



INVESTMENT
TECHNOLOGY
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**ALERT: EMERGENCY ORDER EXTENDED TILL 11:59 P.M. (ET) ON
AUGUST 12, 2008**

ITG SEC Emergency Order Notice

On July 15, 2008, the Securities and Exchange Commission (the "Commission") issued an Emergency Order under section 12(k)(2) of the Securities and Exchange Act of 1934. The Emergency Order is designed to protect against "naked" short-selling in the securities of Freddie Mac, Fannie Mae, and a number of "primary dealers" at commercial and investment banks. The securities that are subject to the Emergency Order (collectively, the "Subject Securities") are:

BNP Paribas Securities Corp. (BNPQF and BNPQY)
Bank of America Corporation (BAC)
Barclays PLC (BCS)
Citigroup Inc. (C)
Credit Suisse Group (CS)
Daiwa Securities Group Inc. (DSECY)
Deutsche Bank Group AG (DB)
Allianz SE (AZ)
Goldman Sachs Group Inc. (GS)
Royal Bank ADS (RBS)
HSBC Holdings PLC ADS (HBC and HSI)
J.P. Morgan Chase & Co. (JPM)
Lehman Brothers Holdings Inc. (LEH)
Merrill Lynch & Co., Inc. (MER)
Mizuho Financial Group, Inc. (MFG)
Morgan Stanley (MS)
UBS AG (UBS)
Freddie Mac (FRE)
Fannie Mae (FNM)

No person may effect a short sale in a Subject Security "unless such person or its agent has borrowed or arranged to borrow the security or otherwise has the security available to borrow in its inventory prior to effecting such short sale and delivers the security on settlement date." The Emergency Order became effective at 12:01 a.m. (ET) on Monday, July 21, 2008, and has been extended from its original termination date, Tuesday, July 29, 2008 to 11:59 p.m. (ET) on August 12, 2008.

As you know, ITG is an execution services broker dealer that does not generally lend securities. ITG relies on the representations of its clients that they borrowed the shares from



their lender when they enter their short sale orders. Under the Emergency order, this borrowing arrangement needs to take place prior to effecting the short sale. (This means that you cannot satisfy the Emergency Order by simply having "reasonable grounds to believe" that the Subject Securities can be borrowed so that delivery can be effected on the settlement date.)

We understand that the Commission has confirmed to the Securities Industry and Financial Markets Association that customers may enter a *bona fide* arrangement to borrow the Subject Securities from an outside source. The purpose of this letter is to inform you that during the term of the Emergency Order, including any extension thereof, by entering the name of the outside source into the "locate" field in your order/execution management system(s) or via FIX protocol, ITG will consider you to have represented, warranted and covenanted to ITG that you have entered into a *bona fide* arrangement to borrow the Subject Securities from an outside source (the identified lender in the locate field). ITG Inc. cannot execute a short sale order on your behalf unless you have provided the identity of the lender in the "pre-borrow" arrangement. Lists such as "Easy to Borrow" or "Hard to Borrow" cannot be utilized to meet this standard.

In conclusion, ITG will deem all short sale orders in the Subject Securities that contain a lender's name in the locate field to be pre-borrowed.

In no event shall this firm or its affiliates be responsible to you or any third-party for any direct or indirect losses arising from your failure to comply with the Emergency Order.

If you have questions, please contact your account representative.