

## **INTERACTIVE BROKERS (U.K.) LIMITED FULLY DISCLOSED CLEARING AGREEMENT**

This Clearing Agreement ("Agreement") is entered into by and between Interactive Brokers (U.K.) Limited, a limited company that is duly organized and existing under the laws of England, with a principal place of business located in London, England ("IBUK") and **[NAME OF BROKER]** ("Introducing Broker"), (collectively "the Parties").

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

WHEREAS, IBUK desires to make execution and clearing services available for the 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: The Fully Disclosed Accounts shall be established and maintained in conformity with any and all applicable laws, governmental, regulatory, self-regulatory, exchange and clearing house rules, regulations, regulatory guidelines, interpretations, protocols and the customs and usages of the applicable exchanges and clearing houses (the "Applicable Laws").
2. Applicable Fully Disclosed Accounts: This Agreement shall apply to all Fully Disclosed Accounts introduced by Introducing Broker and carried by IBUK or any affiliate of IBUK ("Affiliate(s)") and any separate proprietary account of the Introducing Broker. Introducing Broker represents that all information provided by the Introducing Broker to IBUK in the application process is true and correct.
3. Allocation of Responsibilities: Introducing Broker shall introduce Customers to IBUK 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 Customers. 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. Introducing Broker authorizes IBUK to use the services of one or more other persons or entities, including its Affiliates, in connection with IBUK's obligations under this Agreement.
  - A. Opening, Approval and Monitoring of Fully Disclosed Accounts:
    - (1) IBUK shall be responsible for the opening, approval, monitoring and supervision of the Fully Disclosed Accounts.
    - (2) IBUK 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 Applicable Laws.

- (3) IBUK shall: (a) verify Customers' identities; (b) obtain certain information from each Customer (e.g., financial information and investment objectives) to determine whether the Customer satisfies IBUK's criteria for establishing a direct access brokerage account and trading the investment products requested by Customer; (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.
- (4) Introducing Broker shall be solely and exclusively responsible for: (i) satisfying all other requirements of "know your customer," 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 Customer and (ii) maintaining all new account records related thereto that are required by Applicable Laws.

B. Required Disclosures:

- (1) The Parties agree to provide Customers with any disclosures required to be given to Customers under Applicable Laws of their respective home countries.
- (2) IBUK shall notify each Customer of the existence of this Clearing Agreement and of the relationship between IBUK and Introducing Broker.

C. Investment Advice: Representatives of IBUK 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 IBUK or on IBUK's website constitutes a recommendation by IBUK 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 including, without limitation, any applicable suitability and "know your customer" requirements.

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

- (1) IBUK shall receive, segregate, and deliver Fully Disclosed Customer funds, securities, and other property in accordance with Applicable Laws. IBUK may enter into arrangements with appropriate third parties, including but not limited to its Affiliates, for the provision of the foregoing services to the Fully Disclosed Accounts, or for other services described in this Agreement or in this section 3.D.
- (2) Client Money and Custody Rules:
  - a. IBUK and its Affiliates may deposit and hold money, securities, and other assets (including, but not limited to, collateral and safe custody

investments) on behalf of Fully Disclosed Customers in accounts that are located outside of the United Kingdom. The legal, regulatory, and settlement regime applicable to IBUK's Affiliates and to the entities in which Customer's money, securities and other assets will be held will be different from that of the United Kingdom. Among other things, different practices for the separate identification of Customers' money, securities, and assets may apply and, in the event of a default of an IBUK Affiliate or any entity in which Customers' money, securities and other assets are held, Customers' money, securities and assets may be treated differently from the position that would apply if the money, securities or assets were held in the United Kingdom.

