You should read this document carefully before participating in IB's Fully-Paid Securities Lending Program (the "Program"). In addition, you should carefully read the Interactive Brokers Master Securities Lending Agreement for Fully-Paid Lending before participating.

Introduction

Interactive Brokers Singapore Pte Ltd ("IB") offers eligible clients the ability to lend out certain of their fully paid and excess margin securities to IB for on-lending to other IB clients or to other market participants who wish to use these shares for short selling or other purposes. "Fully-paid securities" are securities in a client's account that have been completely paid for. "Excess-margin securities" are securities that have not been completely paid for, but whose market value exceeds 140% of the client's margin debit balance. In this disclosure and in the relevant agreements, we collectively refer to fully-paid and excess margin securities as "Fully-Paid Securities" or "Fully-Paid Shares".

Lending out your Fully-Paid Shares may be a way to increase the yield on your portfolio, because some shares are in high demand in the securities lending market and borrowers are willing to pay a loan fee for the use of your shares.

There are two ways to participate:

1. **Stock Yield Enhancement Program**: In the Stock Yield Enhancement Program, you permit IB to borrow from you any Fully-Paid Securities in your portfolio and loan these securities out in the securities lending market. IB will have the discretion to initiate loans of your securities. You will not be asked to approve each loan before it is initiated, but you can sell your shares at any time or terminate your participation in the program. IB will pay you a loan fee for the shares that it borrows from you. Ordinarily IB will pay you a percentage of the net loan fee received by IB for lending your securities. IB’s net loan fee used to calculate your loan fees may be less than the gross fees received by IB for relending your securities because of certain deductions and charges, as explained below.

2. **Self-Directed Fully-Paid Securities Lending Program**: If self direct fully-paid securities lending market places develop, Interactive Brokers may offer the ability for clients to control their own securities lending activities.

Basic Mechanics of a Fully-Paid Lending Transaction

When the lending transaction takes place, your securities will be removed from your account. In return, IB will deposit cash collateral into your account to secure the amount of the loan. The current industry convention for the collateral calculation is to multiply the rounded security price times the number of shares by 102%. IB marks-to-market all positions nightly to reflect changes in security prices. IB reserves the right to adjust to industry convention, should that change, or to raise or lower the collateral amount based on local laws or market custom; however IB will never collateralize the stock loan for less than 100% of the value. For example, client A has enrolled in the Program and IB has subsequently borrowed 5000 shares of XYZ from this client. XYZ's closing price is $22.15. The mark-to-market collateral is
calculated by rounding $22.15 \times 1.02 = $22.59 up to the nearest dollar which is $23, making the collateral calculation $23 \times 5000 = $115,000.

Whether you initiate the lending transactions yourself through a Self-Directed Fully-Paid Securities Lending Program, or you allow IB to borrow from you through the Stock Yield Enhancement Program, IB will be the counterparty borrower to all of the loans you make. For all transactions in which you are lending your Fully-Paid Shares, IB will be the borrower and IB will be responsible for providing the collateral to you on the securities loan and paying your loan fees to you.

**Securities Loaned Out By You May Not Be Protected By Any Investor Compensation/Protection Regime**

The relevant Investor Compensation/Protection regime in the jurisdiction where the loaned shares are listed may not protect you as a lender with respect to securities loan transactions in which you lend to IB your Fully-Paid Securities. Therefore, the collateral delivered to you (and indicated on your account statement) by IB may constitute the only source of satisfaction of IB's obligation in the event that IB fails to return the securities.

**Securities Loaned Out by You Are Typically Used to Facilitate Short Sales**

The type of securities that are generally attractive to borrowers in the securities lending market, and which generate the highest loan fees, are "hard to borrow" securities. When you lend your Fully-Paid Securities, it is likely that such securities will be used to facilitate one or more short sales where the borrower is selling shares in hopes that the stock will decline in value (the short seller later re-purchases the stock to pay back the stock loan). Since you are holding the shares "long" in your account, the activity of short sellers potentially could affect the long-term value of your holdings.

**You Continue to Own Loaned Shares and Have Market Risk on Those Shares**

When you lend your shares, you continue to own the shares and you continue to have the market exposure inherent in ownership of the shares (i.e., if the share price increases while you own the shares but are lending them out, your equity in the position will increase. If the price goes down, your equity will decrease).

**You Can Sell Your Loaned Shares At Any Time**

Even though you have loaned your shares out, you can sell those shares at any time, just like any other shares in your IB account. You do not have to wait for the shares to be returned to sell them. Even if the shares are not returned on time to settle your sale of the shares, IB will be responsible for settling the sale, not you, and you will receive the proceeds from the sale of the shares on the normal settlement date for the sale.

