



FORM 4392: 29/08/2025

**INTERACTIVE BROKERS AUSTRALIA PTY LTD**

**AFSL 453554**

**ABN 98 166 929 568**

**STOCK YIELD ENHANCEMENT PROGRAM DERIVATIVES DISCLOSURE**

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## IMPORTANT INFORMATION

This disclosure has been prepared without taking into account your objectives, financial situations or needs. Therefore, before entering into the Stock Yield Enhancement Program (SYEP) Derivatives referred to in this disclosure you should:

- Read and consider all sections carefully and be satisfied that any transaction you propose to undertake in relation to the SYEP Derivatives described herein is appropriate in view of your objectives, financial position and needs;
- *Ensure you understand the Specifications of the SYEP Derivatives you are proposing to participate in;*
- *Ensure you understand the contractual terms of the SYEP Derivatives that we may issue to you and ensure you understand your obligations and rights under the terms and conditions governing trading with us;*
- Understand the return on investment under the SYEP Derivatives is subject to frequent change and can go up or down significantly. Carefully consider whether the SYEP Derivatives is appropriate for you in light of your personal investment objectives, financial circumstances and needs; and
- Only enter into SYEP Derivatives if you understand the nature of the product and the extent of your exposure to risks.

This disclosure is an important document and we recommend you contact us should you have any questions on its contents. You should retain a copy of this disclosure for your records.

Although the information in this disclosure is up to date as at the date of publication, it is subject to change from time to time. The latest version of this disclosure, will be available on our website at [www.interactivebrokers.com.au](http://www.interactivebrokers.com.au) (under Forms and Disclosures > Disclosures).

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## 1. INTRODUCTION

### 1.1 Purpose of this document

This disclosure has been prepared by Interactive Brokers Australia Pty Ltd (“IBA”) ABN 98 166 929 568, AFSL No. 453554. In this document, when we use terms ‘we’, ‘us’ or ‘our’, the reference is to IBA. For the purpose of the Corporations Act 2001, we are the issuer of the Stock Yield Enhancement Program (“SYEP”) Derivatives described herein.

The disclosure does not take into account your personal objectives, financial situation and needs. This disclosure is designed to assist you in deciding whether the SYEP Derivatives referred to herein are appropriate for your needs and in comparing it with other financial products you may be considering. It is not a substitute for independent professional advice. If you require any legal, taxation or other advice we recommend that you seek such advice prior to opening an account with IBA and or participating in the products described herein.

### 1.2 Offer made to clients of IBA in Australia who are NOT RETAIL CLIENTS

The SYEP Derivatives described herein are available to persons in Australia who are clients of IBA and who are NOT RETAIL CLIENTS within the meaning of section 761G of the Corporations Act 2001 (Cth). Where the distribution of this disclosure in a jurisdiction outside of Australia is restricted by the laws of that place, this disclosure does not constitute an offer or invitation in any place where, or to any person whom, such offer or invitation would not be lawful according to the laws of the relevant place. Persons who come into possession of this disclosure in a place that is not Australia should seek independent advice as to what prohibitions or restrictions apply to them in relation to the products described herein, if any.

If you consult or have engaged a Financial Adviser or Broker or any other third party, you should obtain a copy of their FSG. IBA does not endorse any representations made by any third party about us or the Products described herein.

If you cease to qualify as a wholesale client or you no longer wish to be treated as a wholesale client within the meaning of subsection 761G(7) of the Corporations Act 2001 (Cth), you must inform us immediately.

### 1.3 About Interactive Brokers Australia Pty Ltd

IBA is a member of the Interactive Brokers corporate group (“IBKR”), a global electronic broker, specializing in routing orders, executing and processing trades in securities, futures and foreign exchange instruments. IBKR affiliates conduct business on more than 150 electronic exchanges and trading venues around the world. IBA is regulated by the Australian Securities and Investments Commission (ASIC) and holds an Australian financial services licence no. 453554, under which it is authorised to issue and make a market in derivatives to retail and wholesale clients. IBA is also a participant of ASX, Cboe Australia and ASX24 markets and a Clearing Participant of ASX Clear and ASX Clear (Futures).

For further information about IBA, you should read our Financial Services Guide (FSG) and the other information about the services we provide available from our website.