- b. To the extent that IBUK's Affiliate Interactive Brokers LLC ("IB LLC") holds Customer money, securities, or other assets, IB LLC will hold such money, securities, and assets in accordance with the rules of the U.S. Securities and Exchange Commission ("SEC") and the U.S. Commodity Futures Trading Commission ("CFTC"), as applicable. In such event, it is hereby agreed between Introducing Broker and IBUK that, for purposes of the "financial responsibility rules" of the SEC and Securities Investor Protection Act, the participants in the Fully Disclosed Accounts shall be deemed "customers" of IB LLC.
- (3) IBUK and its Affiliates 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 Applicable Laws.
  - (4) IBUK and /or its Affiliates shall credit each Account with any credit interest owed in accordance with the applicable credit interest terms and rates. IBUK shall deduct the debit interest owed in each Account in accordance with the applicable debit interest terms and rates.
  - (5) IBUK and/or its Affiliates may engage in stock lending activity and the lending of Customer collateral, securities or other property including, but not limited to, using Customer collateral, securities or other property for their own accounts or for the accounts of other Customers, and lending, either to themselves, to their Affiliates, or to others, any Customer collateral, securities and other property in Customers' Fully Disclosed Accounts. Pursuant to Applicable Laws, IBUK or its Affiliates may deposit collateral, securities and/or other Customer property with third parties and may pledge, re-pledge, hypothecate or re-hypothecate Customer collateral, securities and/or other Customer property, either separately or together with other securities and/or other property of other Customers of IBUK or its Affiliates for any amount due to IBUK or its Affiliates in any IBUK Fully Disclosed Account in which Customer has an interest. IBUK or its Affiliates, may so pledge, re-pledge, hypothecate or re-hypothecate Customer collateral, securities and/or other property without retaining in IBUK's or its Affiliate's possession or under its control for delivery a like amount of similar collateral, securities and/or other property and IBUK or its Affiliates may return to Customer collateral, securities and/or other property other than the original, or original type of,

collateral, securities and/or property that Customer deposited with IBUK. Collateral that is registered with a third party may not be in Customer's name.

- (6) IBUK and/or its Affiliates may hold securities in the Customer's name ("Customer Name Securities"), or may cause such securities to be registered in the name of IBUK or its Affiliates or its nominee or in the names or nominees of any depository used by IBUK or its Affiliates. In connection with Customer 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:

- (1) IBUK and/or its Affiliates are authorized to accept orders directly from a Customer for its Fully Disclosed Account or from the Introducing Broker for a Customer's Fully Disclosed Account. For orders transmitted by the Introducing Broker, Introducing Broker is solely responsible for determining whether such orders are properly authorized by the Customer and IBUK will not contact the Customer to verify or confirm, prior to execution, orders sent by the Introducing Broker. For orders transmitted by the Introducing Broker, Introducing Broker shall be solely responsible for any errors in the transmission of such orders.
- (2) IBUK and/or its Affiliates shall process instructions received from Customers (or from Introducing Broker on behalf of Customers) with respect to voluntary corporate actions (e.g., exchange offers, rights offerings, warrants, tender offers) involving the Fully Disclosed Accounts.

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

G. Execution, Clearing and Settlement: IBUK or its Affiliates shall execute orders and clear and settle transactions executed for the Fully Disclosed Accounts, pursuant to the terms and conditions of this Agreement and Applicable Laws.

H. Commissions and Fees:

- (1) In order to apply to become an Introducing Broker, IBUK requires the Introducing Broker to provide a \$10,000 (US) application deposit. This

\$10,000 deposit shall be placed in the Introducing Broker's IBUK account. Upon approval of the Introducing Broker's application, it is expected that this deposit will be applied against the first \$10,000 in commissions/clearing fees incurred. If the Introducing Broker does not complete its application, the deposit will not be refunded. If IBUK rejects the Introducing Broker's completed application, or if IBUK's and/or its Affiliates regulators do not approve the Introducing Broker's participation as an introducing broker, the deposit will be refunded. Once the Introducing Broker's account is established and the Introducing Broker or its Customers begin trading, IBUK does not claim any right or title to the deposit and it can be withdrawn by the Introducing Broker.

