any oral representations or warranties or agreements aside from the terms of this Agreement and any other written agreements between the Parties.
- D. Amendments: No provision of this Agreement can be waived, altered, modified or amended, on an individual basis, unless such waiver, alteration, modification or amendment is committed to in writing and signed by a duly authorized officer of Interactive and confirmed, in writing, by Interactive's secretary. Introducing Broker acknowledges that IB may revise this Agreement by sending notice of the revised Agreement by e-mail or upon Introducing Broker's log-in to IB's platform. Introducing Broker's use of IB after such notice constitutes acceptance of the revised Agreement.
- E. Affirmation of Agreement: Each time Introducing Broker, (or its agent) places an Order with Interactive for its Clients to purchase or sell financial products or utilizes any Interactive system, software or technologies, Introducing Broker affirms its acceptance of, and agreement to, the terms outlined in the Agreement.
- F. Captions: Captions are provided herein for convenience only and are not of substantive effect.
- G. Counterparts: This Agreement may be executed in counterparts, and all counterparts so executed shall constitute one agreement, binding on the Parties hereto, notwithstanding that the Parties are not signatory to the same counterpart. Interactive's provision of this Agreement on its website constitutes Interactive's assent to and execution of the Agreement upon Introducing Broker's execution of the Agreement.
- H. No Waiver: The failure of either party to enforce, at any time, or for any period, any one or more of the terms or conditions of this Agreement or to exercise any right, remedy or privilege shall not be a waiver of such terms, conditions, rights, remedies or privileges or of the right, at any time subsequently, to enforce all terms and conditions of this Agreement or to exercise such rights, remedies or privileges. The enumeration in this Agreement of specific remedies available to Interactive shall not be exclusive of any other remedies.
- I. Severability: If any one or more of the provisions of this Agreement shall be held to be invalid, illegal or unenforceable, such provision shall be ineffective only to the extent of such unenforceability, and the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected thereby.
- J. Successors and Assigns: This Agreement and all of the rights and liabilities hereunder shall be binding upon the Parties' respective successors and permitted assigns. All or part of the rights and obligations of Interactive under this Agreement may be assigned by Interactive to any affiliate of Interactive or of the Interactive Brokers Group or to another duly registered broker upon notice to Introducing Broker and the Introducing Broker agrees to such assignment of Interactive's rights and obligations. No assignment may be made by Introducing Broker without the prior, written consent of

Interactive. All of Interactive's rights and remedies and any limitations on liability hereunder shall inure to the benefit of Interactive's affiliates. Interactive's affiliates are not liable for Interactive's acts and omissions.

- K. Lien: Introducing Broker grants Interactive a lien on all property held at any time by Interactive to secure any Introducing Broker indebtedness or obligation to Interactive and Interactive, without notice to Introducing Broker, may use, transfer or sell any or all of such property to enforce its lien.
- L. Consent to Accept Electronic Communications: By entering into this Agreement, Introducing Broker consents to the receipt of electronic records and communications regarding all Introducing Broker transactions and dealings with Interactive, including confirmations, account statements, messages, and notices of any kind. Electronic records and communications may be sent to Introducing Broker's Trader Workstation, via the Interactive "Message Center", through a Computer-to-Computer Interface, to Introducing Broker's e-mail address or via any other methods agreed by the Parties or evidenced by the usage of the Parties.
- M. Telephone Conversations: Introducing Broker agrees that Interactive may record telephone conversations on a centralized tape recording system operated by IB.
- N. Unless stated otherwise in this Agreement, IB undertakes to inform Introducing Broker of any material change in relation to the following matters via its website:

- » the name and address of IB;
- » the nature of service provided by IB to Introducing Broker;
- » the remuneration payable by Introducing Broker to IB; and
- » the details of margin requirements, interest charges, margin calls and the circumstances under which Introducing Broker's positions may be closed without Introducing Broker's consent.

## 16. **Mandatory Arbitration:**

- A. This Agreement contains an arbitration clause. By signing this Agreement the parties agree as follows:

- » ALL PARTIES TO THIS AGREEMENT ARE GIVING UP THE RIGHT TO SUE EACH OTHER IN COURT, EXCEPT AS PROVIDED BY THE LAW OF THE SEAT OF THE ARBITRATION AND/OR THE APPLICABLE ARBITRATION RULES.
- » ARBITRATION AWARDS ARE GENERALLY FINAL AND BINDING; A PARTY'S ABILITY TO HAVE A COURT REVERSE OR MODIFY AN ARBITRATION AWARD IS VERY LIMITED.
- » ARBITRATION AWARDS ARE GENERALLY FINAL AND BINDING; A PARTY'S ABILITY TO HAVE A COURT REVERSE OR MODIFY AN ARBITRATION AWARD IS VERY LIMITED.
- » THE ABILITY OF THE PARTIES TO OBTAIN DOCUMENTS, WITNESS STATEMENTS AND OTHER DISCOVERY IS GENERALLY MORE LIMITED IN ARBITRATION THAN IN COURT PROCEEDINGS.
- » IN CERTAIN CIRCUMSTANCES, THE ARBITRATORS MAY NOT HAVE TO EXPLAIN THE REASON(S) FOR THEIR AWARD.
- » THE LAW OF THE SEAT OF THE ARBITRATION AND/OR THE APPLICABLE ARBITRATION RULES MAY IMPOSE TIME LIMITS FOR BRINGING A CLAIM IN ARBITRATION.
- » IN SOME CASES, A CLAIM THAT IS INELIGIBLE FOR ARBITRATION MAY BE BROUGHT IN COURT.
- » THE APPLICABLE ARBITRATION RULES, AND ANY AMENDMENTS THERETO, SHALL BE INCORPORATED INTO THIS AGREEMENT.

- B. Subject to clause 16.C, Introducing Broker agrees that any controversy, dispute, claim, or grievance between Interactive and Introducing Broker or, if applicable, Introducing Broker's shareholders,

officers, directors employees, associates, or agents on the other hand, arising out of, or relating to, this Agreement, or any Account(s) established hereunder; any transactions therein; any transactions between Interactive and Introducing Broker and/or its Clients; any provision of the Client Agreement or any other agreement between Interactive and Introducing Broker and/or its Clients; or any breach of such transactions or agreements ("Dispute"), shall be resolved by arbitration administered by the Hong Kong International Arbitration Centre under the HKIAC Administered Arbitration Rules in force when the Notice of Arbitration is submitted. The law of this arbitration clause shall be Hong Kong law. The seat of the arbitration shall be Hong Kong. The arbitration proceedings shall be conducted in English. The award of the arbitrators, or a majority of them, shall be final, and judgment upon the award rendered may be entered in any court having jurisdiction.

- C. Any dispute between IB and Introducing Broker concerning leveraged Forex transactions entered into by Introducing Broker will be settled, if Introducing Broker so requires, by arbitration in accordance with the Securities and Futures (Leveraged Foreign Exchange Trading Arbitration) Rules in force at the time such arbitration proceedings are commenced.
- D. BY SIGNING THIS AGREEMENT CLIENT ACKNOWLEDGES THAT THIS AGREEMENT CONTAINS AN ARBITRATION CLAUSE AND THAT CLIENT HAS RECEIVED, READ AND UNDERSTOOD THE TERMS THEREOF.

EXECUTED AND AGREED:

INTRODUCING BROKER:

Officer Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_