Our contact details are as follows:

<b>Registered and business address:</b>	Interactive Brokers Australia Pty Ltd Level 11, 175 Pitt Street Sydney, New South Wales 2000 Australia
<b>Postal Address:</b>	Interactive Brokers Australia Pty Ltd PO Box R229 Royal Exchange NSW 1225 Australia
<b>Website:</b>	<a href="http://www.interactivebrokers.com.au">www.interactivebrokers.com.au</a>
<b>Email:</b>	Inbound communications via commercial E-mail are not supported due to security concerns. You may submit an inquiry via the <a href="#">via the Interactive Brokers Help Desk.<sup>1</sup></a>
<b>Telephone:</b>	+61 (2) 7251 0088

## 1.4 Terms applying to SYEP Derivatives

The terms governing the agreement between you and us in relation to SYEP Derivatives include our general terms and conditions (T&Cs), the Agreement and Limited Power of Attorney for Participation in the SYEP (“Agreement and Power of Attorney”), the Master Securities Lending Agreement (MSLA) and the product specifications for SYEP Derivatives described in this disclosure.

## 2. WHAT ARE SYEP DERIVATIVES?

SYEP Derivatives are arrangements whereby eligible clients agree to lend IBA any securities IBA is not otherwise entitled to rehypothecate pursuant to the IBA General Terms and Conditions including any addenda thereto, but excluding any shares listed on a securities market in Australia (“Eligible Securities”), which may on-lend them to internal or external counterparties who wish to use these shares for short selling, to make deliveries or for other purposes. In return, IBA pays you, the client, an amount equivalent to the revenue that may be earned were IBA to on-lend the Eligible Securities, less IBA’s fees and commissions (“Fees”)<sup>2</sup>. IBA will also deliver cash collateral to you, in order to secure its obligation to return the loaned securities to the client on termination of the SYEP Derivative.

Effectively, you may elect to grant authority to IBA to enter into daily expiring SYEP Derivatives and in return receive a fee that is broadly referable to the return that may be earned by lending the Eligible Securities to the market, less the Fees. The consideration paid to you in respect of SYEP Derivatives is reflected as interest in your activity statements. Such interest is accrued daily and is paid monthly in arrears into the client’s account.

<sup>1</sup> <https://www.interactivebrokers.com.au/en/general/contact/newContact/contact.php>

<sup>2</sup> Please refer to Section 8 for further information.

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**SYEP DERIVATIVES WILL NOT BE ISSUED OVER ANY SECURITIES LISTED IN AUSTRALIA. YOU MUST HAVE NON-AUSTRALIAN SECURITIES IN YOUR ACCOUNT TO BE ISSUED ANY SYEP DERIVATIVES.**

### **3. KEY FEATURES OF SYEP DERIVATIVES**

#### **3.1. Key Features of IBA's SYEP Derivatives**

The following sets out the key features of IBA's SYEP Derivative product.

<b>Feature</b>	<b>Description</b>
Pre-Defined Expiry Date	IBA's SYEP Derivatives expire daily on the basis that any underlying securities lending transactions are automatically recalled each day. A new SYEP Derivative is entered into simultaneously, and reallocated daily, in respect of the same parcel of client's securities if IBA determines in its sole discretion to do so.
Close Out	An SYEP Derivative can be closed out by the client at any time by selling the relevant Eligible Securities loaned to IBA, or by withdrawing your consent for IBA to enter into SYEP Derivatives on your behalf. Similarly, the SYEP Derivative can be closed out by IBA returning the relevant Eligible Securities to your account.
You Can Terminate the Agreement and Power of Attorney at Any Time	You may terminate the Agreement and Power of Attorney at any time by providing written notice to IBA through the IBA website. This will result in IBA automatically recalling all of your loaned securities and all SYEP Derivatives entered into for you being automatically closed.
You May Sell Loaned Securities at Any Time	You may sell Eligible Securities that are on loan at any time. This will result in IBA automatically recalling such securities and any related SYEP Derivatives being automatically closed. If you sell the shares that are connected to a SYEP Derivative, withdraw authority for IBAU to enter into SYEP Derivatives, or if IBKR-Australia becomes entitled to rehypothecate the securities, the loan will terminate and you will stop receiving loan interest.
Transfer of legal title of Eligible Securities	Under Australian law, lending of securities involves a transfer of legal title from the lender to the borrower and then back to the lender when the securities are returned. You will remain the beneficial owner at all times and therefore be exposed to market risk on your securities, but you are also entitled to the benefits of owning your securities throughout the life of any loan in connection with SYEP Derivatives.