- (2) Introducing Broker shall notify IBUK 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 IBUK website. Introducing Broker is responsible for notifying Customer of the commission rates for Fully Disclosed Accounts and any fees applicable to the Fully Disclosed Accounts. Introducing Broker represents and warrants that the commission rates for Fully Disclosed Accounts shall be commercially reasonable and shall comply with all Applicable Laws.
  - (3) IBUK shall deduct applicable commissions and fees from the Fully Disclosed Accounts.
  - (4) IBUK shall calculate and retain IBUK's and/or its Affiliates share of the commissions and fees collected for transactions in the Fully Disclosed Accounts. Introducing Broker's commissions and fees collected by IBUK for the Fully Disclosed Accounts shall be remitted periodically to the Introducing Broker. Introducing Broker agrees to return to IBUK immediately any funds of any kind erroneously or improperly remitted to Introducing Broker by IBUK. In the event that funds in a Fully Disclosed Account are insufficient to pay IBUK's portion of commissions and fees and Introducing Broker's portion, IBUK's portion shall be paid first.
- I. Confirmations and Statements: IBUK and/or its Affiliates shall be responsible for providing confirmations and statements to Customers.
- J. Books and Records:
- (1) IBUK and/or its Affiliates 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 Customer, 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 Customer to maintain additional books and records, Introducing Broker shall do so.
  - (2) Introducing Broker shall have access to account information regarding the Fully Disclosed Accounts introduced by Introducing Broker.

- K. Introducing Broker agrees that IBUK or its Affiliates may furnish complaints regarding Introducing Broker to Introducing Broker's regulators or other relevant authorities, if they, in their sole discretion, determine that such action is appropriate.
- L. Customer Agreements: Nothing in this Agreement shall be deemed to alter or supersede the rights of IBUK and/or its Affiliates pursuant to the agreements entered with Fully Disclosed Customers ("Customer Agreements"). IBUK retains complete discretion in determining whether to approve account applications from prospective Customers, to suspend or terminate Customer Accounts, to handle and resolve disputes with Customers, and to take any other action with respect to Customers or Customers' Fully Disclosed Accounts under the relevant Customer Agreements.
- M. Introducing Broker's Proprietary Accounts: Introducing Broker acknowledges that a separate account that may be used to hold any proprietary funds and positions of the Introducing Broker may not be treated as a customer account for purposes of the "financial responsibility rules" of the SEC and for purposes of the Reserve Formula calculations performed by IBUK's U.S. affiliates. If Introducing Broker maintains a proprietary account with IBUK, such account shall be subject to the terms and conditions of the IBUK Customer Agreement, which is incorporated herein by reference.

4. 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 Applicable Laws to: (1) retain the services of IBUK; (2) enter into this Agreement; (3) engage in the securities, options, futures, and other investment transactions to be effected through the Fully Disclosed Account; (4) effect such transactions on behalf of Introducing Broker's Customers; 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 IBUK in the in its account application and during the account approval process is true and correct.
- 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 Applicable Laws. Introducing Broker shall promptly notify IBUK 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 compliance with Applicable Laws. Introducing Broker shall comply with whatever non-member access rules have been promulgated by any exchange for which Introducing Broker transmits orders.

- E. Introducing Broker represents that there are no 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: (1) which allege any 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) which, if decided, would have a material, adverse effect on the ability of Introducing Broker to fulfill its obligations under this Agreement.

