

Frequently Asked Questions: Fully Paid Lending Income Program

Q. What is the Fully Paid Lending Income Program?

A. TD Ameritrade's Fully Paid Lending Income Program provides clients the opportunity to earn extra income from the securities they already own by loaning shares to TD Ameritrade while clients maintain ownership of the shares. TD Ameritrade typically loans the shares to third parties (brokers, traders, hedge funds) for a fee, which is then shared with clients in a 50/50 split.

Q. Who is eligible for the Fully Paid Lending Income Program?

A. Currently, only cash and margin IRA accounts are eligible to enroll in the program. All other margin accounts are ineligible at this time. It should also be noted that employer-sponsored retirement plan accounts like 401(k)s are not eligible under ERISA rules.

Q. How do I enroll in the program?

A. You may digitally enroll via the [Fully Paid Lending Income Enrollment Page](#) or by accessing My Profile > General > Elections & Routing > Fully Paid Lending Income Program > Apply.

Please note: Trust, Corporate, Limited Liability, Partnership, S-Corp and Sole Proprietorship accounts are eligible for the program but cannot enroll online. Please complete the [Fully Paid Lending Income Program - Master Securities Lending Agreement](#) and submit via Secure Message Center or fax to TD Ameritrade at 866-468-6268.

Q. What is needed to enroll in the Fully Paid Lending Income Program?

A. You are required to meet certain suitability and eligibility requirements prior to acceptance into the Fully Paid Lending Program. Clients will be required to review and acknowledge the Master Agreement prior to enrollment.

Q. Will I pay any fees to participate in the program?

A. No, there are no fees associated with the program. Income received from third parties by TD Ameritrade for the shares on loan will be split 50/50 between you and TD Ameritrade.

Q. How do I earn income?

A. TD Ameritrade will charge borrowers for the loan and collect fees that will be shared with the enrolled client in a 50/50 split. Income will be paid on a monthly basis.

Hypothetical income example (based on 360-day annualized lending rate of 10.5%):

Market value of loaned shares	\$50,000
Daily accrual	\$14.58
Monthly income	\$437.50
Client Portion	\$218.75
TD Ameritrade Portion	\$218.75

Q. Where can I review my loan activity and accrual?

A. You will be able to see your loaned shares, collateral, and the rate you are earning online daily. Daily statements will reflect the previous day's loan activity. A monthly statement will also be provided as summary and lending income information.

Daily and monthly statements will only be available if loan activity has taken place and can be found online: My Account > Statements > Fully Paid

Q. What securities will be loaned out?

A. Upon enrollment, all fully paid securities will be eligible to loan; however, market demand will drive which securities may be loaned out. Demand and pay rates vary by security and over time.

Q. How will securities be chosen for loans?

A. All enrolled accounts holding the security will be identified and put into a lottery process. Accounts will then be selected on a random basis. Positions under \$10,000 may not be considered in the lottery process.

Q. How are lending rates determined?

A. Each security has its own lending rate based on demand.

Q. Can I still buy/sell the security while it is out on loan?

A. Yes, you may remain invested and can continue to buy or sell securities as usual. However, once the securities on loan are sold the loan will terminate and the client will stop receiving loan interest.

Q. Where will the collateral be held?

A. TD Ameritrade will fully secure loans through the program with FINRA-approved methods of collateral (cash or U.S. Treasury bills and Treasury notes) that are held at Charles Schwab Trust Co, our third party administrator.

Q. How do I optout/unenroll from the Fully Paid Lending Income Program?

A. Please submit your request by logging in to your account via the web and going to [Client Services > Message Center](#) to write us.

Q. What risks are involved in the Fully Paid Lending Income Program?

A. Fully Paid Lending isn't appropriate for everyone. Clients with very short-term liquidity needs should not consider the program.

A primary risk is counterparty default. TD Ameritrade is your counter party on fully paid lending transactions. If TD Ameritrade were to default on its obligations as defined in the MSLA, you would have the right to withdraw the collateral from the custodian bank in the manner described in the Collateral Administration Agreements.

Please refer to the other FAQ's on this page to gain a better understanding of the program benefits and risk considerations.

Q. How will dividends be handled within the Fully Paid Lending Income Program?

A. Substitute payments will be provided in lieu of dividends and are taxed differently than dividends. Consult your tax professional for further details.

Q. Will I continue to have voting rights for shares on loan?

A. No, voting rights are forfeited for shares on loan, but the client will retain voting rights for any shares of that security that are not on loan.

Q. How will SIPC coverage be impacted?

A. SIPC will not cover the securities position on loan. However, the loan will be backed by 100% collateral held at a third-party bank.

Q. What if I have more questions?

A. You may reach out by logging in to your account via the web and going to [Client Services > Message Center](#) to write us.

Investment Products: Not FDIC Insured * No Bank Guarantee * May Lose Value

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