Variable Consideration	The consideration payable to you in respect of each SYEP Derivative will generally be referable to the return that may be earned were IBA to on-lend the Eligible Securities into the market, less IBA's Fees. Accordingly, your payment may change daily in accordance with supply and demand for the loaned securities, the average loan interest earned by IBA in lending securities of the same class to third parties during the term of the loan, current interest rates; and whether IBA shares a portion of the payment with a third party appointed by you, among other things.
Interest	Your payment in respect of the SYEP Derivatives will be reflected as interest in your activity statements. Such interest will accrue daily, but is paid monthly in arrears from the third business day of each month.
Cash Collateral	As security against your loaned securities, IBA will deliver cash collateral to you. This collateral secures IBA's obligation to return loaned securities to you. IBA will mark the loaned securities to market at the close of trading each business day and, if necessary, provide you with additional collateral or withdraw excess collateral on the next business day, so that the market value of the collateral is at least 100% of the prior day's market value of the loaned securities.
IBA's Discretion	By executing the Agreement and Power of Attorney, you are granting IBA the authority to borrow your Eligible Securities without contacting you or obtaining your prior approval for any particular loan and to determine in its sole discretion the amount of any payment made to you in respect to that loan.
Corporate Actions	You are entitled to receive all corporate action distributions made in respect of the loaned securities. These distributions will be paid in cash to your account or, for non-cash distributions, added to the loaned securities on the date of distribution.
Voting Rights	You will forfeit the right to vote any loaned shares in connection with a SYEP Derivative in the event that the record date or deadline for such vote, consent, or other action falls during the term of any loan.
IBA Has No Obligation to Borrow Your Securities	IBA is not required to borrow your securities and may, at its sole discretion, choose to borrow equivalent securities from other parties instead of from you. It is IBA's choice as to the securities it borrows from you and how it chooses to use those securities.

IBA Has No Obligation to On-lend Your Securities	If you enter into an SYEP Derivative with IBA, there is no obligation for IBA to on-lend your securities.
Eligible Securities	Any securities in your IBA account which you have the right to lend to IBA, but excluding any shares listed on a securities market in Australia.

### 3.2. IBA, IBA affiliates and counterparty involvement in SYEP DERIVATIVES

As a customer of IBA, your Eligible Securities may be held in custody by IBA's nominee, and via IBA's sub-custodians in other jurisdictions.

If you elect to grant IBA authority to enter into SYEP Derivatives on your behalf, the MSLA provides IBA the ability to borrow your Eligible Securities at its discretion as to timing of the borrowing (if at all) and the particular securities to be borrowed. IBA may then on-lend your Eligible Securities to internal or external counterparties with the assistance of its affiliates.

IBA faces the counterparties in the securities lending market and bears the counterparty risk associated with any on-lending of securities, while your legal counterparty, and therefore counterparty exposure, is limited solely to IBA by virtue of the executed MSLA.

### 3.3. Eligibility criteria

You must have a margin-lending enabled account or a liquid net worth at least \$25,000 USD (or equivalent) in your non-margin lending enabled account to be eligible for SYEP Derivatives.

You must also be able to affirmatively respond to each of the following questions:

1. If you grant IBA authority to enter into SYEP Derivatives, you will retain beneficial ownership of any securities loaned to IBA in connection with any SYEP Derivative and remain free to sell the securities. Do you have the ability to bear the risk that the market value of your securities could fall substantially, including while they are on loan to IBA?
2. Entering into SYEP Derivatives will expose you to counterparty risk with IBA. Specifically, if IBA defaults while your securities are on loan to IBA, you may not be returned your securities, and would receive cash collateral instead. This cash collateral might be less than the value of the securities if they rose in value since the time IBA defaulted. Do you have the ability to bear this counterparty risk with IBA?
3. Returns from SYEP Derivatives are variable and volatile and you may receive only a small amount for agreeing to enter into SYEP Derivatives – or none at all (for example, if no SYEP Derivatives are issued to you then you will receive no consideration). In pursuit of your goal to generate some income from your securities, are you willing to accept the risk that you will not have a regular or predictable return on your investment?

