



## IND-X Securities Ltd

### Settlement update – September 2008

With the recent market turmoil counterparty risk has become an increasingly important element of the investment making process, which is why at IND-X our risk management functions regularly conduct rigorous checks on our trading counterparties, both on the buy side and within our brokerage community. Our product mix is currently limited to cash equities on a DVP/RVP basis and with no proprietary trading our perceived settlement risk failure is minimal.

This should provide clients with an extremely high degree of confidence when conducting business with IND-X.

As you know we operate under a model B settlement environment, it is therefore essential that our trading counterparties are confident in our settlement agent, Penson Financial Services Ltd. We have requested that PFSL issue the following statement;

*Penson Financial Services Ltd. (PFSL) is a leading provider of clearing services in the UK and Europe. PFSL is part of the Penson Worldwide group of companies which provide execution, clearing, custody, settlement and technology infrastructure products and services to over 250 firms in North America, Europe, Asia and Australia.*

*Penson Worldwide is an independent firm. Unlike other major clearing providers, the group is not affiliated with a larger financial institution troubled by its various investment risks. The firm benefits from a strong, internally funded balance sheet with limited proprietary positions and no material exposure to mortgage-backed securities. This competitive advantage has been recognised by the market and reflected in the performance of the firm's share price (YTD), relative to many competitors.*

*In the normal course of business, the various Penson entities analyse and manage all exposures to customers, counterparties, banks and other financial institutions. Local risk management teams coordinate at a global level to ensure that group-wide exposures are quantified, managed and as appropriate, mitigated.*

*Penson's risk management policies and processes have aided the firm in successfully navigating the current dislocations in the financial markets, allowing a continued focus on delivering the services each client needs to succeed.*

If you require any additional information, please do not hesitate to contact us directly via the numbers detailed on the website [www.indxsecurities.com](http://www.indxsecurities.com)