

Order Execution Policy

Effective: 19 December 2011

INTRODUCTION

1. As required by the Markets in Financial Instruments Directive ('MiFID'), this document sets out Jefferies International Limited's ("Jefferies") Order Execution Policy (the "Policy") and arrangements for complying with its obligation to take all reasonable steps to obtain the best possible result for its clients.

SCOPE

2. The Policy applies only to clients who submit orders, in "financial instruments", to Jefferies: (i) for execution on the client's behalf; or (ii) for transmission to a third party for execution. When Jefferies provides quotes or negotiates a price with a client on request (i.e. dealing on a Request for Quote basis), irrespective of whether Jefferies or the client initiated the transaction, Jefferies will not be deemed to be receiving a client order that is subject to best execution as set out in this Policy. For the avoidance of doubt, an order is an instruction to buy or sell a financial instrument which is accepted by Jefferies for execution or onward transmission to a third party and which gives rise to contractual or agency obligations to the client. Implicit in the instruction received, will be the understanding that the client is relying on Jefferies to protect its interests in relation to the pricing or other aspects of the transaction that may be affected by how Jefferies or the entity to which the order is transmitted, executes the order.

ACHIEVING BEST RESULTS FOR CLIENTS

3. When executing or receiving and transmitting orders in relation to financial instruments on behalf of a client, Jefferies will take all reasonable steps to achieve best execution. This means that Jefferies will have in place a policy and procedures which are designed to obtain on a consistent basis the best possible result for execution of client orders, subject to and taking into account the nature of the client orders, the priorities placed on Jefferies in filling those client orders and the nature of relevant markets.
4. In taking all reasonable steps, Jefferies will endeavour to achieve the best balance across a range of sometimes conflicting factors. This does not mean achieving the best price for every client order, but the best possible result that can reasonably be expected given the resources available to Jefferies.

ORDER EXECUTION

5. When determining the strategy for execution of a client's order, Jefferies will take into consideration certain factors as appropriate, in the context of the terms of the client's order. Factors Jefferies may consider will be price, the need for timely execution, market liquidity, the size of the order, the costs of the transaction and the nature of the transaction including whether it is executed on a regulated market, multilateral trading facility ("MTF") or over the counter.
6. In the absence of specific instructions from the client, Jefferies will exercise its own judgment, skill and experience, having regard to available market information when determining the factors that it needs to take into account for the purpose of providing the client with best execution.
7. The diverse markets for different financial instruments and the types of orders that clients place with Jefferies, means that different factors could be applicable in each case when Jefferies considers its execution strategy for each order received. For example, there is no formalized market for some over the counter transactions, in some markets price volatility may mean that timeliness of execution is a priority, whereas in an illiquid market the fact of execution may in itself constitute best execution.
8. In extreme volume and volatility situations, exchange system constraints may require automated trading systems to be switched off and/or electronic routing to be suspended in favour of manual execution. Such events lead to further execution delays and increased market volatility. Clients should be aware of the following risks associated with volatile markets, especially at or near the close of the standard trading session:
 - an order may be executed at a substantially different price from the quoted bid or offer, or the last reported trade price at the time of order entry, or an order may be only partially executed or may be executed in several shapes at different prices; and
 - opening prices may differ significantly from the previous day's close.

9. When executing a client's order, as well as the factors relevant to that client's order, Jefferies will take into account the following:
 - Characteristics of the client;
 - Characteristics of the client's order;
 - Characteristics of the relevant security; and
 - Characteristics of the execution venues to which the order can be directed.
10. Where a client has provided its express prior consent, that client's orders may be executed on its behalf outside a regulated market or MTF.
11. Where Jefferies is the execution venue (i.e. where Jefferies fills the client on risk), it will review the quality of its own execution in the same way as it would for any other execution venue.