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4. You will lose the right to vote with respect to securities loaned to IBA if the record date or deadline for any such vote falls during the term of any loan in connection with SYEP Derivatives. Are you willing to accept the risk that you will not always have the right to vote, provide consent or take similar action with respect to your securities?
  5. If your securities are on loan to IBA in connection with a SYEP Derivative as of the dividend record date, you will not receive the dividend, but will receive a cash payment in lieu instead. This may cause you adverse tax consequences. If required, have you obtained independent taxation advice in relation to SYEP Derivatives, or had the opportunity to do so?
  6. SYEP Derivatives are complex instruments and may not be appropriate for inexperienced investors. Do you have experience making an assessment of: the merits of financial products/ services, the value of financial products/ services, the risks associated with financial products/ services, your own need for information about financial products/ services and the adequacy of information given by issuers of financial products and other providers of financial services?

#### 4. HOW IBA'S SYEP DERIVATIVES WORK

- You access IBA's website and elect to grant IBA discretion to enter into SYEP Derivatives during or after account opening, by executing our general terms and conditions (T&Cs), in addition to the Agreement and Limited Power of Attorney for Participation in the SYEP ("Agreement and Power of Attorney"), and MSLA with IBA. **SYEP DERIVATIVES ARE AN OPTIONAL PRODUCT AND YOU ARE NOT REQUIRED TO GRANT IBA AUTHORITY TO ENTER INTO SYEP DERIVATIVES IN ORDER TO OPEN AN ACCOUNT WITH IBA.**
- Subsequently IBA may, at any time, exercise its right to enter into SYEP Derivatives by way of initiating, borrowing and terminating loans of Eligible Securities between you and IBA, in return for a payment that is referable to the return that may be earned were IBA to on-lend the Eligible Securities to the market, less the Fees.
- Once a SYEP Derivative has been issued to you, IBA may borrow your Eligible Securities and deliver cash collateral to you to secure IBA's obligation to return the securities upon termination of the loan.
- Any securities borrowed are debited from your account, though will still be reflected on your account statement as securities on loan.
- You have the right to terminate your participation in the SYEP and/or sell your Eligible Securities at any time. Your sale of the securities will constitute a termination of the loan effective on the settlement date of the sale, and subsequent closure of the SYEP Derivative. You need not take any other action to terminate the loan and close out the SYEP Derivative.
- The loans may therefore be terminated, and the loaned stocks recalled at any time.
- The cash collateral deposited into your account to secure the loan is locked and accounted for separately from your free cash position. The collateral will be automatically returned to IBA on termination of the loan. IBA will mark the loaned securities to market at the close of trading each business day and, if necessary, provide you with additional collateral or withdraw excess collateral



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on the next business day, so that the market value of the collateral is at least 100% of the prior day's market value of the loaned securities.

- You will receive your payment approximately on the 3<sup>rd</sup> business day of each month in respect of the prior calendar month. Your daily account statement, however, will reflect the current value of cash collateral in your account and the accrued interest associated with any SYEP Derivatives during a particular calendar month.
- All SYEP Derivatives expire on a daily basis resulting in all loans being automatically unwound. IBA may determine in its sole discretion whether to enter into a new SYEP Derivative in respect of the same parcel of Eligible Securities subsequent to the close out of the prior SYEP Derivative.

You should read the important information about IBA's SYEP Derivatives before making a decision. Go to [www.interactivebrokers.com.au](http://www.interactivebrokers.com.au) or call us. The information relating to IBA's SYEP Derivatives may change between the time that you read this disclosure and the day when you apply, and is subject to change at any time.

## 5. SIGNIFICANT BENEFITS OF IBA'S SYEP DERIVATIVES

The following section outlines the significant benefit of IBA's SYEP derivative product. In preparation of the following information, IBA has not taken into account your specific objectives, financial position and needs and the information may not apply to you.

