I hate it when Schwab offers to take my shares out of a Roth IRA and temporarily put them in a margin account so they can lend them short. One would not be able to vote these shares and any commission would be taxable. This artificially exacerbates the situation by all means. I would guess income earned in this manner would be taxable. The offer that was sent probably ten times follows.....

Earn income for lending securities
Yahoo/Schwab

[mobile.mail.yahoo.com]

Charles Schwab Securities Lending <slfp@schwab.com>

To:[REDACTED]

Wed, Jun 9 at 6:32 PM

Learn about Schwab’s Securities Lending Fully Paid (SLFP) program, which may allow you to earn monthly income for lending securities to Schwab that are in high demand by other investors. Your account currently holds securities that may qualify for the SLFP program.

Please note that income paid on a loaned security can fluctuate with changes in demand in the securities lending market.

Why does Schwab want to borrow your securities?

With your permission, Schwab can lend your securities to other clients or financial institutions to facilitate their trading strategies, which typically involve a short sale. While participating in SLFP, you still own your shares and retain the
right to sell or remove the shares from the program at any time.

Other benefits of the SLFP program:

- Income accrues daily and is paid monthly.
- You’ll receive 100% collateral for loaned securities.
- You can participate at no cost to you.

What are some of the potential risks and important considerations of participating?

Security price. There is the potential for downward pressure on the price of a security if the security is borrowed to facilitate a short sale.

Dividends. If you have a security on loan to Schwab when it's scheduled to pay a dividend, you will either receive the dividend or a substitute payment in lieu (PIL) of dividend. You may have to pay a higher tax rate on a PIL, but Schwab currently issues a discretionary payment to help compensate for additional taxes.¹

Voting rights. Upon lending a security to Schwab, you will lose the right to vote on corporate actions by the issuer.

Loss of SIPC protection. Because borrowed securities may not be covered under the programs of the Securities Investor Protection Corporation (SIPC), loans are secured by collateral provided by Schwab.

To learn more about the program:

- Visit schwab.com/securitieslending [cs1.schwab.com]
- call us at 877-793-8872, Monday through Friday, 8:30 a.m. to 4:00 p.m. ET.

Thank you for investing with Schwab.

¹Schwab does not make this payment when we can identify instances where a dividend is not qualified due to hedging, holding period limitations, or similar situations. Because individual tax situations differ, Schwab cannot precisely calculate the additional tax costs a client might incur. Therefore, we do not intend, nor should clients expect, for this payment to be an exact reimbursement of any excess tax cost.

If you have any questions or concerns, PLEASE DO NOT REPLY TO THIS EMAIL. Instead, visit Schwab.com/contactus [schwab.com] to identify a fast and simple way to get in touch.

For your protection, we are unable to accept instructions to change your email address sent in reply to this message. To update your address using a secure channel, please log in.
For your security, Charles Schwab will never request personal information through email.

View SchwabSafe® and The Schwab Security Guarantee.

Notice: All email sent to or from the Charles Schwab corporate email system is subject to archival, monitoring and/or review by Schwab personnel.

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(0620-0R1B) SLOTC

Regards,
Bill Dudley