



THE MONEY MANAGEMENT INSTITUTE

Legal/Regulatory Affairs Conference for General
Counsels & Chief Compliance
June 6, 2006

Current Best Execution, Trading and Investment Opportunity Issues

Mike O'Reilly
TraderForum

Gerald Lins
ING Investment Management

Steven W. Stone
Morgan, Lewis &
Bockius LLP

Tim Mahoney
Merrill Lynch

Current Best Execution, Trading and Investment Opportunity Issues

- Buyside Challenges of Best Execution in SMA Trading
- Finding The Lesser Evil: Current Solutions In Wrap Trading
- Who Is Responsible for Best Execution in Wrap Trading?
- Challenges For Broker-dealers
- Is Technology The Answer?
- Best Practices In Wrap Trading

Buyside Challenges of Best Execution in SMA Trading

- Broker selection: Is there a choice?
- Who gets disadvantaged, directed or non-directed clients?
- The disclosure of holdings and the risks of front-running
- Agency, cross, and principal transactions
- Investment opportunity issues
- SEC soft-dollar guidance

Finding The Lesser Evil: Current Solutions In Wrap Trading

- Trading Last
- Segregating WRAP Trading
- Rotation
- Stepping Out/Pro-Rata Allocations
- Other types of tradeaways

Who Is Responsible for Best Execution in Wrap Trading?

- Sponsor
- Portfolio manager
- Both

Challenges For Broker-dealers

- Agency, cross, and principal transaction rules
- Regulation T and “Letters of Free Funds”
- Discretionary trades with exchange members
- Limit-order protection
- Monitoring portfolio manager trading practices
 - Approach to trade allocation

Is Technology The Answer?

Best Practices In Wrap Trading



THE MONEY MANAGEMENT INSTITUTE

Legal/Regulatory Affairs Conference for General
Counsels & Chief Compliance
June 6, 2006

Current Best Execution, Trading and Investment Opportunity Issues

Mike O'Reilly
TraderForum

Gerald Lins
ING Investment Management

Steven W. Stone
Morgan, Lewis &
Bockius LLP

Tim Mahoney
Merrill Lynch