Benefit:	Description:
Increase yield on your portfolio	Lending your Eligible Securities may be a way to increase the yield on your portfolio. By granting IBA authority to enter into SYEP Derivatives on your behalf, you may receive a payment equivalent to what may be earned by IBA in connection with the borrowing and on-lending of your Eligible Securities, less the Fees.
Cash collateral as security	You are provided with cash collateral to secure IBA's obligation to return the Eligible Securities to you upon termination of the SYEP Derivative. If IBA defaults, for example, by becoming insolvent, IBA may be unable to return your Eligible Securities. In these circumstances, you would be entitled to keep the cash collateral in your account.
Terminate your participation in the SYEP derivative at any time	You may close out the SYEP Derivative at any time by selling the Eligible Securities that are the subject of the loan, regardless of whether they are on loan to IBA. Selling your Eligible Securities automatically terminates any outstanding loans and closes the SYEP Derivative position.
Consideration Paid	IBA will pay the client a return as consideration for lending their Eligible Securities to IBA. Please refer

	to section 8 for further details and worked dollar examples.
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## 6. SIGNIFICANT RISKS OF SYEP DERIVATIVES

You should consider whether SYEP Derivatives are appropriate to you in light of your objectives, financial position and needs. **You should read and carefully consider the risks set out in this section before deciding to apply to grant IBA discretion to enter into SYEP Derivatives on your behalf.**

Risk:	Description
Market Risk	Even when your Eligible Securities are on loan to IBA, you continue to beneficially own the loaned securities and therefore continue to carry the market risk inherent in the ownership of the securities (i.e., if the share price increases while you own the shares but are lending them out, the values of the securities you are entitled to receive back upon termination of the loan will increase; if the share price goes down, the value of the securities you are entitled to receive back upon termination of the loan will decrease).
Underlying reference rate movements and impact on return on investment	<p>Because the return on your investment is dependent on a variety of factors, including the prevailing rates to lend the relevant securities in the securities lending market at the relevant time, any changes in the underlying market may impact your return on investment in particular SYEP Derivatives.</p> <p>The value of the underlying reference rate will be influenced by, among other things,</p> <ul style="list-style-type: none"> <li>(i) the availability of the securities for lending in the market relative to the demand to borrow such securities;</li> <li>(ii) the average loan interest which may be earned by IBA were it to lend securities of the same class to third parties during the term of the loan;</li> <li>(iii) current interest rates; and</li> <li>(iv) whether IBA shares a portion of the payment with a third party such as your self-appointed financial adviser.</li> </ul>
Loan rate volatility	Loan rates in the securities lending market (and therefore the payment that you may receive) are subject to frequent change and can go up or down significantly. Rates for “hard-to-borrow”, and other securities, change frequently and often daily in the securities lending market. This can reduce (or increase) the payment IBA agrees to make to you as

	consideration for entering into a particular SYEP Derivative.
Risk of IBA defaulting (and not returning borrowed securities) and your existing collateral payment not fully covering the market value of your Eligible Securities	<p>There is the risk that if IBA borrows your Eligible Securities in connection with a SYEP Derivative and IBA defaults, for example, by becoming insolvent, you may not be returned the Eligible Securities. In these circumstances, if the market value of the Eligible securities increases in value, the collateral provided you by IBA may be insufficient to fully collateralize the loaned securities.</p> <p>In other words, the collateral delivered to you (and indicated on your account statement) to secure IBA's obligation to return the loaned securities to you on termination of the SYEP Derivative, may constitute the only source of satisfaction of IBA's obligation to you in the event that IBA does fail to return the securities to you.</p>
The risk of short selling impacting the value of your Eligible Securities	As you are holding the shares "long" in your account, where IBA elects to on-lend your borrowed securities in connection with a SYEP Derivative, those securities may be utilized for the purpose of short selling, which may potentially affect the value of your holdings.
Risk of adverse tax implications associated with corporate actions	<p>You are entitled to receive all distributions made or in respect of your loaned securities, such as cash or securities dividends, interest payments, or securities received as a result of share splits. However, if your securities are on loan to IBA in connection with a SYEP Derivative as of the record date or other applicable date in relation to the corporate action, you will receive substitute cash payments in lieu of receiving dividends or other types of distributions directly from the issuer. Cash payments in lieu of dividends may not be afforded the same treatment as qualified dividends for tax purposes and may be subject to higher tax rates. Further, IBA may be required to withhold tax on payments in lieu of dividends on U.S. and foreign stocks and loan interest paid to you, unless an exemption applies. IBA intends to treat the return paid to client in respect of SYEP Derivatives as interest payments, but different tax authorities may treat such payments differently.</p> <p>Further, tax laws may change. If this happens it may also adversely impact your tax position.</p>

