Financial Research Associates, LLC Proudly Presents the 2005

Third Annual

Best Execution Industry Symposium

Develop Effective Policies and Strategies to Accommodate Market Structure Changes and Soft Dollar Reforms

JANUARY 31 - FEBRUARY 1, 2005

THE NEW YORK HELMSLEY HOTEL • MIDTOWN MANHATTAN

Gain Strategic Insight Into:

• SEC’s view of “best execution,” and their expectations for your firm’s compliance policies
• How the industry leaders define and measure best execution
• The impact of regulation NMS on trading patterns, prices and volume
• Measuring results when using trading algorithms
• The role of hybrid markets and other market structure changes in the larger context of ECNs
• The economic impact of soft dollar reforms, and the implications for third-party research
• Best practices for structuring your firm’s soft dollar program

PLUS! Attend the Pre-Conference Workshop:

SEC Expectations for Best Execution

Chaired by the SEC’s John McCarthy, Associate Director of the Office of Compliance Inspections and Examinations

This practical workshop will help you understand the SEC’s view of “best execution” and your duties for compliance. You will learn how to prepare for an exam and what to expect during a review, including:
– Priority criterion that the SEC examination staff is looking for during a review
– How to comply with SEC best execution guidelines
– Necessary components of your best execution policy

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To Register: Call 800-280-8440 or visit us at www.frallc.com
Dear Colleague,

While much debate continues over how “best execution” should be defined, all comers are in agreement that best execution is a rapidly evolving set of practices. Once the purview of a very elite group of floor traders, stock trading is moving at lightening speed into the electronic age. With both increased regulatory pressure to reduce costs and so much at stake between traditional players, early-adopters and new market e-market entrants, a comprehensive understanding of regulatory reforms, market trends and advances in technology is critical to success in this fiercely competitive market.

Furthermore, soft dollar and bundled commission arrangements continue to be the subject of intense regulatory scrutiny. With so many firms adopting positions somewhere between the two extremes, it is more difficult than ever to be certain that your compliance program is in line with both regulatory demands and market expectations. It is imperative that securities professionals implement the proper controls and procedures to stay abreast of regulatory developments and accepted positioning strategies and disclosure practices for their firms.

Financial Research Associates, LLC’s Third Annual Best Execution Industry Symposium brings top leaders of industry together with leading authorities from the legal and regulatory communities and investment advisory firms to help you make sense of the vast regulatory changes that have been recently adopted or proposed for the securities industry. The symposium will educate and inform attendees on:

• New and proposed regulation changes affecting:
  - Market structures including reg NMS
  - Soft dollar and bundled commission arrangements
  - Mutual funds reform
• The expectations of the SEC and how best to prepare for an exam
• New market structures and trading technologies including hybrid markets, ATS and ECNs
• Competitive developments in automated trading markets vs. floor trading
• Transaction cost analysis and measurement
• Client service and marketing challenges related to best execution

You will learn practical strategies to help you to thrive in this fiercely competitive market. This industry symposium is a must-attend-event for anyone concerned with “best practice” strategies to enhance compliance, reduce trading costs, and gain a competitive advantage by successfully implementing cutting-edge trading technologies.

Attend the Pre-Conference Workshop: SEC Expectations for Best Execution

Hear directly from the U.S. Securities and Exchange Commission on its view of “best execution” and your duties for compliance. This half-day session will prepare you for what to expect during a review and allow you to take full advantage of the information presented in the main conference. Hear first hand how the SEC defines best execution, and how best to structure your compliance program to comply with regulatory guidelines.

Register today! Call 800-280-8440 or register online at www.frallc.com.

