



BP PRIME

Conflict of Interest

Overview

This document records BLACK PEARL SECURITIES LTD's ("BP") policy for the identification, monitoring and management of actual and potential conflicts of interest that can arise between it and its clients in respect of its core activity of providing margin trading on a 'straight through processing' (STP) model. A conflict of interest is a situation in which someone in a position of trust has competing professional or personal interests. Such competing interests can make it difficult for individuals to fulfil their duties impartially. A conflict of interest may exist even if no unethical or improper act results from it.

1.1 Objectives

This Policy statement aims to:

- ◆ Ensure a consistent approach and common standard for the identification, monitoring and management of conflicts. Act as an aide-memoire for the relevant points to be covered
- ◆ Maintain the relevance and applicability of the policy by ensuring that reviews of the policies and procedures are carried out by the senior management at predetermined frequencies.

1.2 Related Documents/Policies

- ◆ Compliance
- ◆ Remuneration Policy
- ◆ ICAAP
- ◆ Client Money Procedures

Policy Statement

2.1 Policy

This policy has been developed to ensure that clients are aware of any actual or potential conflicts of interest that could affect objectivity, independence and impartiality, particularly in respect of investment research. In the event of a conflict of interest arising, if we identify that our actions to manage the conflict of interest is not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of our client will be prevented, we will clearly disclose the general nature and/or sources of the actual or potential conflict of interest to our client before undertaking business for the client.



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2.2 Scope

BP's business model seeks to be independent and impartial. In accordance at all times with applicable FCA Rules, we endeavour at all times to ensure that the communication of our conflicts identification and mitigation is to a high standard and is clear, fair and not misleading.

Where potential conflicts are recognised, these are fully disclosed and managed so as to minimize any threat to the objectivity of our research. In this context, BP pays particularly close attention to the FCA's Statements of Principle.

There may be a conflict where BP (or anyone connected to BP including another affiliate):

- ◆ is likely to make a financial gain (or avoid a loss) at the expense of its client;
- ◆ is interested in the outcome of the service provided to its client where the interests of BP are distinct from those of the client;
- ◆ Has a financial incentive to favour one client over another;
- ◆ carries on the same business as a client;
- ◆ receives money, goods or services from a third party in relation to services provided to a client other than standard fees or commissions.

BP has sought to identify conflicts of interest that exist in its business and has put in place measures it considers appropriate to the relevant conflict in an effort to monitor, manage and control the potential impact of those conflicts on its clients.

The conflicts identified include:

- ◆ those between clients with competing interests;
- ◆ those between clients and BP where their respective interests in a particular outcome may be different;
- ◆ those between the personal interests of staff of BP and the interests of BP or its clients where those interests may be different; and
- ◆ those that might arise as a result of brokers covering relatives.

2.2.1 Systems and Controls

BP has detailed internal controls and procedures to identify and properly manage actual and potential conflicts of interest, including those summarised below;

- ◆ Remuneration Policy
- ◆ Personal Account dealing policies and procedures
- ◆ Compliance Monitoring Programme
- ◆ Best Execution Policy
- ◆ Compliance Manual



2.2.2 Staff Roles

BP will maintain a clear and appropriate sharing of responsibilities among its directors and senior management to ensure that everyone in the organisation is clear of their responsibilities and importance of such role in maintaining an effective system and control environment. Details of BP 's governance structure is as follows:

Role	Responsibilities
CEO/Director	<ul style="list-style-type: none">◆ Overall day to day responsibility for the Business◆ Business development◆ Staff Management◆ Compliance and Money Laundering
Operations and IT Director	<ul style="list-style-type: none">◆ Client Money Account and Reconciliations◆ IT◆ Operations

2.2.3 Supervision and Management of Staff

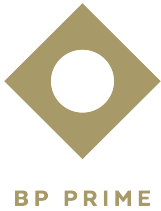
The staff will be based in same office in London. Where sensitive information is held, although the scale of BP means that staff will not be physically segregated from other staff in order to be able to maintain Chinese Walls, employees will receive training on understanding their full obligations in this respect.

2.2.4 Remuneration

The remuneration of staff will be assessed annually in accordance with BP's appraisal procedures and usually consists of a salary and a performance related commission and bonus. We strive to ensure our employees remain motivated whilst at the same time ensuring that this remuneration scheme does not encourage inappropriate behaviour. The remuneration of employees shall not under any circumstances be linked to sales and a Remuneration Policy is in place and will be adhered to.

2.2.5 Business Interests and Appropriateness

As an execution only matched principal broker, we will not use our discretion to make decisions or provide any advice or recommendations. We are however, required to ensure that our actions are appropriate for our clients.



In addition, our employees may have an interest, relationship or arrangement whereby they act as a trustee, hold power of attorney on behalf of a client or act as a Director for a corporate client. We require our employees to declare any such interests to us so that we are able to take the appropriate steps where conflicts are identified. The type of steps that we may take could include not undertaking a certain line of business or declining an association with another firm if we believe that it is not in our client's best interests to form that association.

To manage such conflicts, we require our employees to disclose Directorships and interests in other companies obliging them to disregard and disclose the interest, relationship or arrangement concerned when acting on your behalf. On occasions, we may invest in funds for commercial reasons that our clients have invested in directly. In the event that we decide to redeem our holdings in those funds, we will, where known, endeavour to inform those clients of our proposed course of action.

2.2.6 Inducements, Gifts and Hospitality

Staff are not allowed to accept gifts, entertainment or any other inducement from any person which might benefit one client at the expense of other when conducting investment business. For example, where two clients give similar orders and one client agrees to pay more commission, priority or better execution terms must not be granted to that client's order when it conflicts with obligations owed to the other client.