5. Reporting, Confidentiality and Data Protection:

- A. **Disciplinary Action, Suspension, or Restriction:** Introducing Broker shall immediately notify IBUK 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 IBUK a copy of any decision relating to such disciplinary action, suspension, or restriction. Introducing Broker also shall immediately notify IBUK of any other restriction on its activities with respect to the Fully Disclosed Accounts or Customers. In either of these events, IBUK may take any action it deems to be necessary: (1) to assure itself that Introducing Broker will continue to comply with Applicable Laws notwithstanding such action, suspension or restriction, and (2) to comply with any requests, directives, or demands made upon IBUK by any agency, regulatory or self-regulatory organization, or exchange.
- B. **Requests for Information and Cooperation with Inquiries:** Introducing Broker agrees to cooperate fully with, and shall comply with all appropriate requests for information arising from, any inquiry or investigation by IBUK and/or its Affiliates or any agency, regulatory or self-regulatory organization, or exchange regarding any activities of Introducing Broker or of Fully Disclosed Customers.
- C. **Confidentiality and Data Protection:** IB UK or its Affiliates may, without Introducing Broker's or Customers' prior consent, disclose or transmit any information, or produce any documents:
  - (1) as required or permitted by law or judicial process;
  - (2) as required or requested by any competent authority, including, without limitation, the Board of Inland Revenue, any regulatory, self-regulatory, or enforcement organization (including, without limitation, the Bank of England, the FSA, the Panel on Takeovers and Mergers, the CFTC, the NFA, the SEC, and FINRA), any investment exchange, or any person or body providing clearing and/or settlement services, in each case, whether or not acting pursuant to any statutory authority, whether based in the U.K. or abroad, and whether such authority, organization, exchange, person or body has required or requested that disclosure be made to it or to any other person;
  - (3) where Introducing Broker or a Customer has defaulted in the performance of their obligations under this Agreement or under any other agreement with IB

UK and/or its Affiliates, or under any agreement into which IB UK and/or its Affiliates have entered on Customer's behalf, whereupon IB UK and/or its Affiliates may disclose to any interested person Customer's name, address and such other information as IB UK and/or its Affiliates deem necessary or as that person reasonably requests;

- (4) where a counterparty to a transaction into which IB UK and/or its Affiliates is to enter on Customer's behalf reasonably requests information about Customer to enable him to assess the credit risk Customer represents;
  - (5) where IB UK and/or its Affiliates believe it is necessary or desirable in connection with the performance or exercise by them of their respective duties and/or rights under this Agreement or the terms of any other agreement IB UK or any of its Affiliates have with Customers;
  - (6) to the connected companies, Affiliates or professional advisers of IB UK and IB LLC;
  - (7) to those directors, officers, employees, associates, agents, or advisers engaged, in the course of their duties or employment, in activities relating to the performance or exercise by IB UK and/or its Affiliates of their obligations or rights under, or pursuant to, this Agreement or the terms of any other agreement IB UK, or any of its Affiliates have with Introducing Broker or Customers or with each other;
  - (8) in connection with the provision of any services available through the IB UK website; and
  - (9) where the information previously has been publicly disclosed otherwise than as a result of a breach by IBUK or its Affiliates of any confidentiality obligations.
- D. IB UK and/or its Affiliates, and any connected person thereto are not obliged to disclose to Introducing Broker or to Customers or to take into consideration or utilize for Introducing Broker's or Customers' benefit any fact, matter or thing:
- (1) if, in IB UK and/or its Affiliates, or the connected person's opinion, disclosure or transmission of the information would or might be a breach of duty or confidence to any other person or render IB UK and/or its Affiliates, or their respective directors, officers, employees, associates, agent, or advisers liable to criminal or civil proceedings; or
  - (2) which comes to the notice of a director, officer, employee, associate, agent or adviser of IB UK and/or its Affiliates, or of any connected person thereto and does not come to the actual notice of the individual or individuals making the decision or taking or not taking the step in question.
- E. Introducing Broker and any person connected to or representing Introducing Broker, accepts that all telephone conversations between IBUK and/or its Affiliates, on the one hand, and Introducing Broker or such other person, on the



other hand, may be recorded without the use of a warning tone. Such recordings will be IB UK's sole property.

- F. IB UK and its Affiliates may use, store, disclose, transmit or otherwise process ("Process") any personal information such as the name, address or age ("Personal Information") provided by Introducing Broker or Fully Disclosed Customers or their directors, officers, employees, associates, agents, trustees, traders, or representatives, to IBUK and/or its Affiliates under this Agreement or otherwise acquired by IBUK and/or its Affiliates from the foregoing. Such Personal Information may be Processed by IBUK and/or its Affiliates for the purpose of administering this Agreement, providing services to Customer or otherwise marketing financial services and products from IB UK. For these Purposes, IB UK and/or its Affiliates may transfer or disclose ("Disclosure") Personal Information to any connected company, wherever located throughout the world; to any person acting on behalf of IB UK and/or its Affiliates; and to any person to whom IB UK and/or its Affiliates is permitted to delegate any of their respective functions. Introducing Broker understands and accepts that any Personal Information or any other information or documents relating to Introducing Broker's or Customers' affairs (including their dealings with IB UK) that are disclosed, transmitted or Processed pursuant to this Agreement may be sent outside the E.U and/or to persons or entities that are not subject to the same legal or regulatory requirements regarding data protection as are provided by U.K. law.