Sincerely,

Stacey L. Nelson

Stacey L. Nelson, Conference Director
FINANCIAL RESEARCH ASSOCIATES, LLC

To Register: Call 800-280-8440 or visit us at www.frallc.com
MONDAY, JANUARY 31, 2005

8:15 – 9:00
Registration and continental breakfast for workshop attendees

PRE-CONFERENCE WORKSHOP

9:00 – 12:00
SEC EXPECTATIONS FOR BEST EXECUTION

Workshop Chairperson:
John A. McCarthy, Associate Director, Market Oversight, Office of Compliance Inspections and Examinations
U.S. SECURITIES AND EXCHANGE COMMISSION

Workshop Leaders:
Duer Meehan, Assistant Director, Office of Compliance Inspections and Examinations
U.S. SECURITIES AND EXCHANGE COMMISSION
Eric Swanson, Assistant Director, Office of Compliance Inspections and Examinations
U.S. SECURITIES AND EXCHANGE COMMISSION
Michael Butowsky, Partner
MAYER, BROWN, ROWE & MAW LLP

This practical, hands on workshop will provide you with a comprehensive checklist of the SEC’s expectations for your firm’s best execution policy. Hear directly from the SEC about its view of “best execution” and your duties for compliance. You will learn what to expect during a review, including:

• How to comply with SEC best execution guidelines
• Necessary components of your best execution policy
• Priority criterion that the SEC examination staff is looking for during a review
• How to prepare your compliance program before an SEC exam

After participating in the half-day session, attendees will be well prepared to take full advantage of the information on complex issues and opportunities that will be addressed in the main conference. Workshop attendees will become fluent in the language of compliance and best execution requirements. After learning what the SEC expects in terms of compliance, participants will be better able to actively discuss how the strategies and practices presented by industry experts can best be implemented in their own firms.

Session will include a mid-morning break from 10:15 – 10:30

MAIN CONFERENCE

12:00 – 12:45
Registration for main conference attendees & luncheon for workshop attendees

12:45 – 1:00
CHAIR’S WELCOME

Chairperson:
Michael Butowsky, Partner
MAYER, BROWN, ROWE & MAW LLP

1:00 – 2:15
WHAT DOES “BEST EXECUTION” MEAN IN 2005?
Learn about today’s hot-button compliance issues and trends. Find out how others are defining best execution now, and explore key topics, including:

• Identify the key components of best execution
• Discover how others are measuring best execution
• Find out what the SEC expects in terms of best execution
• Learn how best execution varies by product (fixed income vs. equities, etc.)
• Hear the latest developments in mutual fund reform
• Examine the impact of Europe’s FSA trading guidelines on the US

Moderator:
Richard Marshall, Partner
KIRKPATRICK & LOCKHART, LLP

Panelists:
Gerald T. Lins, General Counsel
ING FURMAN SELZ ASSET MANAGEMENT
Frank Hatheway, Executive Vice President and Chief Economist
NASDAQ
Lee Pickard, Partner
PICKARD & DJINIS LLP
Wayne H. Wagner, Chairman
PLEXUS GROUP, INC.

2:15 – 2:45
TRANSACTION COST ANALYSIS

Speaker:
Ian Domowitz, Managing Director, Analytical Products and Research
ITG INC.

2:45 – 3:15
MEET THE EXHIBITORS
Mid-afternoon refreshment break & technology showcase

3:15 – 4:15
HOW TO EFFECTIVELY USE BOTH QUANTITATIVE AND QUALITATIVE FACTORS TO EVALUATE BEST EXECUTION
Find out how to identify potential best execution “red flags,” and learn how to strategically position your compliance policy through the effective use of both quantitative and qualitative evaluation metrics. Topics include:

Quantitative Data
• Form ADV trading and execution disclosure
• Evaluation of execution monitoring systems
• Aligning performance metrics with execution strategy
• Leveraging technology to achieve and evaluate best execution

Qualitative Factors
• Evaluating brokerage conflicts of interest
• Generally accepted metrics for evaluating quality of execution
• Tools to help evaluate the quality of execution
• Using data gained under the Exchange Act from Rules 11Ac1-5 and -6

Moderator:
Steven W. Stone, Managing Partner
MORGAN, LEWIS & BOCKIUS LLP
**Panelists:**
Jeffrey C. Morton, Partner
ADVISER COMPLIANCE ASSOCIATES, LLC

Brian Kawakami, Chief Compliance Officer
INVESCO

Morgan Dunbar, Director
CITIGROUP GLOBAL MARKETS INC.

