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Dear Client,

The purpose of this letter is to alert clients of ITG, Inc. and Altnet Securities, Inc. (collectively referred to as "ITG") to the February 24, 2010 adoption of Rule 201 of Regulation SHO (the Alternative Uptick Rule) by the U.S. Securities and Exchange Commission, and to provide information on the procedures and controls that ITG has implemented in order to ensure compliance with the new Rule. Rule 201 restricts the price at which short sales may be effected when a stock has experienced significant downward price pressure. Rule 201 became effective on May 10, 2010 with an effective date of November 10, 2010. The new Rule applies to a "covered security" which includes all equity securities listed on a national securities exchange, whether traded on an exchange or in the over-the-counter market.

Rule 201 generally requires that a trading center establish, maintain, and enforce written policies and procedures reasonably designed to prevent the execution or display of a short sale order of a covered security at a price that is less than or equal to the current National Best Bid ("NBB") if the price of that covered security decreases by 10% or more from the covered security's closing price as of the end of regular trading hours on the prior day. Once the circuit breaker in Rule 201 has been triggered, the price test restriction will apply to short sale orders in that security for the remainder of the day and the following day, unless an exemption applies. The circuit breaker can only be triggered during regular trading hours. However, once triggered, the short sale price test restrictions of Rule 201 apply at all times when quotation information and, therefore, the NBB, is collected, processed, and disseminated pursuant to a national market system plan, even though this period may vary and may extend beyond regular trading hours.

As mentioned earlier, Rule 201 goes into effect on November 10, 2010. Under the new Rule, short selling at the NBB will be prohibited when the circuit breaker is in effect, unless a specific exemption is available. The exemptions to Rule 201 provide for instances where a client may designate an order to ITG as "short exempt," thereby requesting an execution price that could be equal to or below the NBB. ITG has programmed its systems to accept and handle orders received by its clients that are marked as short exempt. However, our acceptance of short exempt orders is contingent upon our clients using the order type in a manner that is consistent with the requirements and limitations of Rule 201. Accordingly, unless you notify us otherwise, your submission of a short exempt order to ITG is an explicit representation that you are familiar with the Rule 201 exemptions. Please be aware that we will contact you periodically to determine the underlying exemptions from Rule 201, upon which you relied when submitting short exempt orders to ITG.



The exact language of the Rule including the exemptions can be viewed using the below link:
<http://www.sec.gov/rules/final/2010/34-61595.pdf>

Below are descriptions of the exemptions from Rule 201:

Rule 201 Exemptions

ITG exemption short name:

<p>The short sale order of a covered security is by a broker-dealer that has identified the order as being priced above the NBB at the time of submission.</p>	<p>“Broker-Dealer”</p>
<p>The short sale order of a covered security is by a person that is deemed to own the covered security pursuant to Rule 200 of Regulation SHO, provided that the person intends to deliver the security as soon as all restrictions on delivery have been removed.</p>	<p>“Deemed to Own”</p>
<p>The short sale order of a covered security is by a market maker to offset customer odd-lot orders or to liquidate an odd-lot position that changes such broker's or dealer's position by no more than a unit of trading.</p>	<p>“MKT Maker Odd-Lot”</p>
<p>The short sale order of a covered security is for a good faith account of a person who then owns another security by virtue of which he is, or presently will be, entitled to acquire an equivalent number of securities of the same class as the securities sold; provided such sale, or the purchase which such sale offsets, is effected for the bona fide purpose of profiting from a current difference between the price of the security sold and the security owned and that such right of acquisition was originally attached to or represented by another security or was issued to all the holders of any such securities of the issuer.</p>	<p>“Domestic Arbitrage”</p>
<p>The short sale order of a covered security is for a good faith account and submitted to profit from a current price difference between a security on a foreign securities market and a security on a securities market subject to the jurisdiction of the United States, provided that the short seller has an offer to buy on a foreign market that allows the seller to immediately cover the short sale at the time it was made. For purposes of Rule 201, a depository receipt of a security shall be deemed to be the same security as the security represented by such receipt.</p>	<p>“International Arbitrage”</p>



