Interactive Brokers Hong Kong Limited Disclosure of Risks Of Margin Trading

Interactive Brokers Hong Kong Limited ("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) will be sold to cover the margin call.** You are not entitled to choose which securities or futures contracts or other assets in your account(s) will be sold to cover the margin call. The firm has the discretion to choose which assets to sell to meet the margin call.

- **You have limited time to respond to a margin call.** If you receive a margin call, you must meet the call immediately. You do not have the right to extend the time for meeting the call, except in situations where the firm has obtained an extension from the National Association of Securities Dealers, Inc., or similar authority.

- **You may be liable for additional losses if you continue trading in your account after receiving a margin call.** After you receive a margin call, you must meet it immediately. You may be liable for all losses that result from continuing to trade in your account after the margin call is received.

- **You may be liable for any losses that result from the liquidation of your account if you fail to meet a margin call.** If you fail to meet a margin call, you may be liable for any losses that result from the liquidation of your account.

- **You may lose your entire investment if you fail to meet a margin call.** If you fail to meet a margin call, you may lose your entire investment in the security or futures contract.

- **You may lose more funds than you deposit in the margin account if you fail to meet a margin call.** 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 liquidate your account without notice if you fail to meet a margin call.** If you fail to meet a margin call, IB may liquidate your account without notice as a result of the margin call.

- **You may lose your entire investment if you fail to meet a margin call.** If you fail to meet a margin call, you may lose your entire investment in the security or futures contract.

- **You may lose more funds than you deposit in the margin account if you fail to meet a margin call.** 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).
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.**