SPECIFIC INSTRUCTIONS

12. Whenever Jefferies receives a specific instruction from a client, it will execute that client's order following those specific instructions. In following those specific instructions, Jefferies will be deemed to have satisfied its best execution obligations in respect of that part of the order to which the specific instructions relate. Specific instructions from a client may prevent Jefferies from taking the necessary steps it has designed and implemented in this policy, to obtain the best possible result for the execution of those orders in respect of the elements covered by those instructions. If a client requires its order to be executed in a particular manner, it must clearly state its desired method of execution when it places its order with Jefferies. To the extent that the client's specific instructions are not comprehensive, Jefferies will determine any non specified aspects in accordance with this Policy.
13. Where a client chooses to execute an order via Jefferies Direct Market Access ("DMA") system, the client will select parameters (including price, counterparty/venue, timing, size etc). In such situations, Jefferies, while acting on the client's behalf in providing the DMA service, will be deemed to have satisfied its best execution obligations and the client will be deemed to have given a specific instruction for the whole order by means of Jefferies DMA system. In situations where the client selects to use Jefferies smart order routing engine, those orders will be executed in line with this Policy.

EXECUTION VENUES

14. Subject to any specific instructions from a client, Jefferies may use one or more of the following venues to enable it to obtain the best possible result on a consistent basis when executing an order on the client's behalf:
 - Regulated markets;
 - MTFs;
 - Internal sources of liquidity (matching client orders);
 - Jefferies and its affiliated companies' trading desks (proprietary positions, or where acting as a liquidity provider or market maker); and
 - Third party investment firms and brokers (or non EU entities performing similar functions) which also may trade proprietary positions, act as market makers and as liquidity providers.

A list of execution venues can be found on the Jefferies corporate website www.jefferies.com

15. Jefferies choice of venue may be constrained by the fact that there may be only one market or platform where an order can be executed due to the nature of the client's order or requirements.

EXECUTION FACTORS

16. Subject to any specific instructions from a client and having regard to the matters discussed in paragraphs 5 to 11, Jefferies will take into account the following factors, as appropriate, to determine the manner in which a client's order will be executed: price; speed; likelihood of execution or settlement; size of the order; costs; nature of the order; and any other consideration relevant to the efficient execution of the order.
17. Usually price will be considered the most important factor in obtaining the best possible result for a client's order. However, in certain circumstances, Jefferies may decide in its absolute discretion that other factors noted above, may be more important than price when determining the best possible result in accordance with this Policy.
18. For retail clients, the best possible result will be determined in terms of the total consideration, represented by the price of the financial instrument and the costs incurred by the client related to execution.

RECEIVING AND TRANSMITTING ORDERS

19. When Jefferies receives a client's order and transmits that order to another entity for execution, it will take all reasonable steps to achieve the best result, in accordance with this Policy, taking account of the factors noted above and any specific instructions received from the client in relation to that order.
20. When determining the strategy for obtaining the best result for a client's order, in the absence of any specific instructions, Jefferies will consider if it is reasonable to simply transmit the order to another entity or whether it is necessary to exercise additional control when instructing the other entity in relation to that client's order.
21. Where an affiliate of Jefferies is the entity to which it transmits a client's order for execution, Jefferies will review the quality of the execution in the same way as it would for any other execution venue.

ENTITIES TO WHICH CLIENT ORDERS MAY BE TRANSMITTED

22. Jefferies may transmit orders to one of the following entities for execution in order to obtain the best possible result on a consistent basis; affiliates of Jefferies in the US and Asia; and/or third party investment firms or brokers.
23. As well as having regard to an entity's access to markets and execution venues, when choosing entities for inclusion in this Policy, Jefferies assesses each entity's ability to obtain the best result on a consistent basis, having regard to the above execution factors.
24. Where a client has provided its consent, the entity to which its order is transmitted may execute that order outside a regulated market or MTF or similar non EU market venue.

LIMIT ORDER PUBLICATION (IF UNEXECUTED)

25. If a client gives Jefferies a limit order in relation to shares admitted to trading on an EEA regulated market, Jefferies will be required to make public such limit orders to the extent they are not immediately executed under prevailing market conditions unless the client consents to Jefferies exercising its discretion as to whether to make such limit orders public.

MONITORING AND REVIEW

26. Jefferies will monitor the effectiveness of its order execution arrangements and this Policy and regularly assess whether or not the execution venues it accesses continue to provide for the best possible results for orders it executes on behalf of clients.
27. Jefferies will review, at least annually or when a material change occurs, both its order execution arrangements and this Policy. Material changes to this policy will be notified through the Jefferies corporate website and be available to actual as well as potential clients.

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