

Execution Policy: London Capital Group Limited (“LCG”)

Updated August 2010

Introduction

In accordance with regulatory requirements set out by the Financial Services Authority (“FSA”), we are required to provide clients with information about the steps we take to obtain the best possible result when executing their order. These are summarised in our ‘Execution Policy’ below.

Scope

Our Execution Policy is applicable to you if you are a client of LCG who has been categorised as a **Professional** Client and where we have been given an order:

- to **execute** on your behalf in respect of financial instruments covered by the Markets in Financial Instruments Directive (see Appendix 1); or
- which we pass on (i.e. **transmit**) at our discretion to another broker or dealer (“third party”) for execution.

You should note:

- Where you give us specific instructions in respect of an order, this may prevent us from taking steps that we have designed and implemented to obtain the best possible result for the execution of your order;
- We will not be executing orders on your behalf, and hence we will not owe you a duty of best execution, where we publish a quote or provide a “request for quote” service and you transact on the basis of that quote;
- If you have been categorised by us as an Eligible Counterparty, you are not entitled to best execution under FSA rules or this Execution Policy. Notwithstanding this, we seek to achieve the best result we can for such clients.

Execution Factors

In considering how we might achieve the best possible result for your order, we will take a number of factors into account, including price, costs, speed, likelihood of execution and settlement, size, nature of the order or any other considerations relevant to the execution of your order.

In determining the relative importance of these factors, we will use our own commercial experience and judgement, as well as take into account your status as a Professional Client, together with the size and nature of your order, the characteristics of the financial instruments to which the order relates, as well as the possible execution venues to which that order can be directed.

Typically, price will be regarded as the most important of these factors, however, we recognise that there may, from time to time, be circumstances for some clients, particular instruments or markets where other factors may be deemed to have a higher priority.

Execution Venues

In establishing our Execution Policy, we have identified a variety of different execution venues that we intend to use. These may be regulated markets, Multilateral Trading Facilities (“MTFs”), a Systematic Internaliser, our own account, third party investment firms or other liquidity providers, or non-EU

entities performing similar functions. We consider that the venues we have identified enable us to obtain the best possible result on a consistent basis when executing orders on behalf of clients.

It is therefore possible that your order may be executed on a venue which is not a Regulated Market or an MTF. You should also note that some financial instruments may only be traded on one venue.

A list of the execution venues on which we place significant reliance can be found on our website (www.londoncapitalgroup.com). We will regularly assess the execution venues available so that we can continue to include those which enable us to obtain the best possible result on a consistent basis. You should, from time to time, refer to our website for the current list of principal execution venues, as changes will not be separately notified.

We may transmit your order to another broker or dealer for execution. In such cases we may:

- determine the ultimate execution venue ourselves by accessing specific execution venues through such third parties; or
- instruct this other broker or dealer accordingly (having already satisfied ourselves that they have arrangements in place to enable us to comply with our execution obligations to you).

Limit Orders

FSA rules require that unexecuted limit orders for shares traded on a Regulated Market which are not immediately executed under prevailing market conditions are made public, unless a client expressly instructs otherwise. By consenting to our Execution Policy, you are expressly instructing us not to make such orders public.

Derivative Brokers

Our derivative team arrange transactions between two or more clients/counterparties as an executing broker. The trades are then given up to Clearer under a standard "Give-Up Agreement".

The derivative team do not pass any client or counterparty details to another client or counterparty thus providing anonymity and confidentiality of trading.

Monitoring and Review

We will monitor our order execution arrangements, as well as the quality of both our execution and that of third parties to whom we have passed orders. Such review will enable us to identify and implement changes to our policy and execution arrangements as necessary. Clients will be advised of any material change to our Execution Policy as necessary.

Consent

Regulations require that we must obtain your prior consent to this Policy. We will deem that you have provided such consent where you give us an order after receiving this policy.

We must, however, obtain your express consent, prior to executing an order in an instrument admitted to trading on a Regulated Market or an MTF outside of such a Regulated Market or MTF. We therefore request that you sign and return the attached consent form (Appendix 2) as soon as possible, since we will otherwise be prevented from achieving the best possible result where this is achieved by executing your order outside of a Regulated Market or MTF.

Abnormal Conditions

This policy will not apply at a time of severe market turbulence and/or internal or external systems failure. In these circumstances the ability to execute orders on a timely basis, or at all, will generally become the primary consideration. In the event of a systems failure, LCG may not be able to access all of its chosen execution venues.

Financial instruments covered by the Markets in Financial Instruments Directive

- (a) transferable securities (such as shares in companies and other securities equivalent to shares in companies, bonds or other forms of securitised debt and any other securities giving the right to acquire or sell any such transferable securities or giving rise to a cash settlement, determined by reference to transferable securities, currencies, interest rates or yields, commodities or other indices or measures).
- (b) money-market instruments;
- (c) units in collective investment undertakings;
- (d) options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, or other derivative instruments, financial indices or financial measures which may be settled physically or in cash;
- (e) options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event);
- (f) options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market and/or a multilateral trading facility;
- (g) options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in (f) and not being for commercial purposes, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are cleared and settled through recognised clearing houses or are subject to regular margin calls (see articles 38(1), (2) and (4) of the MiFID Regulation);
- (h) derivative instruments for the transfer of credit risk;
- (i) financial contracts for differences; and
- (j) options, futures, swaps, forward rate agreements and any other derivative contracts relating to:
 - (i) climatic variables;
 - (ii) freight rates;
 - (iii) emission allowances;
 - (iv) inflation rates or other official economic statistics;
 - (v) telecommunications bandwidth;
 - (vi) commodity storage capacity;
 - (vii) transmission or transportation capacity relating to commodities, whether cable, pipeline or other means;
 - (viii) an allowance, credit, permit, right or similar asset which is directly linked to the supply, distribution or consumption of energy derived from renewable resources;
 - (ix) a geological, environmental or other physical variable;
 - (x) any other asset or right of a fungible nature, other than a right to receive a service, that is capable of being transferred;
 - (xi) an index or measure related to the price or value of, or volume of transactions in any asset, right, service or obligation;

**EXECUTION POLICY CONSENT FORM
(PROFESSIONAL CLIENTS)**

From: [Client to complete details]

To: Compliance Department
London Capital Group Limited
12 Appold Street
London
EC2A 2AW

Dear London Capital Compliance,

Consent to Execution Policy

We hereby confirm that:

- We have received information on London Capital Group's ("LCG's) Execution Policy; and
- Where we have given LCG an order for execution in an instrument admitted to trading on a Regulated Market ("RM") or a Multilateral Trading Facility ("MTF"), then we consent to LCG executing such order outside an RM or MTF.

Signed:

Date:

Name:
