

ORDER EXECUTION POLICY

Order Execution Policy

Introduction

Bloomberg Tradebook® systems route orders to exchanges and other venues in over 30 countries around the world. Bloomberg Tradebook provides anonymous, agency brokerage services to investment management and other professionals for the trading of equities, options, futures and/or foreign exchange. Bloomberg Tradebook Europe acts as an introducing broker for the Bloomberg Tradebook® systems and in some cases acts as client-side executing broker.

Bloomberg Tradebook equips our professional clients with a wide range of order types and trading strategies. Each trader can choose the order handling algorithm that best suits the characteristics of each order depending on the financial instrument being traded, the exchange or other venue selected for execution and the trader's execution goals. Traders typically assess how liquid the market is for the particular security or instrument, what has been the recent trading pattern of the instrument to be traded on the relevant venues and other considerations before entering an order. Once an order is entered it will be automatically processed as explained in this order policy. Order entry and management remain under the client's discretion and control without any intervention from any person at Bloomberg Tradebook Europe (unless the client contacts the trading/help desk to resolve a particular problem).

In a limited number of cases, the trader may direct an order for specific routing, such as a market-on-open order to a specific exchange.

However, given the complexities of the global marketplace, most orders rely on Bloomberg Tradebook's smart order routing technology to handle the order within the parameters of a given strategy.

With the exception of orders directed by traders to a specific exchange, all orders entered on the BLOOMBERG TRADEBOOK® systems are immediately sent to the exchange(s) with the best published price. The Bloomberg Tradebook® systems receive real time quotes from all the relevant exchanges and other venues in order to route orders to the best prices. In some countries there are multiple competing equities and options exchanges, whereas in others there is only one. Should more than one exchange display a quote at the national best bid or offer (NBBO), the Bloomberg Tradebook® system automatically splits the order into multiple components, sweeping all the best priced quotes simultaneously.

Bloomberg Tradebook

The BLOOMBERG TRADEBOOK® system is designed to ensure that order execution is primarily determined by reference to seeking best price and speed of execution but allows clients to submit orders which are based on other overriding factors.

The following highlights how Bloomberg Tradebook has addressed the specifics of each asset type:

- Equities
- Futures & Options
- Foreign Exchange

Equities

U.S. exchange-traded Equities

Nine exchanges and numerous alternative trading systems (ATSs) compete for the execution of orders, regardless of whether the stock is listed on the NYSE, AMEX or Nasdaq. The Bloomberg Tradebook® system receives market quote feeds directly from exchanges, from those ATSs that quote on the various exchanges, as well as many of the “dark pools of liquidity” which do not display publicly the available interest on their systems. Bloomberg Tradebook Europe routes all client orders to these exchanges via a broker member of the exchange or to an ATS.

Clients can select among a variety of order types which include market, limit, reserve, orders for the opening and closing auctions, contingent stop orders and electronic discretion orders.

If the client has specified an exchange or other trading venue for an order, the Bloomberg Tradebook® system routes the order to that exchange or trading venue. If the client has not specified an exchange or other trading venue, Bloomberg Tradebook’s order routing algorithms determine how the client’s order is displayed, routed and executed. The system first executes an order against all quotes within the client’s prices, including other orders on the Bloomberg Tradebook® system, in order of best price.

If the order has not been completely filled, the Bloomberg Tradebook® system displays it on both the Bloomberg Tradebook® quote montage and on a national exchange.

Clients can also select from a number of pre-defined algorithms that will slice up the large order in different ways, sending the individual orders to the selected exchanges and trading venues, again based on best price. The algorithms are designed to work the order in compliance with the SEC’s Regulation NMS Order Protection Rule.

This is explained in detail in a document found at the following internet site:
<http://www.bloombergtradebook.com/>. See “Reg NMS” attached.

Bloomberg Tradebook

The Bloomberg Tradebook® system constantly checks for new contra orders entered on the Bloomberg Tradebook® system as well as for available liquidity (at the best price available) on exchanges or other trading venues. When liquidity appears at or within the order's pricing limit, the system automatically pairs the order with another order on the Bloomberg Tradebook® system or routes the order for execution to the exchange or other trading venue with the best price.

Non U.S. exchange-traded Equities

Bloomberg Tradebook Europe routes orders to over 35 exchanges globally via local member broker firms. Typically a security trades on a single national exchange so when choosing the security to trade, clients in effect choose the exchange to which the order will be routed. In the event that a security is traded on competing exchanges (e.g., in the Japanese market), clients may specify that their order is to be sent to a specific exchange by choosing an exchange-specific security code. Alternatively they may choose a country code for the security.