	<p>Please note that, unless otherwise agreed with you explicitly in writing, IBA will not issue SYEP Derivatives over securities listed on a securities market in Australia nor any securities that may otherwise pay you or credit you with a franked dividend.</p>
Risk to return on investment	<p>IBA is under no obligation to ever actually enter into SYEP Derivatives on your behalf and IBA may, in its sole discretion, elect to borrow from other parties securities equivalent to securities available to be borrowed from you. Nor is IBA obliged to on-lend your securities. Where IBA does enter into an SYEP Derivative, IBA promises to pay you an amount equivalent to what may be earned were IBA to on-lend your securities, less the Fees, and return your securities to you. IBA's discretion as to whether to enter into SYEP Derivatives on your behalf or not, impacts the revenue, if any, payable by IBA to you. Further, IBA may pay part of the loan income it earns on shares borrowed from you to third parties appointed by you. These payments may reduce the revenue you receive for the entire duration of the loan.</p>
No guarantee that you will receive the best possible return	<p>There is no guarantee that you will receive the best possible return as consideration for entering into a SYEP Derivative. The securities lending market is not standardized nor is it transparent. Securities lending transactions generally take place "over-the-counter" rather than via a regulated exchange where prices and transactions are transparent. IBA cannot and does not guarantee that it will pay the highest rate for borrowing your Eligible Securities. IBA may not have access to the markets or counterparties that are offering the most favorable rates, or may be unaware of the most favorable rates. As a consequence, rates of return may change frequently (as often as daily) due to the nature of the securities lending markets and involve changes downward (or upward) of more than 50%.</p>
Loss of right to vote	<p>You will lose the right to vote, or to provide consent or take similar action, with respect to your loaned securities, in the event that the record date or deadline for such vote, consent, or other action falls during the term of any loan.</p>
IBA right to liquidate your securities in the event of your default	<p>IBA will have the right to liquidate any securities borrowed from you upon an event of Default (as that term is defined in the MSLA) by you.</p>

IBA has discretion to enter into SYEP Derivatives for you, but is not mandated to do so.	IBA has the discretionary right to enter into SYEP Derivatives on your behalf, but is not contractually obliged to do so. <b>IF IBA DOES NOT ENTER INTO ANY SYEP DERIVATIVES ON YOUR BEHALF, YOU WILL NOT RECEIVE ANY BENEFIT.</b>
IBA does not provide personal advice	IBA does not provide advice. Our service is "execution only", meaning we are only acting on your instructions and will not advise you on any transaction, nor will we monitor your trading decisions to determine if they are appropriate for you or to help you to avoid losses. You should obtain your own financial, legal, taxation and other professional advice as to whether SYEP Derivatives are an appropriate investment for you
You are subject to counterparty credit risk	Since IBA is the counterparty to any SYEP Derivatives issued to you, you are exposed to the financial and business risks, including credit risk, associated with dealing with IBA. While IBA has prudent risk management and capital monitoring, in the unlikely event that IBA were to become insolvent, IBA may be unable to meet its obligations to you.
Risk of Regulatory and Taxation Changes	Changes in taxation and other laws, government, fiscal, monetary and regulatory policies may have an adverse effect on the value of your SYEP Derivatives, the tax consequences of corporate actions, and the total return, if any, on your SYEP Derivatives.
Sanctions Legal Risk	Australia is a member of the United Nations and observes and implements United Nations Security Council sanctions. IBA must comply with restrictions imposed by sanctions and may be prohibited from dealing with certain persons or entities. If it appears that you are or may be acting on behalf of a prescribed person or entity, IBA may be required to suspend, cancel or refuse services to you, freeze your assets held by us or close or terminate your agreement with us. If we are required to take action it may result in significant costs to you

## 7. CLIENT MONEY

The following section is intended to outline important information regarding client money; you should review the terms of the IBA General Terms and Conditions with us for further detail regarding handling of client money.

IBA will handle the client money it receives in accordance with the rules set out in Part 7.8 of the Corporations Act 2001 (Cth), and the related Regulations (Client Money Rules). Where required, IBA will

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pay such client money into a trust account. Client money received from you (or on your behalf) will be combined and deposited with the client money received from IBA's other clients.

IBA is entitled to all interest earned on any client money held in a trust account or with any third party or clearing house. In accordance with Corporation Regulation 7.8.02A, IBA will specifically not use derivative retail client money for the purpose of meeting margin obligations applicable to transactions that IBA enters into to hedge the risk associated with dealing in derivatives.