**Loan Rates (and therefore the Fees You Will Receive) Are Subject to Frequent Change and Can Go Down (or Up) by 50% or More**

Rates for "hard to borrow" and other shares change frequently, even daily, in the securities lending market and this can reduce (or increase) the loan fee that you receive for lending your shares out. Likewise, IB may change the rate it pays you compared to the fees that IB receives when it lends your securities to third parties. If you are participating in IB's Self-Directed Fully-Paid Securities Lending Program, you can terminate a loan yourself if you are unhappy with the rate you are receiving. If you
have permitted IB to borrow your Fully-Paid Securities through the Stock Yield Enhancement Program, you will not have direct control over when to initiate or terminate loans of specific shares (including based on rate changes). However, you can always terminate your participation in the program (which will terminate all of your lending transactions) if you are unhappy with the rates you are receiving or the nature or frequency of rate changes. Please note, though, that if you terminate your participation in the Stock Yield Enhancement Program, you may not be permitted to re-join the program, or you may have to wait a certain length of time to re-join.

**Potential Adverse Tax Consequences**

It is possible that you may be exposed to adverse tax consequences as a result of your participation in the Program. For example, when you lend your Fully-Paid Securities, you are entitled to receive the amount of all dividends and distributions made on or in respect of the loaned securities. However, you may receive cash payments "in lieu of" dividends. If you are a U.S. taxpayer, cash payments in lieu of dividends are not the same as qualified dividends for tax purposes and are taxed as normal ordinary income (up to 39.6%) instead of the preferential qualified dividend rate of 20% (U.S. federal income tax rates quoted here are for 2014 and are subject to change). If you are not a U.S. taxpayer, IB may be required to withhold tax on payments in lieu of dividends and loan fees to you at 30% unless an exception applies.

If you permit IB to borrow securities from you through the Stock Yield Enhancement Program, IB may recall loaned shares from the borrower prior to a dividend, so as to reduce potential negative tax consequences to you. However, it is solely within IB's discretion to recall a loan and IB makes no guarantee to recall a loan prior to a dividend. With respect to other corporate actions affecting loaned shares, non-cash distributions that you are entitled to receive in connection with ownership of loaned securities will be added to the loaned securities on the date of distribution and will be transferred to you at termination of the loan.

Special tax considerations may arise if shares of master limited partnerships or publicly traded partnerships are loaned out under the Stock Yield Enhancement Program or through a Self-Directed program. You are encouraged to consult the issuer's prospectus or your tax advisor for further information.

**IB is the Counterparty to All Fully-Paid Lending Transactions with You. IB or Its Affiliates May Earn a Spread in Rates and May Profit or Lose in Connection with the Transaction or Other Transactions in the Same Securities. IB May Pay Part of the Loan Fees to Third Parties, Which Will Reduce the Rate You Receive for the Duration of the Loan.**

IB will be the counterparty (borrower) when you lend your shares. Any transactions that IB may or may not do in other securities lending markets are completely independent of your loan transaction to IB. Thus, after IB borrows shares from you at a given rate, IB may or may not then lend those shares on in the marketplace, or lend them to or through an affiliate or third party. Likewise, IB may terminate a loan with you and return shares to you while at the same time IB continues to lend shares of the same stock out to the marketplace. **In short: IB's obligation to you is to pay you the specified rate on ongoing loan transactions until such transactions are terminated by you or by IB. Nothing in the Program restricts IB's ability to conduct stock lending and borrowing transactions with third parties, who may profit or lose in connection with the transactions.**

---

1 IB does not provide any investment, tax or trading advice. The information in this paragraph are general information only and have not taken into account your personal circumstances. You should speak to an independent tax expert to understand the tax implication to you (if any) as a result of participating in the Program.
IB may borrow shares from you and then lend those shares to one of its affiliates for the affiliate's own purposes (including short selling). IB typically also uses an affiliate as a “conduit” to the securities lending markets. This means that IB may lend the shares to an affiliate, which will then lend the shares out to other parties in the securities lending market.

IB or its affiliates or third parties may earn a "spread" on securities lending transactions with your stock. This means that the rate you receive from IB for your loaned securities may be worse than the rate IB or its affiliate receives from a third party (or that IB receives from the affiliate if the affiliate is the ultimate borrower) on those same shares. If IB’s affiliate is acting as a conduit, there will be a minimum 5 basis point (0.05%) reduction in the loan rate you receive for the loaned shares compared to market rates.

IB may pay part of the net loan fees (for shares you lend) to third parties such as your financial advisor or introducing brokers who may introduce your account to IB. These payments may reduce the loan fees (rate) you receive for the entire duration of the loan.

There Is No Guarantee That You Will Receive the Best Loan Rates for Your Shares

The securities lending market is not a standardized and transparent market. Securities lending transactions generally take place "over the counter" rather than on organized exchanges where prices and transactions are transparent. There are no rules or mechanisms that guarantee or require that any given participant in the marketplace will receive the best rate for lending shares, and IB cannot and does not guarantee that you will receive the most favorable rate for lending your shares. IB or its affiliates through which it conducts securities lending transactions 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 noted previously, IB or its affiliates or third parties may earn a "spread" on the rate, such that the rate you receive is worse than the rate IB or its affiliates receive.

