

Rabobank International

Information on Rabobank International's Execution Policy for Professional Clients (excluding cash equity and exchange traded derivatives)

Scope and application

Rabobank operates separate execution policies for cash equity (including exchange-traded derivatives) and non-cash equity products as these markets operate differently. The information set out below relates to our non-cash equity markets execution policy (the "Execution Policy"). The Execution Policy relates to the dealer driven and OTC markets, typically bonds, derivatives and structured products, where professional client business usually operates on a request for quote basis.

The Execution Policy does not apply to orders from retail clients or eligible counterparties of Rabobank or to orders for products out of MiFID scope.

Best execution applies when Rabobank executes an order on behalf of a professional client in respect of any of the financial instruments covered by MiFID. This will be the case when Rabobank acts as your agent or as riskless principal in relation to a transaction, makes decisions as to how an order is executed (including where Rabobank works an order), or specifically offers to give you best execution or to obtain the best possible price or result for you.

Best execution will not apply in other circumstances. This will generally include the case when Rabobank acts as principal to a transaction with you as a dealer or on the basis of a published quote or a request for quote, and (whether or not Rabobank acts as principal) to the extent that Rabobank follows your specific instructions to execute an order in a particular manner. Best execution is generally not due when Rabobank executes trades under a request for quote from you.

Best execution obligation

Where best execution applies, Rabobank's best execution obligation is to obtain the best possible result for the execution of your orders on a consistent basis referencing or using selected trading venues, taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order. Rabobank will determine the relevant importance of the factors in our discretion on a deal-by-deal basis. Rabobank will normally aim to achieve the best price available on the bid or offer side of the market with certainty of

execution in normal market sizes (and other factors) or in accordance with any specific instructions.

Executing client orders

The cornerstone to the Execution Policy is that Rabobank will only execute orders on your behalf (orders which are subject to the best execution obligation are referred to as "client orders") in products and in market conditions where Rabobank believes the operation of that market is such that it can demonstrate to you true best execution for market orders or on your specific instructions.

This means that Rabobank will only accept client orders from you without specific instructions in non-cash equity product markets that have reasonable liquidity and firm inter-dealer prices that are continuously displayed in a machine readable medium.

Rabobank does not believe it is realistic to promise clients best execution in products and markets in which there is no way to demonstrate it. This does not mean that Rabobank cannot take orders in these markets or will not achieve the best result for you but that Rabobank may require a specific instruction from you in order to execute a client order.

In circumstances where an order is received in a product in which Rabobank is not able to accept client orders (and hence cannot offer best execution), Rabobank will seek to help you to work orders where you may need to demonstrate certain elements of best execution further down the investment chain.

In structured products arranged by Rabobank, Rabobank will generally endeavour to offer fair secondary market prices to its clients. Rabobank will not generally owe a duty of best execution in relation to market making in such products.

Execution Venues

Rabobank will reference prices or execute against a number of execution venues including regulated markets, non-regulated markets, multilateral trading facilities, systematic internalisers, over-the counter dealers and in some cases Rabobank itself.

Monitoring and Annual Review

Rabobank will monitor the performance and effectiveness of its order execution arrangements and the Execution Policy in order to identify and correct any deficiencies. Rabobank will review the Execution Policy annually. Material changes to the Execution Policy will be notified to clients.

Consent to this Execution Policy

Rabobank requests its clients to express their consent to the Execution Policy by signing and returning a copy of the cover letter or if easier by submitting an order to Rabobank following its receipt.

Requesting the Policy

We believe many of our professional clients will wish to continue to transact their business on a request for quote basis after 1st November 2007. For those professional clients of Rabobank International who are interested to transact some, or all, of their business on an order basis a full copy of the Execution Policy is available by request from your account manager or by email at compliance@rabobank.com

This summary is provided to you in compliance with the requirements of MiFID. It does not form part of any contract with you and is not intended to be legally binding.