Thomas Rodde, Vice President
FIDELITY CAPITAL MARKETS

**4:15 – 5:15**
COCKTAIL RECEPTION

5:15
Day one sessions adjourn

**TUESDAY, FEBRUARY 1, 2005**

7:45 – 8:30
Continental breakfast sponsored by ................. ITG

8:30 – 8:45
CHAIR'S WELCOME & DAY ONE RE-CAP
Chairperson:
Michael Butowsky, Partner
MAYER, BROWN, ROWE & MAW LLP

8:45 – 10:00
IMPLICATIONS OF THE SEC'S PROPOSED REGULATION NATIONAL MARKET SYSTEM (NMS)
Examine the impact of market structure changes on best execution, including:
• How changes in the 'trade-through' rule will affect the quality of the price discovery process and overall volatility of prices
• How automated order execution systems and sub-penny trading and quoting limits can affect the quality of quoted prices, trading volume, and intra-second price volatility

Moderator:
Richard Marshall, Partner
KIRKPATRICK & LOCKHART, LLP

Panelists:
Mark Madoff, Director of Listed Trading
BERNARD L. MADOFF INVESTMENT SECURITIES

Eugene Choe, Vice President, Broker Dealer Plus
CREDIT SUISSE FIRST BOSTON

Division of Market Regulation
U.S. SECURITIES AND EXCHANGE COMMISSION

Michael Pagano, Assistant Professor, College of Commerce & Finance
VILLANOVA UNIVERSITY

10:00 – 10:30 MEET THE EXHIBITORS
Mid-morning refreshment break & technology showcase

10:30 – 2:00
USING TECHNOLOGY TO ACHIEVE BEST EXECUTION
The U.S. trading function is up for grabs between automated or low-touch trading and traditional, floor trading. With institutional investors under severe SEC pressure to decrease trading costs, many are directing more and more trades to the handful of firms that offer the least expensive execution.

Automated trading technology is still young and evolving rapidly. No winner of the “black box race” has yet emerged, despite some significant early-adopter advantages.

The following sessions on Hybrid Markets, Electronic Communications Networks, and other Automated Trading Systems are designed to help:
• **Buy-side professionals:** Understand and choose the best execution strategies suitable for their various environments
• **Sell-side professionals:** Learn to avoid the pitfalls of implementing automated trading systems in order to increase their institutional order flow and help drive proprietary trading and other high margin business lines

10:30 – 11:00
NYSE HYBRID MARKET
The New York Stock Exchange has proposed an important shift in its trading systems to allow a major increase in automatic executions, while continuing to safeguard against excessive volatility. Paul Bennett, head of NYSE research, will describe the status of the Hybrid Markets plan, provide preliminary thinking about how it will operate day-to-day, and identify key remaining issues, including:
• How will the changes affect the alternatives available for trading on the NYSE?
• How will prices, volumes, and trading patterns be affected?
• How frequently will the market move between fast and manual mode?
• How will implementation proceed?

Speaker:
Paul Bennett, Chief Economist and Senior Vice President
NYSE

11:00 – 12:00
CHANGING MARKET STRUCTURES: HYBRID MARKETS, ECNS & CROSSING NETWORKS
Examine the changing market structures, and learn about advances in this rapidly evolving industry. Hear reaction to the reforms at the NYSE and NASDAQ. Session topics will help you understand and choose the best execution strategies suitable for your environment, including:
• Comparison exam of the NYSE vs. NASDAQ
• The role of hybrid markets in the larger context of ECNs
• Developments in crossing networks

Moderator:
Bill Hebert, Vice President, Director of Strategic Development & Electronic Trading
FIDELITY CAPITAL MARKETS

Panelists:
John Wheeler, Vice President, Director of U.S. Equity Trading
AMERICAN CENTURY INVESTMENTS