In the latter case, Bloomberg Tradebook's order routing algorithms sweep all the national exchanges on which the security is traded and route the order to the exchange(s) showing the best price. This can result in an order being split across a number of different exchanges. Any residual order is posted on the primary listing exchange.

Clients can select any of the following order types depending on the exchange itself – market, limit, reserve, orders for opening or closing auctions, immediate or cancel, fill or kill, contingent orders based on stops or price-based discretion. All exchange orders are cancelled at the close of the market by the exchange. The only exception is where the exchange permits a good-til-date or good-til-cancel order. Clients can also select among several different predefined algorithms that will slice up large orders in different ways, sending a stream of orders to the selected exchange.

Bloomberg Tradebook Europe sales representatives can provide you with additional information about these algorithms.

Futures & Options

Options on U.S. exchange-traded Equities

Bloomberg Tradebook Europe acts as executing broker for its clients in relation to U.S. options on equities. It sends all orders received from clients to its U.S. affiliate, Bloomberg Tradebook LLC, which routes orders to exchanges via a variety of broker member firms. In the United States there are six competing exchanges which all clear their trades through a single entity, the Options Clearing Corporation. Clients may choose to direct an order to any of these specific U.S. exchanges, or have Bloomberg Tradebook's order routing algorithms route to U.S. exchanges displaying the best prices.

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Clients can choose among all the order types supported by the exchanges, which include market, limit, immediate or cancel. Clients can also use Bloomberg Tradebook's reserve functionality with their limit orders. Bloomberg Tradebook's order routing algorithms sweep all displayed prices at the six exchanges, up to the client's limit and order size.

These algorithms route orders based on both best price and the quantities displayed, in order to maximize executed size at the best prices available. Bloomberg Tradebook Europe sales representatives can provide you with additional information about these algorithms.

Should the client's order size be greater than the quantities available at the exchanges within the limit price, the U.S. executing broker automatically chooses the exchange on which the remaining order size is lodged.

The choice is based on a trailing three month history of which exchange has executed the most in each contract, thereby picking the exchange with the greatest likelihood to execute the client's order. Under United States trade-through rules, each exchange must execute better prices displayed on other markets or match those better prices before executing on their own at inferior prices. By choosing the exchange with the greatest liquidity in each contract gives the Bloomberg Tradebook® system order a better position in the market-wide price/time executions.

Futures & Options on Futures, and; Options on Non U.S. exchange-traded Equities

Bloomberg Tradebook Europe acts as introducing broker for its clients in relation to futures, options on futures and options on equities traded on exchanges outside the United States. Bloomberg Tradebook Europe connects directly to the major exchanges around the world and electronically transmits client orders in the name of executing brokers. In choosing the contract to trade, clients in effect designate the exchange to which the order will be routed. In some cases, Bloomberg Tradebook routes orders to exchanges via the executing brokers' connections.

Clients can enter market, limit, stop or contingent orders, as well as orders with reserve. Contingent orders include "One Cancels Other", "If Done", "If Done One Cancels the Other", "Target Orders" and orders triggered by news of economic releases. Depending on the exchange, clients can trade calendar spreads, packs and bundles and butterfly contracts. Orders can be valid for the day, until a specified date or until cancelled by the client.

Foreign Exchange

Bloomberg Tradebook provides an electronic marketplace for trading in spot foreign currency. The BLOOMBERG TRADEBOOK® system displays real time, executable quotes derived from a number of banks, financial institutions and other liquidity sources.

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All trades are executed against a single counterparty bank (the name of which is provided to clients in the Bloomberg Tradebook® customer documentation). A participant on the BLOOMBERG TRADEBOOK® system establishes trading limits with the counterparty bank, either directly or through a line of credit with a financial institution acting as its prime broker. Bloomberg Tradebook Europe transmits client orders to the counterparty bank.

Clients can hit and lift bids and offers displayed on the BLOOMBERG TRADEBOOK® system, or send their own orders at better prices for execution by the counterparty bank. Only the single counterparty bank may trade with each client; the client effectively negotiates the price of each trade with that counterparty. Orders types include market, limit and reserve. Clients control all aspects of order entry and management.

Execution outside of Regulated Markets and MTF's

It follows from the above description of the various systems that Bloomberg Tradebook Europe may execute or arrange for execution of orders outside an EEA regulated market or multilateral trading facility.

Nothing in this document constitutes an offer or a solicitation of an offer to buy or sell any security or other financial instrument or constitutes any investment advice or recommendation of any security or other financial instrument. BLOOMBERG TRADEBOOK believes that the information herein was obtained from reliable sources but does not guarantee its accuracy.

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