For the avoidance of doubt, all cash collateral IBA deposits in your account to secure the return of the Eligible Securities borrowed from you in connection with a SYEP Derivative will be deposited into a client money trust account pursuant to Part 7.8 of the Corporations Act 2001 (Cth).

## 8. THE COSTS AND RETURN

In addition to our standard brokerage commissions for securities you may purchase or sell through IBA, if you elect to grant IBA authority to enter into SYEP Derivatives on your behalf, pursuant to the MSLA, unless otherwise agreed by you explicitly in writing, as consideration for entering into SYEP Derivatives, IBA will charge you 50% of the revenue that you might have been able to generate were you in the position to lend your securities into the market.

Please review the following worked examples for an illustration of the revenue that you could earn and the fee that could be paid to IBA:

### Example 1:

- *XYZ is currently trading at USD 75.00/share and you own 1,000 shares of XYZ, with a market value of USD 75,000.00. Presuming that XYZ is in demand, the rate of return that you might be able to earn by lending your securities into the securities lending market, were you in the position to do so, is, for instance, 9%.*
- *If you were to grant IBKR-Australia authority to enter into SYEP Derivatives, IBKR-Australia may then borrow your 1,000 shares of XYZ and provide you with cash collateral of at least USD 75,000.00. As consideration for lending your XYZ shares to IBA in connection with the SYEP Derivative, IBKR-Australia will pay interest on the cash collateral of at least USD 75,000.00, less IBKR-Australia's fees.*
- *The gross notional return in this example would thus be  $75,000.00 \times 9\% = \text{USD } 6,750.00/\text{year}$ .*
- *After IBA's fee of 50% of the notional return, you could earn USD 3,375.00/year, or approximately USD 9.25 per day on stock that you already own.*
- *Assuming your XYZ shares are on loan to IBA for 15 days during a calendar month, your account would be credited with USD 138.70 in the following calendar month.*

### Example 2:

- *ABC is currently trading at USD 30.00/share. You own 1,000 shares of ABC, with a market value of USD 30,000.00. Presuming that ABC attracts a lower rate than the first example, the rate of return that you might be able to earn by lending your securities into the securities lending market, were you in the position to do so, is, for instance, 1%.*

- *If you were to grant IBKR-Australia authority to enter into SYEP Derivatives, IBKR-Australia may then borrow your 1,000 shares of ABC and provide you with cash collateral of at least USD 30,000.00. As consideration for lending your ABC shares to IBA in connection with the SYEP Derivative, IBKR-Australia will pay interest on the cash collateral of at least USD 30,000.00, less IBKR-Australia's fees.*
- *The gross notional return in this example would thus be  $30,000.00 \times 1\% = \text{USD } 300.00/\text{year}$ .*
- *After IBA's fee of 50% of the notional return, you could earn USD 150.00/year, or approximately USD 0.41 per day on stock you already own.*
- *Assuming your ABC shares are on loan to IBA for 15 days during a calendar month, your account would be credited with USD 6.15 in the following calendar month.*

Please note that this example is for illustrative purposes only and actual returns are dependent on a variety of factors, including the length of time that your stocks were on loan to IBA in connection with a SYEP Derivative, movements in the underlying reference rate and loan rate volatility. Please refer to section 6 for an explanation of the key factors.

Your return under SYEP Derivatives will be reflected as interest in your account. Such amounts of interest are net of the Fees charged by IBA and is accrued daily on all parcels of Eligible Securities on loan in connection with SYEP Derivatives, and then paid monthly in arrears. This generally occurs on the 3<sup>rd</sup> business day following the end of the calendar month.

## 9. DISPUTE RESOLUTION

### 9.1. IBA's internal complaints resolution process

IBA is committed to providing a high-quality product and service. If you have a query about the service or products we offer, our level of service or the quality of product we provide has failed to meet your expectations, we encourage you to tell us.

IBA's complaint process is designed to ensure your complaint is handled promptly, appropriately and fairly, and dealt with in the strictest confidence.

