

Cowen Electronic Market Making Order Handling Procedures

Short Sales

Client short sale orders must be accompanied by an electronic verification that an affirmative determination has been made. **Affirmative determination** is defined as the client confirming the security is deliverable for settlement date or that the security can be borrowed for delivery by settlement date. This information is required to process electronic order flow seamlessly. Cowen and Company is not required by regulation to obtain "Locate" data for orders received from another U.S. registered broker dealer.

After Hours Trading

Cowen's Electronic Market Making desk does not execute orders in after hours trading. Orders designated for execution outside of normal market hours will only be accepted when routed to the Cowen's Cash Equities Desk.

Automated Execution

Cowen's customized automated execution metrics are driven by market conditions, individual stock characteristics and specific client negotiated terms and conditions. These metrics define the level of liquidity, price improvement and price discovery allotted to each client order. It is the goal of the firm to provide the highest quality execution possible given real-time market dynamics.

Best Efforts

Cowen will use its best efforts to provide clients with exemplary execution services. Although our interests are aligned with our clients in satisfying their regulatory and fiduciary responsibilities to their customers, nothing in our order handling procedures should be taken as a guarantee of those responsibilities, nor has Cowen agreed to cover any clients with respect to any breach of such responsibilities.

Cancel

Cancellation requests will be granted to the extent the order has not been executed. If an order has been sent to another market center on behalf of the client's order, the cancel will be honored to the extent Cowen receives a partial or a nothing done from the other market center. There should be no presumption of acceptance of a cancellation request until you receive confirmation from Cowen.

Corporate Actions and Order Adjustments

Cowen will adjust open orders to reflect pricing or order size changes relative to the corporate action (e.g., dividends, distributions, splits, etc.). A client can add do not reduce (DNR) or do not increase (DNI) instructions to an order if they do not want the price reduced (DNR) or order sized increased (DNI).

Cowen will cancel all open orders in stocks for Reverse Splits, Forward Splits or Splits involving a symbol change.

Execution Quality

Cowen rigorously monitors and enhances its execution quality with real-time, daily, weekly and monthly reports. Through proprietary dynamic algorithms, Cowen relies on an order's variables (price, size and stock metrics), market conditions, firm position and client-by-client agreements to determine the level of price improvement and automated execution. Cowen will always honor our own Electronic Market Making quote and utilize our limit order book to provide liquidity and improve execution quality. Any orders that are not automatically executed will be handled on a best efforts basis.

Halts

During regulatory halts, no trading will occur and any inadvertent executions will be canceled. All orders received during the halt and all resting limits will be handled on a best efforts basis once the security is re-opened.

During non-regulatory halts, Cowen's clients may receive an execution due to our Manning obligation or another market participant accessing our quote. Cowen reserves the right to handle client market and marketable limits during a non-regulatory halt on a best efforts basis depending upon the market conditions, nature of the halt, opportunity to cross with internal orders and clients requests.

Market on Open – NYSE and Regional Exchanges

Opening market and marketable limit orders received before 9:28 AM will be routed to the Primary Listing Exchange and receive the opening price from the primary exchange to the extent that their order is entitled to execution on that exchange. Orders received after 9:28 with the "OPENING" modifier will be returned to the order-sending firm. Market and marketable limits received after 9:28 will be handled on a best efforts basis and are not guaranteed the opening price.

Market on Open – NASDAQ Securities

Opening market and marketable limit orders received before 9:28 AM will be routed to the NASDAQ Stock Market and receive the NASDAQ Official Opening Price (NOOP) to the extent that their order is entitled to execution on that exchange. Orders received after 9:28 with the "OPENING" modifier will be returned to the order-sending firm. Market and marketable limits received after 9:28 will be handled on a best efforts basis and are not guaranteed the opening price. If there is no NOOP due to lack of orders by NASDAQ, we will work the order(s) on a best efforts basis.

Not Held Orders

Not held orders give Cowen time and price discretion to achieve best execution. Not held orders do not interact with Cowen's limit order book or incoming order flow. Depending upon client instructions, Cowen is not obligated to display or protect not held limit orders. Not held orders may be handled on a net basis with a mark-up or mark-down included in the pricing of the execution. Clients may request details of the executions comprising the execution of a not held order. Mark-up/down will be communicated via electronic means (e-mail, IM).

Order Types

Cowen accepts the following order types:

- All or None (AON) – Order must be filled in its entirety at a single price. If partial executions have been filled on behalf of the AON and a client attempts to cancel the AON order, Cowen will use its discretion to execute the AON or give the client an "out".
- Day Orders (DAY) – Day orders remain open, unless executed, until the close of trading on the day the order was entered.
- Fill or Kill (FOK) – Order must be executed or canceled back to the client within 90 seconds of receipt at a single price in its entirety.
- Good-Til-Canceled Order (GTC) – Remain open until canceled by Cowen or the client.
- Immediate or Cancel (IOC) - Order must be executed or canceled back to the client within 90 seconds of receipt but may receive partial executions with the remaining balance canceled back to the client.

- Stop and Stop Limit (STP and STP LMT) – Sell stops must be below the current bid during normal market hours and below the previous close for preopening orders. Buy Stops must be above the current offer during normal market hours and above the previous close for preopening orders. All stops are triggered based on the NBBO of the particular security. Once triggered, stops become a market, marketable limit or limit order based on the order's instructions.
- Market/Limit on Open (MOO or LOO) – See Market on Open NYSE and Regional Exchanges or Market on Open NASDAQ

Price Improvement

Cowen provides price improvement to client orders based upon proprietary algorithms, market conditions and internal crosses with other order flow.

Reserved Rights

Cowen reserves the right, at its sole discretion, to modify or suspend its order handling procedures during times of unusual market conditions, abusive use of our automated execution parameters by a specific client or when otherwise appropriate. Unusual market conditions include, but are not limited to: locked/crossed markets, unresponsive markets or market participants, extreme volatility, halts, periods when quotes are 'non-firm' or inaccessible, system outages or during news related moves in a particular stock or market. Cowen will communicate the suspension of automated execution parameters to clients via electronic medium (e-mail, IM).

Cowen also reserves the right, at its sole discretion, to cancel or adjust any execution that is a result of a bona fide error resulting in a large loss or gain. Such errors may occur at Cowen or may be caused by another market participant during periods of extreme market volatility or system outages. Cowen will use all of its resources to provide clients with timely information related to the error and work diligently to minimize the cost and market impact for the client.

Smart Order Router

Dynamic and sophisticated smart order router efficiently accesses available liquidity with the underlying goal of providing clients with the best execution possible.

Sub Penny

Cowen only accepts sub-penny orders in stocks that are under \$1.00. 3 decimal orders priced above \$1.00 will be rejected and must be in such increments as Regulation NMS requires.

Special Settlement Orders

Cowen accepts special settlement orders (e.g., cash, next-day, etc.) but reserves the right to check for upcoming corporate actions before executing the order. Cowen may execute your order on a principal basis and the executed price may reflect a mark-up or mark-down to reflect our compensation. Cowen reserves the right to refuse any special settlement order.