To Register: Call 800-280-8440 or visit us at www.frallc.com
Jenny Drake, Managing Director
ARCHIPELAGO EXCHANGE

Adena Friedman, Executive Vice President
NASDAQ

Paul Bennett, Chief Economist and Senior Vice President
NYSE

Larry Tabb, Founder & CEO
THE TABB GROUP

12:00 – 1:00
Luncheon sponsored by ................. Morgan Stanley

1:00 – 2:00
BEST PRACTICES FOR IMPLEMENTING AUTOMATED TRADING STRATEGIES & SYSTEMS

Learn to avoid the pitfalls of implementing automated trading systems, and discover effective ways to measure execution quality. Topics covered will include:

• How to define and measure best execution when using trading algorithms or automated trading systems
• Identifying the most suitable trading models for different environments
• Best practices for integrating quote driven and order driven systems

Moderator:
William F. Cline, Managing Partner, Capital Markets
ACCENTURE

Panelists:
Richard Lee, Vice President, Autobahn Electronic Trading
DEUTSCHE BANK
Ian Domowitz, Managing Director, Analytical Products and Research
ITG INC.
Michael Richter, CEO
LIME BROKERAGE LLC
Brian Fagen, Managing Director
MORGAN STANLEY

2:00 – 2:45
TRENDS & REFORMS EFFECTING SOFT DOLLAR AND DIRECTED BROKERAGE ARRANGEMENTS

• Receive an update on recent SEC regulations and proposals related to:
  - Soft dollars arrangements
  - Directed brokerage arrangements
  - Commission recapture arrangements
• Explore permissible structures for moving commission dollars
• Hear best practices for disclosure and documentation

Speakers:
Meyer Eisenberg, Deputy General Counsel
U.S. SECURITIES AND EXCHANGE COMMISSION
John V. O’Hanlon, Partner
DECHERT LLP
Michael Butowsky, Partner
MAYER, BROWN, ROWE & MAW LLP

3:15 – 4:15
SOFT DOLLAR AND BUNDLED COMMISSION ARRANGEMENTS IN PRACTICE: A DEBATE

Join a debate of the various pro and con arguments for soft dollars and bundled commission. Explore topics such as:

• The economic impact of reforms
• Third party research vs. proprietary research: A false distinction?
• Unbundling through disclosure: Putting a dollar value on any (and all) research
• Mutual funds’ use of soft dollars: Disclosure to a fund board vs. disclosure to fund investors

Moderator:
Jay G. Baris, Partner
KRAMER LEVIN NAFTALIS & FRANKEL LLP

Panelists:
Meyer Eisenberg, Deputy General Counsel
U.S. SECURITIES AND EXCHANGE COMMISSION
Eric D. Roiter, Senior Vice President & General Counsel
FIDELITY MANAGEMENT & RESEARCH CO.
Gerald T. Lins, General Counsel
ING FURMAN SELZ ASSET MANAGEMENT
Jeffrey N. Carp, General Counsel and Senior Vice President
MFS INVESTMENT MANAGEMENT
Lisa A. Shalett, Chairman and Chief Executive Officer
SANFORD C. BERNSTEIN & CO., LLC

4:15 – 5:15
A PRACTITIONER’S ROUND-TABLE: DEVELOPING YOUR FIRM’S SOFT DOLLAR COMPLIANCE PROGRAM

As one of the areas under closest scrutiny by the SEC, this practical session will focus on how to put effective controls and procedures in place to ensure compliance with SEC soft dollar concerns. Topics discussed will include:

• Areas of potential risk
• Developing and implementing proper internal controls and procedures
• Practices for complying with disclosure requirements for soft dollar arrangements
• Tax implications and strategies for soft dollar arrangements

Moderator:
Diane Ambler, Partner
KIRKPATRICK & LOCKHART, LLP

Panelists:
Richard Biegen, Managing Director, Director of Global Compliance
AIG GLOBAL INVESTMENT GROUP
Barbara Brooke Manning, Chief Compliance Officer
SCHRODER INVESTMENT MANAGEMENT NORTH AMERICA INC.
Joseph M. McGill, Chief Compliance Officer
UBS GLOBAL ASSET MANAGEMENT INC.