There Is No Guarantee That Your Fully-Paid Shares Will Be Loaned Out

There is no guarantee that you will be able to lend (or that IB will want to or be able to borrow) your Fully-Paid Shares. There may not be a market to lend your Fully-Paid Shares in a particular security at a rate that is advantageous, or IB may not have access to a market with willing borrowers. IB, or other IB clients or IB’s affiliates, might have shares that may be loaned out that will satisfy available borrowing interest and, therefore, IB may not borrow shares from you. There is no rule or requirement, nor is there anything in the applicable agreements between you and IB, that requires IB to borrow shares from you or requires IB to place your interest in lending shares of a particular security ahead of IB’s own interests, or those of other IB clients or those of IB’s affiliates. If IB is managing your lending transactions through the Stock Yield Enhancement Program, IB cannot and does not guarantee that all of your Fully-Paid Shares that possibly could be loaned out to generate loan fees will be loaned out.

Loans May Be Terminated At Any Time By IB

When you lend your Fully-Paid Shares, the loan may be terminated and the shares returned to your IB account at any time. The loan may be terminated because a party that borrowed the shares from IB (after IB borrowed them from you) chose to return the shares, or because you or IB received a rerate request and rejected the rerate or did not respond to the rerate request. IB also has the right to terminate its borrowing of shares from you even if IB continues to lend the same stock through the securities lending market. When the loan is terminated, shares will be returned to your account, you will stop receiving the loan fees, and the cash collateral will be removed from your account. If you are participating in IB's Self-
Directed Fully-Paid Securities Lending Program, you can terminate a loan yourself by recalling the shares using the methods described on the IB website. If you permit IB to borrow securities from you through the Stock Yield Enhancement Program, you will not have direct control over when to initiate or terminate loans of specific shares. Please note, however as noted previously above, that you can always terminate your participation in the program (which will terminate all of your lending transactions).

**Selling Your Shares or Borrowing Against Them or Withdrawing Cash Collateral Beyond a Certain Amount Will Terminate the Loan Transaction**

If you sell the Fully-Paid Shares you have lent out, or if you borrow against the shares or withdraw cash collateral (such that the securities become margin securities and are no longer fully-paid or excess margin securities), the loan will terminate and you will stop receiving the loan fee.

**Commissions and Other Charges**

If you are participating in IB’s Self-Directed Fully-Paid Securities Lending Program, commissions and daily carrying charges will apply to your Fully-Paid Securities lending transactions, and other charges may apply as well. You are responsible for all applicable commissions and charges, which generally will be deducted from your account.

If you permit IB to borrow securities from you through the Stock Yield Enhancement Program, you will receive a loan fee, which will be credited daily, and generally represents a certain percentage of the net loan fee received by IB for relending your shares. The percentage may be changed by IB in its sole discretion. Likewise, the loan fee may be varied by agreement between certain clients and IB, depending on the size of the clients’ loan portfolios, the types of Fully-Paid Securities available in the clients’ accounts, and other factors.

As noted above, IB or its affiliates or third parties may also earn a “spread” on the rate, such that the rate you receive will be based on a net fee after deduction for charges by IB or its affiliates. If IB’s affiliate is acting as a conduit, there will be a minimum 5 basis point (0.05%) reduction in the loan rate IB receives for the loaned shares compared to market rates. Likewise, as noted, IB may pay part of the net loan fees (for shares you lend) to third parties such as introducing brokers who may introduce your account to IB. These payments may reduce the loan fees (rate) you receive. You may always terminate your participation in the program if you are unhappy with the rates you are receiving.

**Interest Treatment on Cash Collateral**

You generally will not receive a separate interest payment from IB on the cash collateral that is credited to your account when you lend Fully-Paid Shares to IB. You will only receive the loan fee rate that is confirmed for lending your shares. This is because when you lend shares against cash collateral, you are effectively borrowing the cash collateral (just as IB is borrowing your shares). Ordinarily you would pay an interest rate on the collateral to the stock loan counterparty (IB) and then you would receive interest if you then deposited that cash collateral with a third party. In this case, these two potential interest payments cancel each other out and the net rate for the lending transaction is the net payment you will receive from lending your shares (reduced by any commissions, management fees or other applicable charges). The interest treatment on collateral may change from the above depending on the securities lending market and the collateral method. Please refer to the IB website.

**Voting Rights**
The borrower of securities (and not you, as lender) has the right to vote, or to provide any consent or to take any similar action with respect to the loaned securities if the record date or deadline for such vote, consent or other action falls during the term of the loan.