Staff are not allowed to place undue pressure upon a client to persuade the client to trade through BP to the extent that this might give rise to a conflict of interest between that client and any other.

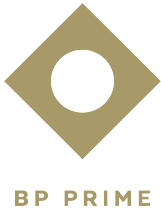
BP receives the majority of its income from fees paid by clients for executed transactions however there may be occasions where income will be received from services provided to Eligible Counterparties. BP will ensure that no conflict arises from those arrangements.

It is recognised that Gifts and Hospitality can lead to potential conflicts of interest. Staff are not permitted to accept, or give to, any person any gift or other benefit that cannot properly be regarded as justifiable in all circumstances. Staff and any persons connected to them are not to offer or accept any gifts or inducements that may give rise to the perception that in doing so, decisions may be influenced or may not be impartial. All staff are expected to act with the highest standards of integrity to avoid any allegations of conflicts of interests.

BP has a Gifts and Hospitality Register to record all gifts or hospitality that has been given or received.

2.2.7 Personal Account Dealing Policy

BP is a matched principal broker operating a straight through processing model. In order to manage actual or potential conflicts that may arise from this, BP has rigorous Personal Account Dealing policies and procedures. The following summarises those procedures that have particular relevance to the key employees with significant influence.



- ◆ Where an employee wishes to have a trading account, they will be required to disclose all accounts to BP, and whilst they will be entitled to hold those accounts, staff will not be allowed to trade them during office hours.

2.2.8 Data Security

The access to sensitive information on computer drives is restricted by the use of passwords and user IDs. Computers are automatically locked if left unattended for a short period of time and employees are reminded not to leave their unlocked computers unattended. Employees are regularly reminded of the importance of data security.

All sensitive information is to be kept confidential and may not be shared with those who do not have a clear reason to be in possession of that information or to whom it is not relevant.

2.2.9 Client Orders

In order to ensure as fair treatment as possible for clients, BP's Best Execution Policy requires us to take all reasonable steps to achieve the best overall trading result for clients; to exercise consistent standards; and operate the same processes across all markets, clients and financial instruments in which it operates.

No undue preference should be given to any client when trades are aggregated.

Re-allocation to any individual client may only be made to correct an error or to adjust an uneconomic initial allocation e.g. on a partial fill of an order. There may be occasions when client orders may have a material effect on a relevant price. In order to ensure that a broker does not take advantage of the situation by dealing on his/her own account or encouraging a third party to deal, BP has a strict "no front running" policy.

In order to ensure a fair and orderly dealing environment within the market, BP further ensures that its staff comply with the revised Code of Market Conduct reflecting the provisions of the Market Abuse Directive, as well as the relevant FCA Rules, which aim to prevent insider trading, the misuse of information and market manipulation. Clients are to be informed of the possibility that an order may be routed to a counterparty who is another Group Company, however no preference is given to the related counterparty and so no conflict will arise from the relationship in this context.

2.2.10 Disclosure

As a last resort, where there is no other means of managing the conflict or where the measures in place do not, in the view of BP, sufficiently protect the interests of clients, the conflict of interest will be disclosed to clients to enable an informed decision to be made by the client as to whether they wish to continue doing business with BP in that particular situation.

2.2.11 Declining to Act



Finally, where BP considers it is not able to manage the conflict of interest in any other way it may decline to act for a client.

2.2.12 Public Interest Disclosure Policy

BP is committed to ensuring that malpractice is prevented and in the rare event that it arises, is dealt with immediately. The aim of this policy is to ensure that employees are confident that they can raise any matter and concerns in the knowledge that it will be taken seriously, treated as confidential and that no action will be taken against them. If an employee has a genuine suspicion about actual or planned wrongdoing which may be against the law or which may be a serious breach of regulations, or which may threaten seriously the high standards required of all employees, they are required to raise their concern(s) with the Director and in following this procedure properly they:

- ◆ Can expect BP to deal with their concern(s) in a responsible manner, to respect confidentiality and to take appropriate action
- ◆ Have the right not to be victimised for using the procedure to raise their concern(s)

We shall take all reasonable steps to prevent them suffering victimisation by other staff as a result of raising the concern(s) Employees are informed that they should follow this procedure where they have a genuine suspicion about actual or planned malpractice and wrong doing or which affects BP. This includes malpractice or wrongdoing which:

- ◆ Amount to a criminal offence or breach of civil law
- ◆ Amounts to a breach of any statutory code of practice
- ◆ Amounts to corruption or fraud
- ◆ Amounts to a miscarriage of justice
- ◆ Involves danger to the health and safety of any person
- ◆ Involves damage or potential damage to the environment
- ◆ Attempts to cover up the occurrence or likely occurrence of any of the above

2.3 Authorities and Ownership

This policy is owned by the Directors of BP and is distributed to all staff within BP.

2.4 Policy Development, approval and implementation process

The Director of BP is responsible for ensuring that its systems, controls and procedures are able to identify, manage and control any potential and actual conflicts of interest that may arise.

Taking into account BP's size, scope of business and the client base, the Director is confident that it effectively implements its Conflicts of Interest Policy and that the potential conflicts inherent in the business are properly managed in the manner set out in this document.

2.5 Reporting Breaches



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Any breach must immediately be brought to the attention of the Compliance Officer who will report it where appropriate.

2.6 Document Review Cycle

This policy will be reviewed annually but may be subject to an interim review in the event of changing circumstances.