5:15
Conference adjourns

To Register: Call 800-280-8440 or visit us at www.frallc.com
**BIOGRAPHIES**

**Symposium Chairperson:**
**Michael Butowsky, Partner**
MAYER, BROWN, ROWE & MAW LLP

**Michael Butowsky** provides organizational and regulatory advice for investment advisers and broker-dealers, including those operating on the internet. He provides advice relating to, among other things, the structuring of client arrangements, hot issues, soft dollars, wrap fee programs, suitability, investment adviser trading questions (e.g., principal transactions and trade allocations), SEC inspections, best execution, dual registrant issues, fee based brokerage programs, Form ADV issues, performance advertising, directed brokerage arrangements and compliance procedures (e.g., with respect to proprietary and employee trading). He frequently participates in training programs for attorneys and other staff personnel of U.S. government agencies involved in regulating the financial services markets, including the U.S. Securities and Exchange Commission and the U.S. Department of the Treasury. Mr. Butowsky is also a frequent speaker at financial services industry conferences and frequently writes on many financial services industry topics.

**Workshop Chairperson:**
**John A. McCarthy, Associate Director, Market Oversight, Office of Compliance Inspections and Examinations U.S. SECURITIES AND EXCHANGE COMMISSION**

**John McCarthy** is the Associate Director for Market Oversight in the Office of Compliance Inspections and Examinations. He is responsible for the SEC’s oversight of the stock exchanges’ regulatory programs. John is also responsible for the SEC’s inspections of ATSs and ECNs. John has coordinated the SEC’s examination program related to the duty of best execution in the listed, OTC and options markets and he is responsible for, among other things, the SEC’s examination programs related to research analyst conflicts of interest, mutual fund market timing and late trading, and exchange specialists trading. John received a JD from the University of Maryland School of Law, received B.S. and A.B. degrees from the University of Michigan, and received a MSc. degree in Finance from the London School of Economics.

**ABOUT THE SYMPOSIUM SPONSORS**

**Morgan Stanley** is a global financial services firm with leading market positions in asset management, credit services and securities. The quality and breadth of Morgan Stanley’s financial services, such as underwriting, sales and trading, capital raising, and mergers and acquisitions, are highly regarded globally.

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Morgan Stanley’s Electronic Trading Services provides a complete spectrum of services for pre trade analytics, execution and post trade execution performance analysis, all backed by a global support organization.

- **BXS (Benchmark Execution Strategies)** As a world leader in trade execution, Morgan Stanley has developed a set of trading algorithms designed to minimize market impact in today's highly evolved trading environment.
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**Lime Brokerage LLC** provides agency execution services in U.S. equities for financial institutions, hedge funds and professional traders. Lime focuses on algorithmic and computer model driven trading strategies. Via a java or c++ api, Lime provides both streaming quote data and order routing to all major exchanges and ecn’s. Lime’s technology infrastructure delivers order processing speed, capacity and high availability.

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As such, the Treasury has proposed anti-money laundering requirements for hedge funds.

and accompanying Advisers Act requirements will become a reality. In addition,

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Recently several SEC staff recommendations point to a distinct
possibility that mandatory SEC registration for hedge fund advisers and
accompanying Advisers Act requirements will become a reality. In addition, the Treasury has proposed anti-money laundering requirements for hedge funds. As such, NCS has introduced a number of services to assist hedge fund firms in maintaining compliance and in meeting the proposed AML requirements. For more information about NCS or to discuss your particular situation with one of our compliance specialists please contact: Ken Kaltman at 561-330-7645 x 202 or e-mail ken@ncsonline.com.

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Santa Cruz, CA 95062

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The New York Helmsley Hotel
Midtown Manhattan


Hear Directly from the SEC!