Description of Bloomberg Tradebook Europe Limited Settlement Arrangements for Non-US and US Equities

I. Non-US Equities System

Transactions executed by Bloomberg Tradebook Europe Limited ("BTE") as agency broker in the Bloomberg Tradebook non-US Equities System (the "Non-US System") are settled through arrangements established for the BTE client ("BTE Client") by Bloomberg Tradebook Bermuda Limited, the BTE affiliate which is the operator of and settlement agent for the Non-US System (the "System Settlement Agent").

Under these arrangements and for each trading venue, the System Settlement Agent has appointed an entity (the "System Settlement Provider"), which is a member of the relevant securities settlement system for that trading venue, to provide settlement services in respect of transactions executed through the non-US System. Under these settlement arrangements, the System Settlement Agent will hold BTE Clients' securities and monies in settlement accounts opened with the System Settlement Provider ("Settlement Accounts"). BTE does not itself hold client securities or monies.

Each BTE Client is also required to have its own custodian, prime broker or other agent who provides the client with settlement services (unless BTE agrees that the BTE Client does not need to use external providers). References to the "Client’s Settlement Agent" are to the entity which performs this settlement function for the BTE Client (which may be the client itself). The Client’s Settlement Agent is provided with the details necessary for settlement of transactions and with the details of individual transactions for settlement (i.e. the details of the relevant Settlement Account(s) and details of the underlying transaction).

Save for the exceptions noted below, the BTE Client’s settlement obligations under any transaction executed for it are discharged by a direct settlement through the relevant settlement system on a delivery versus payment/receive versus payment (DvP/RvP) basis between the System Settlement Provider and the Client’s Settlement Agent.

(A) "Standard" DvP/RvP settlement

In the majority of cases, transactions executed in the Non-US System are subject to a standard DvP/RvP settlement process.

In outline, this process involves the following:

Purchase of equities through the Non-US System by a BTE Client

The following steps occur in the following order:

1. The System Settlement Provider settles the purchase transaction in the relevant settlement system with the market counterparty’s settlement agent on a DvP/RvP basis. It receives into the Settlement Account the securities which have been purchased against payment from the Settlement Account. The System Settlement Agent takes settlement risk on this transaction as it funds the purchase through the Settlement Account prior to settlement with the Client’s Settlement Agent.
2. The System Settlement Provider settles with the Client’s Settlement Agent through a local settlement system on a DvP/RvP basis. The System Settlement Provider delivers securities from the Settlement Account against payment received into the Settlement Account. This payment discharges the pre-funding of the purchase at step 1.

*Sale of equities through the Non-US System by a BTE Client*

The following steps occur in the following order:

1. The System Settlement Provider settles with the Client’s Settlement Agent through a local settlement system on a DvP/RvP basis prior to (but usually on the same day as) settlement with the market counterparty’s settlement agent in the relevant settlement system. The System Settlement Provider receives the securities into the Settlement Account against payment from the Settlement Account. The System Settlement Agent takes settlement risk on this transaction as it funds the payment to the Client’s Settlement Agent before settling the sale transaction in the relevant settlement system.

2. The System Settlement Provider settles the sale transaction in the relevant settlement system on a DvP/RvP basis with the market counterparty’s settlement agent. It delivers securities from the Settlement Account against payment received into the Settlement Account. This payment discharges the pre-funding of the purchase at step 1.

*(B) "Non-standard" FOP/FOD settlement*

It is the BTE Client’s responsibility to ensure that the Client’s Settlement Agent provides the BTE Client with DvP/RvP settlement facilities for the markets in which it transacts. In rare cases where the Client’s Settlement Agent does not do this, the trade must be settled as between the Client’s Settlement Agent and the System Settlement Provider on a free of payment/free of delivery basis (FoP/FoD) meaning that, pending the final settlement of the transaction, the BTE Client will be out of funds (on a purchase) or out of assets (on a sale). The precise details of the process may differ, depending upon convention and practice in the relevant market.