6. Anti-Money Laundering ("AML") and Related Obligations:

A. Introducing Broker's Responsibilities:

- (1) Acknowledgment of AML Obligations. Introducing Broker hereby agrees and acknowledges that it is obligated to, and hereby represents and warrants that it now does and will continue to, comply with all applicable AML laws and regulations ("AML Laws").
- (2) AML Program. Introducing Broker has established, maintains and enforces an AML program of written internal policies, procedures and controls including, without limitation: (1) written procedures and a means for monitoring for, identifying and reporting suspicious activity through its customers' Accounts; (2) an ongoing employee AML training program; (3) an independent audit function to test its AML program annually; and (4) any additional requirements of any governmental, regulatory or self-regulatory body with jurisdiction over Introducing Broker.
- (3) Knowledge of IBUK's AML Policies and Procedures. Introducing Broker agrees to become familiar with any of IBUK's AML policies and procedures relayed to Introducing Broker and to abide by them.
- (4) Surveillance and Suspicious Activity Reporting.
  - a. Introducing Broker shall conduct surveillance of the activity in the Accounts including, without limitation, reviewing account activity for the

purpose of detecting suspicious transactions or other account activity that may involve money laundering, terrorist activity or other illegal conduct.

- b. Introducing Broker shall notify IBUK's AML Compliance Officer regarding any account activity Introducing Broker knows or has reason to suspect: involves funds related to money laundering, terrorist activity or any other illegal conduct; is intended or conducted in order to hide or disguise funds or assets derived from illegal activity; is designed to evade laws or regulations; involves the use of IBUK or the Introducing Broker to facilitate criminal activity; is not legitimate, has no business or apparent purpose or is not the sort of transactions in which the particular customer would normally be expected to engage (and there is no reasonable explanation therefor); is otherwise suspicious; or could support the filing of a suspicious activity report ("SAR") of any kind. Such notice shall be provided by the Introducing Broker as soon as practical after identifying the activity and, in any event, prior to filing an SAR. Introducing Broker shall communicate with IBUK about the account activity for the purposes of sharing information about the activity and shall provide IBUK with any information or documentation regarding the activity, the responsible customer or related persons that IBUK, in its sole discretion, believes is necessary or appropriate to fulfill its obligations. Introducing Broker shall provide IBUK with copies of all SARs and other communications it files with any exchange or governmental, regulatory or self-regulatory body regarding the activity. Introducing Broker shall take any action that IBUK may request in connection with such activity, whether the activity was detected by Introducing Broker or IBUK.
- (5) Recordkeeping. Introducing Broker shall make and maintain accurate records of its surveillance activities and other actions related to its AML procedures. Upon request, Introducing Broker shall submit copies of such records to IBUK or any proper exchange or any federal or state regulatory or self-regulatory authority.

**B. IBUK's Responsibilities:**

- (1) Customer Identification. The IBUK electronic account application system shall be programmed to require new applicants for Introducing Broker client accounts to provide specified identification information and IBUK shall perform certain procedures designed to verify the identity of each applicant for an Introducing Broker client account through documentary and/or non-documentary means (to the extent reasonable and practicable and in accordance with the AML Laws, Regulations and related Guidelines) before or within a reasonable time after the account has been opened. Such means may vary from time to time, in IBUK's sole discretion. IBUK generally shall verify the identities of Introducing Broker client account applicants who are U.S. residents through a third party service. Introducing Broker acknowledges that IBUK uses and relies upon a third party service for that purpose and shall not be liable, in any way, for any errors or omissions made by such third party vendor.