<p>(i) The short sale order of a covered security is by an underwriter or member of a syndicate or group participating in the distribution of a security in connection with an over-allotment of securities; or</p> <p>(ii) The short sale order of a covered security is for purposes of a lay-off sale by an underwriter or member of a syndicate or group in connection with a distribution of securities through a rights or standby underwriting commitment.</p>	<p>“Underwriting”</p>
<p>The short sale order of a covered security is submitted by a broker-dealer that has a reasonable basis to believe that the short sell order is to effect the execution of a customer purchase or a customer long sale, on a riskless principal basis.</p>	<p>“Riskless Principal”</p>
<p>The short sale order of a covered security is executed on a VWAP basis under the following conditions: (1) the VWAP for the covered security is calculated by: (i) calculating the values for every regular way trade reported in the consolidated system for that security during regular market hours, by multiplying each such price by the total number of shares traded at that price; (ii) compiling an aggregate sum of all values; and (iii) dividing the aggregate sum by the total number of reported shares for that day in the security; (2) the transactions are reported using the VWAP trade reporting modifier; (3) the VWAP security has an average daily trading volume of \$1 million or more and a public float of \$150 million or more; (4) the transaction is not effected for the purpose of creating actual, or apparent, active trading in or otherwise affecting the price of any security; (5) the VWAP calculation period is sufficiently long such that the price of the VWAP trade was not reasonably determinable at the time the commitment to execute the order was made; and (6) if a broker-dealer is acting as principal on the contra-side to fill the customer short sell order, the broker-dealer’s position in the covered security, as committed by the broker-dealer during the pre-opening period of a trading day and aggregated across all of its customers who propose to sell short the same security on a VWAP basis, must not exceed 10% of the covered security’s average daily trading volume.</p>	<p>“VWAP”</p>



While we have made every effort to accurately reflect the spirit of the rule, ITG does not guarantee the accuracy or completeness of the descriptions of Rule 201 set forth above.

The following is a brief description of how ITG will handle short sale and short exempt orders under the new Rule.

Order Acceptance Mechanics:

- Short exempt orders will only be accepted when a circuit breaker is in effect for the security. Short exempt orders received when a circuit breaker is NOT in effect for the security will be rejected.
- POSIT® ATS will accept sell short orders at all times and short exempt orders if the circuit breaker has been triggered for the security.
- To indicate a short exempt order, Tag 54=6 must be present in the FIX message that we receive from you.
- ITG will support FIX “reason codes” to identify the particular exemption being relied on for a short exempt order and we encourage our clients to use these reason codes.
- Cancel/Replace of orders from sell short to short exempt or short exempt to sell short will not be supported. A modification to the order in this manner will require a cancellation of the original order and the submission of a new order.

Execution Behavior:

For ITG Client Orders Traded on an Agency Basis

- Short exempt orders will be able to trade at the NBB.
- Sell short orders will only trade at a price higher than the NBB.
- Day short sell limit orders priced at the NBB or below will be accepted. However, if the circuit breaker is in effect, such orders may only be executed at a time when they become marketable at a price higher than the NBB.
- IOC short sell limit orders that are priced at the NBB or below will be rejected.

For Alternet and ITG Client Orders Traded on a Principal or Riskless Principal Basis

- If the circuit breaker is in effect, client short exempt orders will be converted to ITG or Alternet principal short sell orders for execution at a price higher than the NBB.
- IOC short sell limit orders that are priced at the NBB or below will be rejected.
- Sell short orders will trade at a price higher than the NBB.



As always, ITG endeavors to deliver class leading trading solutions while maintain the highest degree of integrity and compliance with industry rules and regulations. Should you have any questions or concerns regarding Rule 201 or the exemptions provided for in the Rule, please contact the undersigned at 212-444-6342.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick Chi".

Patrick Chi
Chief Compliance Officer
ITG Inc.