

terms for your transactions. In the case of over-the-counter derivatives transactions, for example, the Bank's price for such transactions takes account of and is informed by its hedging activity in respect thereof.

Please also note that DBSI maintains informational barriers reasonably designed to prevent our trading units from obtaining knowledge of customer orders handled by other trading units. As such, if you provide us the instruction described in the preceding paragraph, subject to compliance with applicable laws and regulations, DBSI trading units other than those handling your orders may continue to trade on a principal basis at prices that would satisfy your orders.

Once the Bank has committed capital to facilitate a customer trade and taken on as principal the risk of such position, the Bank will manage such resulting risk on an individual, portfolio, or other risk parameter basis. The risk management techniques may include, without limitation, trading in the actual assets or securities that the Bank has taken on, trading in assets or securities that are correlated thereto, and establishing derivatives positions on any of the foregoing. Such risk management techniques may also take account of other positions that the Bank has exposure to, including without limitation principal positions, derivative instruments, and collateral positions.

In addition to the foregoing, the Bank may establish, maintain, modify and terminate principal positions for its own account in some of the same instruments, or the securities or assets underlying such instruments, in which its customers trade or which may be associated with the other services the Bank provides. The Bank takes these positions based on the ideas of its traders, sales staff, structurers, research staff, as well as from public information sources. These same ideas are often ideas shared with Bank customers and upon which the customers may or may not act. It is possible, therefore, that the Bank could have principal positions that are the same, similar, different or opposite to the positions of its customers.

FINRA Rule 5270 generally prohibits a broker-dealer from trading for its own account while in possession of material, non-public information concerning an imminent client block transaction. However, Rule 5270 does not preclude a broker-dealer from trading for its own account when the transactions are undertaken for the purpose of fulfilling or facilitating a client block order. This disclosure outlines the Bank's order handling practices in relation to FINRA Rule 5270. The Bank may trade the same security and one or more related financial instruments for its own account while in possession or after completion of your block order, including trades undertaken to hedge the risk associated with facilitating your block order. Affiliates of the Bank may engage in similar activity when facilitating certain client block orders received by the Bank (e.g., when trading foreign ordinaries to fulfill client orders for depositary receipts). These activities may impact the market prices of the security or related financial instruments you are buying or selling; however, the Bank and its affiliates will conduct these activities in a commercially reasonable manner, consistent with their best execution obligations and in the best interest of clients. Institutional clients that do not consent to the handling of their block orders in this manner should contact their sales or trading representative.

The Bank may also record telephone lines pursuant to regulation or otherwise.

Indications of Interest

The Bank may disseminate expressions of trading interest commonly known as "indications of interest" or "IOIs" in order to inform its customers that it seeks to, or that it represents trading interest that seeks to, interact with other order flow in a particular security. One attribute that is often associated with an IOI is whether the IOI is "natural". Please note that when the Bank identifies its IOI as "natural", the Bank is representing that (i) it is committed to the price and quantity of the IOI if contacted within the appropriate time; and (ii) the IOI represents either customer interest, interest for the Bank's own account on a principal basis or as a result of facilitation, or a combination of such. Although you may act upon an IOI, it does not guarantee execution.

Order Handling

Absent instructions to the contrary on a per order basis, we will handle orders you place with us on a "not held" basis, regardless of how they are received. This handling provides us with the flexibility to work your orders to obtain favorable pricing on your behalf within the parameters that you provide to us.

In furtherance of our best execution for you, your orders may be executed in an automated execution facility operated by DBSI or its affiliate. These execution facilities are designed to provide efficient access to aggregated