- (2) Negative Information Checks. The IBUK electronic account application system shall be programmed to electronically check the names of applicants for Introducing Broker client accounts against the names on IBUK 's database of names appearing on required governmental or SRO 'watch lists" such as the Bank of England List and OFAC's SDN List and shall maintain procedures for addressing any potential matches thereto. Introducing Broker acknowledges that IBUK compiles its database from lists provided by third party sources and relies thereon and IBUK shall not be held liable for any errors or omissions in such lists. Introducing Broker shall cooperate fully with any request made by IBUK or any regulatory or self-regulatory authority in their efforts to determine whether there is an actual match between an Introducing Broker client and a name on a relevant list or whether the account would be subject to any sanction or restriction. Introducing Broker also shall implement any action determined by IBUK or such authorities to be necessary or appropriate under the circumstances.
- (3) Surveillance and Suspicious Activity Reporting. IBUK shall operate various automated surveillance programs that are designed to detect suspicious transactions and activity that may involve money laundering, terrorist activity or other illegal conduct. The actual systems and tools used by IBUK for these purposes may vary from time to time, at IBUK's discretion. Where IBUK believes that it is necessary or appropriate to do so, IBUK and/or its Affiliates will file a report with appropriate authorities. By conducting such surveillance and filing such reports, IBUK does not thereby assume any responsibility of the Introducing Broker for conducting surveillance of the activity in the accounts of the Introducing Broker's customers nor to report any suspicious activity therein under any other law or regulation.

C. Liability and Indemnity:

- (1) Limitation on Liability. Introducing Broker recognizes that the AML Laws do not prescribe a particular method to verify a customer's identity, that there is no full-proof method of doing so and that IBUK is not required to determine the veracity of documents provided by customers to verify their identity. Accordingly, IBUK and its affiliates shall not be liable under any circumstances for any loss or damages incurred by Introducing Broker or its customers in relation to the identification of Introducing Broker's customers. Similarly, the AML Laws do not prescribe a particular method to conduct surveillance in customer accounts for suspicious activity, there is no full-proof method for doing so and IBUK and its affiliates are not obligated to review each and every customer transaction. Accordingly, IBUK and its affiliates shall not be liable under any circumstances for any loss or damage incurred by Introducing Broker or its customers as a result of its failure to detect particular suspicious transactions or account activity or patterns thereof. In no event shall any liability imposed on IBUK or any of its affiliates, regardless of the form of action and damages suffered by Introducing Broker exceed the highest aggregate monthly commissions and fees paid by introduced customers to IBUK. Under no circumstances shall IBUK or any of its affiliates be liable for any punitive, indirect, incidental, special or consequential loss or damages, including loss of business, profits or goodwill.

7. Event of Default:

- A. An "Event of Default" hereunder shall occur automatically, without notice from IBUK if: (1) Introducing Broker breaches, repudiates, or defaults in any way on any agreement with IBUK; (2) IBUK, 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 IBUK; (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 representations to IBUK, 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) IBUK 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, IBUK is authorized to terminate any or all of IBUK's (including its Affiliate's) obligations to Introducing Broker for future performance.
- C. Introducing Broker shall indemnify IBUK and its Affiliates, and hold IBUK and its Affiliates, harmless for all actions, omissions, costs, expenses (including attorneys' fees), losses, penalties, claims or liabilities, which IBUK or its Affiliates incur in connection with: (1) the exercise of any remedy, (2) the care of collateral and defending or asserting the rights and claims of IBUK or its Affiliates in respect thereof, and (3) meeting any obligation of IBUK or its Affiliates which it fails to perform by reason of an Event of Default.