*(C) Corporate events (dividends, etc.)*

In the event that securities are purchased with attached rights arising out of a corporate event (e.g., "cum dividend"), BTE takes steps to procure that the System Settlement Agent delivers monies or securities equivalent to any received by the System Settlement Agent to the Client’s Settlement Agent.

*(D) Money due and payable*

In certain defined cases, money is received by the System Settlement Agent or the System Settlement Provider in discharge of sums which are due and payable to BTE or the System Settlement Agent. Such payments are made in respect of either (a) financial transaction tax or other taxes for which BTE (or other accountable entity) is chargeable, or which it is otherwise required to pay, under applicable law; or (b) fees, expenses or other costs which are payable by BTE or the System Settlement Agent (or other accountable entity), in either case in respect of trades executed by BTE for the account of the BTE Client.
II. US Equities System

Transactions executed by BTE in the Bloomberg Tradebook US equities system (the "US System") are settled through arrangements established by the BTE affiliate which is the operator of the US System – this is Bloomberg Tradebook LLC ("LLC"). Under these arrangements, which are described below, no Bloomberg entity holds client securities or monies (except as described below in relation to some corporate events). The client's settlement obligations under any transaction executed for it are discharged by a direct settlement through the Depositary Trust Company (the "DTC"), the US securities settlement system, on a DvP/RvP basis between LLC, as the clearing broker and settlement agent for the US System and the client's own settlement agent. Both LLC and the client's own settlement agent are members of the DTC.

Under the arrangements, LLC is appointed by BTE to provide settlement services in respect of transactions executed through the US System.

Each BTE Client is required to have its own custodian, prime broker or other agent who provides it with settlement services and is a member of DTC (i.e., a Client Settlement Agent), which role may be assumed by the BTE Client itself. The Client's Settlement Agent is provided with the details necessary for settlement of transactions and with the details of individual transactions for settlement (i.e., the details of the LLC settlement account and details of the underlying transaction).

(A) DvP/RvP settlement

In all cases, transactions executed in the US System are subject to a standard settlement process involving DvP/RvP.

In outline, this process involves the following:

**Purchase of equities through the US System by a BTE Client**

The following steps occur in the following order:

1. LLC settles the purchase transaction through the DTC and receives the securities which have been purchased against payment by it through DTC. LLC takes the full settlement risk on this transaction as it funds the purchase before settling with the Client's Settlement Agent.

2. LLC and the Client's Settlement Agent settle through the DTC on a DvP/RvP basis.

**Sale of equities through the US System by a BTE Client**

The following steps occur in the following order:

1. LLC and the Client's Settlement Agent settle through the DTC on a DvP/RvP basis prior to settlement of the underlying transaction (but usually on the same day).

2. LLC takes the full settlement risk on this transaction as it funds the payment to the Client's Settlement Agent before settling the sale transaction in the relevant settlement system.
(B) **Corporate events (dividends etc.)**

In the event that securities are purchased with attached rights arising out of a corporate event (e.g., "cum dividend"), these will in the normal course be managed by the DTC system and automatically credited to LLC's DTC account and then, shortly afterwards and in any event the same day, will be automatically debited from that account and credited to the DTC account of the Client's Settlement Agent. Exceptionally, however, for about 5% of the US equity securities transacted through the US System, the DTC system does not automatically debit the dividend credits. For such securities, the Client's Settlement Agent must submit a manual claim for the DTC to debit LLC's DTC account and credit the DTC account of the Client's Settlement Agent. This process may take more than 24 hours depending on when the Client's Settlement Agent submits the claim. In this instance, LLC will enter a credit of the dividend on its books and records, recording the fact that an amount is owed to the BTE Client, and will also reserve the equivalent amount in an account. In the case of dividends in the form of additional securities, LLC will segregate the securities in its DTC account so that the securities are not available for LLC's business.

(C) **"Money due and payable"**

In certain defined cases, money is received by BTE or by LLC in discharge of sums which are due and payable to BTE. Such payments are made in respect of either (1) taxes for which BTE (or other accountable entity) is chargeable, or which it is otherwise required to pay, under applicable law; or (2) fees, expenses or other costs which are payable by BTE (or other accountable entity), in either case in respect of trades executed by BTE for the account of the BTE Client.