We request that you submit any queries or complaints online to ensure such queries and complaints are dealt with in the most efficient manner. Please submit your query via Client Portal for the most expedient and efficient handling. You do this by logging into "Client Portal" selecting "Inquiry Ticket" >> "New Ticket" and then selecting the following:

- Category: Other Regulatory
- Sub-category: Submit a Complaint

Alternatively, you may make your query or complaint as follows:

By Telephone:	+61 (2) 7251 0088
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By Mail:	The Complaints Officer Interactive Brokers Australia Pty Ltd PO Box R229 Royal Exchange NSW 1225 Australia
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Under the rules applicable for handling complaints, IBA has 30 days in which to respond to your complaint or query, although we may need to extend this timeframe in complex matters. IBA will attempt however to resolve your complaint and notify you of any proposed resolution as quickly as possible.

## 10. TAXATION

Interactive Brokers does not provide tax advice. It is important to note that your tax position when entering into SYEP Derivatives will be dependent on many factors, including but not limited to, the tax consequences of various corporate actions, your individual circumstances, withholding tax payable on payments in lieu of dividends on U.S. and foreign stocks and loan interest paid to you.

We strongly recommend that you seek independent professional tax advice on the tax implications relevant to your circumstances before granting IBA discretion to enter into SYEP Derivatives on your behalf.

### 10.1. Goods and Services Tax

The purchase and disposal by investors of SYEP Derivatives is not subject to GST. GST is payable on brokerage and commissions charged by IBA.

### 10.2. US Foreign Account Tax Compliance Act ("FATCA")

Under the Inter-Government Agreement between the Australian and US Government, IBA has certain obligations to report transaction information to the Australian Tax Office (ATO) on US citizens and various US and non-US entities. We may also request you to provide certain FATCA information if you come within the requirements of the legislation.

We do not provide taxation advice, or advice about FATCA. You should consult your personal tax adviser if you believe that you are impacted by FATCA obligations.

## 11. HOW TO APPLY

IBA will only accept direct applications via our website, or via the Client Portal for existing clients. Before applying, you may wish to speak to your financial adviser to see if SYEP Derivatives are suitable for you.

If you are a trustee of a Self-Managed Superannuation Fund ("SMSF"), you may only grant IBA authority to enter into SYEP Derivatives on your behalf if derivative trading and stock lending is permitted by the SMSF Trust Deed and in accordance with the SMSF's investment strategy. If at any time derivative trading or securities lending is prohibited for your SMSF, you must tell us and opt out immediately.

If you cease to qualify as a wholesale client or you no longer wish to be treated as a wholesale client within the meaning of subsection 761G(7) of the Corporations Act 2001 (Cth), you must inform us immediately.



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## **12. FREQUENTLY ASKED QUESTIONS**

### **12.1. How and where is collateral held for loans in connection with the SYEP Derivatives?**

Collateral for any stock loans in connection with SYEP Derivatives is held in one of IBA's client money trust accounts. This collateral is locked until the SYEP Derivative is terminated, and any borrowed securities have been returned to the client.

IBA marks-to-market all borrowed positions nightly and adjusts the value of the collateral as required to ensure that at least 100% of the value of the borrowed stocks is securing the loan.

### **12.2. How do I withdraw authority for IBA to enter into SYEP Derivatives?**

1. Click the User menu (head and shoulders icon in the top right corner) followed by Settings.
2. Under Account Settings find the Trading section.
3. Click Stock Yield Enhancement Program Derivatives.
4. Withdraw authority for SYEP Derivatives by removing the check from the box next to it.
5. Click CONTINUE and follow the prompts on the screen.

### **12.3. When and over what stocks may SYEP Derivatives be issued?**

IBA has discretion to enter into SYEP Derivatives, and to borrow any Eligible Securities in connection with SYEP Derivatives at any time until you either sell the relevant stocks or withdraw authority for IBA to enter into SYEP Derivatives on your behalf. However, unless otherwise agreed with you explicitly in writing, IBA will not issue SYEP Derivatives over any stocks listed on a securities market in Australia, nor any securities that may pay you or credit you with a franked dividend.

### **12.4. How are SYEP Derivatives reflected in my account statements?**

Collateral for any loans in connection with SYEP Derivatives, shares currently on loan pursuant to SYEP Derivative activity, income generated therefrom and IBA's Fees are reflected in daily activity statements.

### **12.5. What is the rate of return I will get for lending my stock in connection with a SYEP Derivative?**

The payment you will receive as consideration for lending your stock in connection with a SYEP Derivative will be referable to the return that would have been generated had IBA on-lent the borrowed securities, less IBA's Fees. Please refer to section 8 of this disclosure for further detail.