



Risk Disclosure for Trading Taiwan-Listed Securities

There are special characteristics and unique risks associated with trading securities listed in Taiwan on the Taiwan Stock Exchange (“Taiwan Securities”) at Interactive Brokers (“IBKR”). Clients must familiarize themselves with these characteristics and risks before trading.

Trading Taiwan Securities

Taiwan Securities are quoted and trade in New Taiwan Dollars (“TWD”). Due to restrictions on trading TWD imposed by the Central Bank of the Republic of China (Taiwan) (“CBC”), Clients will not be able to hold or trade TWD from their IBKR accounts. Rather, IBKR will provide automatic conversions between TWD and IBKR-supported currencies to facilitate the trading of Taiwan Securities. These automatic conversions will occur either intraday or at the end-of-day, depending on the specific circumstances and account type.

At the end of each trading day, IBKR will aggregate all Client conversions into and out of TWD for the day and settle the net amount with its custodian bank. The final exchange rate for conversions to and from TWD for trades done that day (the “Exchange Rate”) will be fixed at that time. The Exchange Rate applied to conversions in your account will include a small additional spread, relative to the rate fixed by IBKR’s custodian bank, to compensate IBKR for providing the auto-conversion service.

Automatic Currency Conversion

During the Taiwan Stock Exchange trading day, while the Exchange Rate is not yet known (because the final conversion rate has yet to be fixed by the custodian bank), an estimated exchange rate (“Indicative Rate”) will be used to estimate the currency conversion rate between TWD and the supported currency the Client is using to fund the trade.

The Indicative Rate is calculated using information provided by a third-party vendor and may not reflect the actual Exchange Rate that will be fixed at the end of day. Once the Exchange Rate is known, all TWD currency conversion transactions will be adjusted to the actual Exchange Rate (as further explained below).

Purchases in a Cash Account

Clients with cash accounts can use long currency balances in their IBKR brokerage accounts to fund Taiwan Securities trades.

Upon Client executing a trade to purchase a Taiwan Security in a cash account, IBKR will automatically convert the necessary amount of Client’s long currency balance(s) to the required amount of TWD at the Indicative Rate. Once the Exchange Rate is known at the end of day, IBKR will automatically adjust the conversion rate on the transaction from the Indicative Rate to

the Exchange Rate. This may result in more (or less) non-TWD funds being debited from Client's account than indicated based on the conversion when shown at the Indicative Rate.

Purchases in a Margin Account

Clients with margin accounts purchasing a Taiwan Security will incur an intraday margin debit in TWD. No later than the end of the day, all debit balances in TWD will be converted to USD. Generally those conversions will occur at the Exchange Rate, but may under certain circumstances be executed initially at the Indicative Rate and then later automatically adjusted from the Indicative Rate to the Exchange Rate once the Exchange Rate is fixed. Clients will not hold a debit balance in TWD overnight.

Sale Trades

Clients selling a Taiwan Security (whether in a cash or margin account) will show a credit (long) TWD balance intraday. No later than the end of the day, all credit balances in TWD will be converted to USD. Generally those conversions will occur at the Exchange Rate, but may under certain circumstances be executed initially at the Indicative Rate and then later automatically adjusted from the Indicative Rate to the Exchange Rate once the Exchange Rate is fixed. Clients will not hold a credit balance in TWD overnight. Accounts configured to never hold non-base currency balances overnight will in turn automatically convert any USD balance to the account's base currency.

Currency Fluctuation

Exchange rates between TWD and other currencies can change rapidly due to a wide range of economic, political, and other conditions, causing the Exchange Rate to vary from the Indicative Rate and exposing Client to risk of exchange rate losses. Clients are responsible for the currency conversion transactions at the Exchange Rate, irrespective of any difference between the Indicative Rate and the Exchange Rate.