8. License to Use Interactive Software and Related Restrictions: IBUK and its Affiliates grant to Introducing Broker and Introducing Broker accepts a non-exclusive and non-transferable license to use their proprietary software to communicate with the Interactive System ("Interactive Software") and to utilize the services contemplated herein. Title to the Interactive Software shall remain the sole property of IBUK and its Affiliates, 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 IBUK's and its Affiliates' ownership and rights therein and shall not sell, exchange, or otherwise transfer the Interactive Software to others. IBUK and its Affiliates 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 IBUK and confirmed by IBUK's secretary. Any updates, replacements, revisions, enhancements, additions or conversions to the Interactive Software supplied to Introducing Broker by IBUK shall become subject to this Agreement.

9. Liability and Indemnity:

A. LIMITATION OF IBUK'S LIABILITY TO INTRODUCING BROKER:

- (1) UNDER NO CIRCUMSTANCES SHALL IBUK OR ANY OF ITS AFFILIATES 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. IN NO EVENT SHALL IBUK'S OR ITS AFFILIATES' LIABILITY, REGARDLESS OF THE FORM OF ACTION AND DAMAGES SUFFERED BY INTRODUCING BROKER, EXCEED THE HIGHEST AGGREGATE MONTHLY COMMISSIONS AND FEES PAID BY INTRODUCED CUSTOMERS TO IBUK.
- (2) INTRODUCING BROKER ACCEPTS IBUK'S AND ITS AFFILIATE'S TECHNOLOGY, SOFTWARE AND TRADING SYSTEM ("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. IBUK AND ITS AFFILIATES SHALL NOT BE LIABLE TO INTRODUCING BROKER BY REASON OF DELAYS OR INTERRUPTIONS OF SERVICE OR TRANSMISSIONS, OR FAILURES OF PERFORMANCE OF THEIR SYSTEMS, 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 IBUK'S OR ITS AFFILIATES' 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 IBUK AND ITS AFFILIATES FOR PURPOSES OF SERVICING THE SYSTEM. INTRODUCING BROKER ACKNOWLEDGES THAT CUSTOMERS ARE RESPONSIBLE FOR MAINTAINING ALTERNATIVE TRADING ARRANGEMENTS IN ADDITION TO THEIR FULLY DISCLOSED ACCOUNT.

- B. Indemnification of IBUK by Introducing Broker: Introducing Broker shall indemnify, defend and agree to hold IBUK, its Affiliates, their respective successors and assigns, and their respective directors, officers, employees and agents ("IBUK 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 Customers 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 Customers or any other transaction or activity

contemplated by this Agreement. Errors, misunderstandings, controversies or disputes involving former, current, or potential Customers of Introducing Broker shall be Introducing Broker's sole responsibility and liability. Notwithstanding the foregoing, Introducing Broker shall not be obligated to indemnify IBUK 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 IBUK's or its Affiliates' fraud. These indemnification provisions shall remain operative and in full force after termination of this Agreement.

- C. **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 IBUK Indemnitees may have any claim to indemnification under this Agreement, Introducing Broker shall fail to institute the defense of IBUK Indemnitees in connection with such claim, demand, proceeding, suit or action, or if thereafter Introducing Broker shall fail diligently to prosecute such defense, IBUK 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, IBUK Indemnitees' rights to indemnification under this Agreement. IBUK Indemnitees 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 IBUK Indemnitees without the prior written consent of IBUK Indemnitees.

#### 10. 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 IBUK, nor shall they hold themselves out as such. Introducing Broker has no authority to make any representations or give any warranties on IBUK's behalf and shall not make any such representations or give any such warranties. Introducing Broker shall have no authority to bind IBUK or any of its Affiliates, or to enter into any agreement, understanding or commitment giving rise to any liability or obligation of IBUK or any of its Affiliates.
- B. Nothing in this Agreement shall be construed to prevent Introducing Broker from competing with IBUK or to prevent Introducing Broker from doing business with Customers exclusive of IBUK and outside the terms of this Agreement. Nothing in this Agreement shall be construed to prevent IBUK or its Affiliates from competing with Introducing Broker or to prevent IBUK or its Affiliates from doing business with Customers exclusive of Introducing Broker and outside the terms of this Agreement.

