

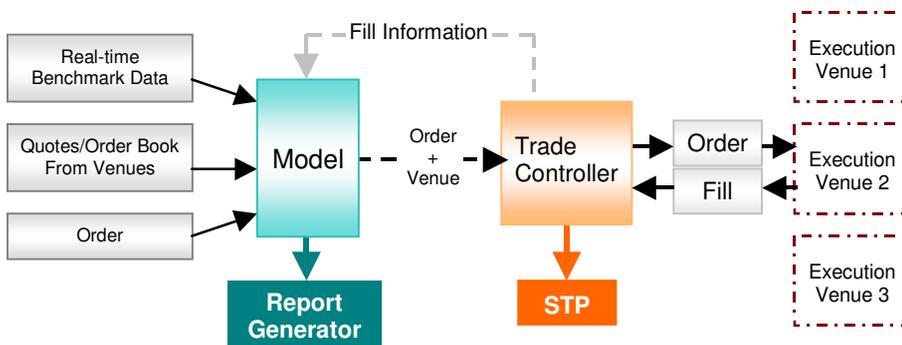
TraderServe in the forefront of Best Execution Technology

The Markets in Financial Instruments Directive (MiFID), implemented in November 2007, places a number of new obligations on investment companies and dealers in respect of the fiduciary responsibility that they owe to their customers to provide them with “Best Execution” for orders in financial instruments. In particular, virtually all firms require an Execution Policy, which they must review and monitor, explaining how they may achieve the best possible trading result for their clients. Where a broker operates as a “Systematic Internaliser” for trading the most liquid European equities, there is also an obligation on them to provide pre- and post-trade transparency.

TraderServe continues to be in the forefront of Best Execution technology in this country. In 2003 we released a report¹ on the technological obstacles to pan-European best execution in equities, and we now have a number of customisable products that enable market participants to comply with the MiFID directive **and produce reports to prove compliance**. These products also generate significant savings in transaction costs, as experienced by current TraderServe customers.

Instantaneous Best Execution to a Choice of Venues

Where multiple electronic venues are available, our Instantaneous Best Execution model can identify the venue offering the best price, for a particular size of order, net of all direct costs (including commission, taxes, exchange transaction fees, ticket costs, clearing and settlement costs).



The Trade Controller routes the order to the Execution Venue offering the best VWABNBO

Where an order is larger in size than the volume on the best offer (or bid) our Volume Weighted Average Best Net Bid and Offer benchmark (VWABNBO) makes use of market depth information. Having identified the cheapest venue on this basis, the system routes directly to that venue and logs all the market information responsible for the trading decision.

Who is TraderServe?

TraderServe is a software vendor and consultancy firm focused on real-time trading applications for brokers, traders and fund managers.

Our products and services are built on our unique multi-asset Algorithmic Trading Platform (TraderServe ATP), which is specifically designed to meet the real challenges of algorithmic trading in electronic financial markets, providing flexibility and transparency with minimal impact to a client’s existing systems.

The principals are industry leaders in the design, development and execution of high-frequency trading architectures and strategies.

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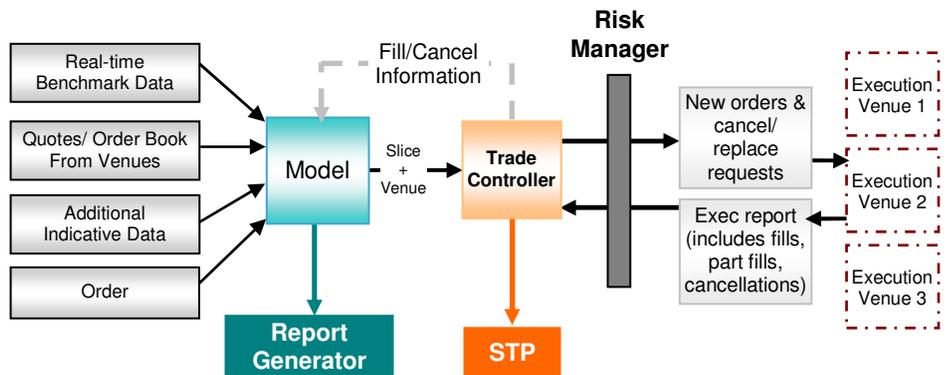
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¹ <http://www.traderserve.com/Trader/Breakingthebarriers.pdf> (53 pages)

Effective Monitoring

In monitoring the effectiveness of the strategy in minimising market impact, results can be evaluated against a number of benchmarks, including standards such as market VWAP and other more rigorous measures, using TraderServe's pioneering market impact measurement techniques.

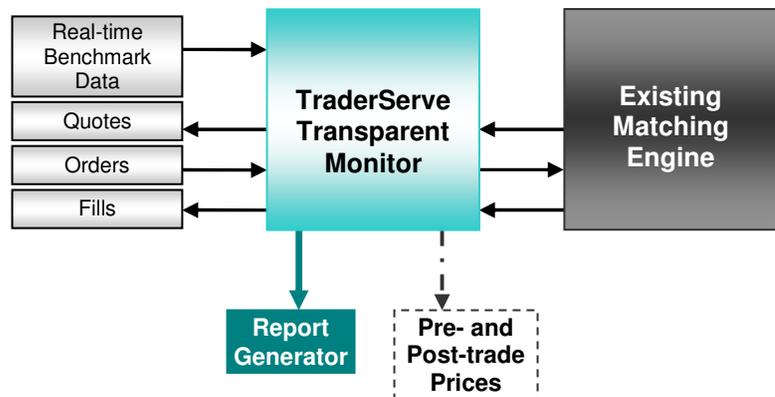
Controlling Market Impact by Working Orders Over Time to One or More Venues



A series of slices is worked over time to one or more execution venues. The Trade Controller ensures synchronisation of order status with all venues.

Where orders require working over time, the full power of the TraderServe ATP comes into play. A trading model can slice the order and work multiple slices simultaneously at one or more venues, logging all pre- and post-trade information. TraderServe ATP can seamlessly integrate with a client's existing Straight Through Processing (STP).

Transparent Proof of Best Execution for Systematic Internalisers



All quotes, customer orders and execution reports are linked to real-time benchmark data to produce reports proving compliance to MiFID best execution requirements. In the case of liquid equities which are subject to MiFID obligations on public disclosure of pre- and post-trade prices, the TraderServe Transparent Monitor can also publish the necessary data in real-time to meet transparency requirements.

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