



Professional Investor Services

CL King Commission Sharing Arrangements

Throughout 2007, the professional investment industry has seen a deluge of Commission Sharing (CSA) and Customer Commission Accounts (CCA). The *product* or plan is being sponsored by the industry's largest members and their sales pitch says you are afforded low commission execution and the flexibility to make cash payments to research providers. Regrettably, we feel you need to be circumspect, as often these arrangements are made to pool your order flow and such concepts as best execution become blurred.

Since 2002, the sell-side institutional equity research and trading sector has been in constant change. It has seen tough new conduct rules, commission compression and reduced commissions, and now we face the major challenge of dealing with a cash payment model.

CL King's response is to offer our valuable trading services that include lower "*execution only*" rates with both high and low touch service. CL King employs *state-of-the-art* electronic trading systems and *best-of-breed* algorithms in cooperation with major vendors.

More important than the hardware is the benefit of truly committed and experienced coverage and execution traders. CL King's execution numbers are available for inspection.

CL King has been a securities broker-dealer for over 30 years. We have experienced staff and substantial capital to operate as a self-clearing entity. The environment has caused us to fully develop a client approach instead of a product approach. This means that we are more often working with clients to build solid and high-yielding relationships. We tier our services to those who understand that the costs are substantial to operate a business such as ours.

To support the trading strategies of our clients and their customers, CL King will finance positions and support the lending and borrowing of securities.

Margin Lending will be extended to qualified clients consistent with Reg T and NYSE requirements

- **Monitor client and firm exposure and work to resolve issues**

Securities Lending available to meet trading strategies or enhance the return on a portfolio

- **Locates and market color for Borrows, Recalls and Buy-Ins.**
- **Extensive supply of securities through internal and external resources.**

Commission Sharing Arrangement's (or Customer Commission Accounts)

This service affords money managers the ability to trade with the broker of their choice to achieve best execution, while being able to pay for research, third-party or directed obligations in a more productive manner. The reduction of trading counterparties and introducing broker arrangements makes for more efficient execution capability with reduced overall cost.

Benefits of CSA's

- Superior execution with broker of choice while still benefiting from other firms' research
- Achieves true "Best Execution" as the manager has full discretion as to which brokers handle his trades
- Maintains anonymity, as we maintain total confidentiality and your strategies are not revealed to others
- Eliminates the need for "step outs" (these trades are subject to operational risk and possible settlement issues. We send out a check to pay for research.
- Simplifies administration and reduces trading counterparties
- CL King manages billing and reports to the Money Manager

How Commission Sharing Arrangements work

- Money Manager explains to research brokers that it is consolidating its executing brokers, but wishes to continue receiving the research
- Money Manager agrees with research provider on a dollar amount for the research
- Money Manager determines the payment cycle to the research provider.
- Research provider invoices CL King for all research and services, and CL King pays the bill, resulting in a "Soft Dollar" arrangement
- CL King manages billing and reports to the Money Manager

Why CL King

- Technology that interfaces with other systems
- Integrity in the way we handle your orders
- Experience in handling your trades, especially in the small to mid-cap areas
- Competitive pricing
- Capital Commitment when needed
- Ability to provide both High & Low Touch service under one roof

CL King offers a highly focused, customer-oriented environment to provide the services and support its clients need to grow and expand their assets under management.

Execution and Clearance

- ▶ Equities
- ▶ Corporate and Municipal Debt
- ▶ Government and Agency Securities
- ▶ Options

Financing/Securities Lending

- ▶ Traditional Margin Lending
- ▶ Access to Deep Supply for Securities Lending
- ▶ Competitive Rates

High Touch Service and Operations

- ▶ Business Knowledge
- ▶ Market Expertise
- ▶ Personalized and Responsive Service

Trading & Execution Services

CL King is proud to offer our valuable trading services on a lower “*execution only*” rate basis, with both high and low touch service available. We employ state-of-the-art electronic trading systems and best-of-breed algorithms in cooperation with major vendors.

Our Service Offering

CL King offers Wire House technology and capabilities combined with small firm *high touch* service:

- ▶ Algorithmic trading
- ▶ DMA
- ▶ Access to Dark Pools
- ▶ Smart Order routing technology

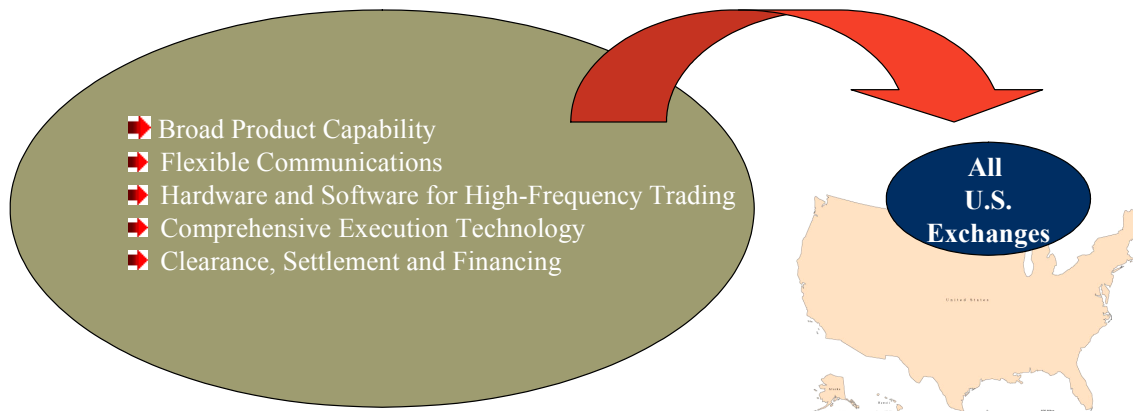
CL King offers a trading partnership reflective of the **Trust and Confidence** we have earned with our partners.

Our goal is to work with a limited number of select clients to maintain the highest level of service.

CL King maintains markets in over 330 issues on NASDAQ, including all stocks covered by our analysts.

Electronic portals that provide clients with easy and ready access to all major pools of liquidity are paramount to a fund's success.

The trading platforms CL King provides give our clients a vast array of tools and portals that connect with all relevant markets.



Our Professional Trading Staff

Vincent Kenny, Managing Director, Director of Institutional Trading, joined CL King in January of 2005 to head the trading desk after 19 years on Wall Street and seven years as head of trading for Needham & Co.

Scot Pinto joined CL King's New York office in February of 2005, and is now head of NASDAQ trading. He brings with him 12 years of experience.

Brendon Bowers joined CL King's New York office in February of 2005 to head the listed position trading desk. He brings over 10 years of experience.

In addition to our New York trading desk, we have a team of sales/traders at our Albany, New York headquarters and in our Boston office.

Additional Value-Added Services are Available to CL King Clients

Commission Sharing Arrangements

➤ Consistent with applicable rules and regulations, CL King supports Commission Sharing programs, enabling organizations to leverage their commission dollars for allowable expenses.

Turnkey Services

➤ CL King has the ability to provide select clients with turnkey office space.

Sale of Restricted Stock

➤ CL King provides sellers of restricted stock or exercisers of cashless options with expert assistance to ensure all aspects of the sale, following SEC regulations.

SEC Rule 10b5-1 Programs

➤ Our clients can take advantage of these programs to liquidate their stock or options during a blackout period.

Corporate Stock Repurchase Programs

➤ These programs allow companies to take advantage of temporary price weakness when buying stock.

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