11. Transfer of Accounts: In the event of a potential transfer by IBUK of any positions in any Fully Disclosed Account pursuant to this Agreement, Introducing Broker shall promptly provide IBUK 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 IBUK can contact to coordinate the transfer.

## 12. 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 IBUK and/or its Affiliates and the Fully Disclosed Customers, or the Accounts of the Customers.
- 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.

## 13. Miscellaneous:

- A. Treatment of Introducing Broker: IBUK shall treat the Introducing Broker as an eligible counterparty under the Financial Services Authority customer classification requirements.
- B. Treatment of Fully Disclosed Customers: IBUK shall treat the Fully Disclosed Customers as retail clients under the Financial Services Authority customer classification requirements.
- C. Complaints: Complaints will be handled pursuant to the Financial Services Authority Complaints Handling DISP rules.
- D. 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.
- E. Applicable Law; Jurisdiction; Service of Process: This Agreement shall be governed by, and construed in all respects in accordance with the laws of England and subject to the exclusive jurisdiction of the Courts of England, unless otherwise provided by law. Introducing Broker hereby irrevocably and unconditionally submits itself to the personal jurisdiction of the Courts of England. Introducing Broker waives, to the fullest extent permitted by law, any objection which 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 Courts located in England. 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 IBUK immediately and Introducing Broker shall thereafter accept service of process as specified herein at its new address.

In the event that the Courts of England cannot assert jurisdiction over Introducing Broker or a claim against Introducing Broker, or in the event that IBUK must by law enforce a judgment against Introducing Broker other than in England, Introducing Broker irrevocably and unconditionally submits itself to the personal jurisdiction of the Courts of Introducing Broker's home country or the country in which the suit must be brought or the judgment enforced. In such case Introducing Broker waives, to the fullest extent permitted by law, any objection which 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 such jurisdiction. 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 the event that the U.K. Financial Ombudsman Service ("FOS") shall have jurisdiction over a particular dispute, both parties consent to such jurisdiction and agree to submit the dispute to be resolved pursuant to the procedures governing the FOS.

- F. Entire Agreement: The Parties acknowledge that they have not made any oral or written representations or warranties other than set forth herein. This Agreement supersedes any prior agreement executed by Introducing Broker.
- G. 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 IBUK and confirmed, in writing, by IBUK's secretary.
- H. Captions: Captions are provided herein for convenience only and are not of substantive effect.
- I. 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.
- J. 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 IBUK shall not be exclusive of any other remedies.
- K. 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.

- L. Successors and Assigns; Third Party Rights: This Agreement and all of rights and liabilities hereunder shall be binding upon the Parties' respective successors and permitted assigns. All or part of the rights and obligations of IBUK under this Agreement may be assigned by IBUK to any Affiliate or to another duly registered broker-dealer or futures commission merchant. No assignment may be made by Introducing Broker without the prior, written consent of IBUK. All of IBUK's rights and remedies and any limitations on liability hereunder shall inure to the benefit of IBUK's Affiliates and they are hereby designated as third party beneficiaries to this Agreement.
  
- M. Lien: Introducing Broker grants IBUK and its Affiliates a lien on all property held at any time by IBUK or its Affiliates to secure any Introducing Broker indebtedness or obligation to IBUK or its Affiliates, and IBUK or its Affiliates, without notice to Introducing Broker, may use, transfer or sell any or all of such property to enforce its lien.
  
- N. 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 IBUK, including confirmations, account statements, messages, and notices of any kind. Electronic records and communications may be sent to Introducing Broker's Trader Workstation, through a Computer-to-Computer Interface or to Introducing Broker's e-mail address. Introducing Broker may withdraw such consent at any time by hard copy letter delivered via Federal Express or other overnight courier to Interactive Brokers (U.K.) Limited, Director of Compliance, 110 Blshopgate, Heron Tower, Level 20, London EC2N 4AY.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives.

<b>Interactive Brokers (U.K.) Limited</b>	<b>[NAME OF BROKER]</b>
Signature:	Signature:
Name: (Please Print)	Name: (Please Print)
Title:	Title:
Date:	Date: