



BLACK PEARL SECURITIES LIMITED

RISK WARNING NOTICE

Entity: Black Pearl Securities Limited (Trading as BP Prime) | FRN: 688456 | Company No: 08823678

Registered Office: 28 King Street, London, EC2V 8EH, United Kingdom

Regulatory Framework: FCA COBS 4, COBS 22.5 (CFD Product Intervention) & Consumer Duty (PRIN 2A)

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CFD Risk Warning: CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. 80.54% of retail investor accounts lose money when trading CFDs with this provider. You should consider whether you understand how CFDs work and whether you can afford to take the high risk of losing your money.

1. Introduction

This notice is provided to you in compliance with Financial Conduct Authority (FCA) requirements because you are proposing to undertake dealings in Contracts for Difference ('CFDs') and spread trades with Black Pearl Securities Limited ('BP Prime', 'we', 'us'). These contracts are high-risk financial derivative products and are not suitable for all investors. It is essential that you fully understand the risks involved before entering into any transactions with us.

BP Prime is strictly an execution-only broker. We are not permitted to provide you with personal investment advice, recommend transactions, or tailor decisions to your individual circumstances. While we provide factual market data and order information, all trading decisions remain wholly your own. If you are in any doubt regarding the suitability or risks of these products, you should seek independent financial advice.

2. Appropriateness Assessment

Prior to opening an account, we are required by FCA rules to assess whether leveraged CFD trading is appropriate for you based on the knowledge and experience you disclose. If we determine that these products are not appropriate for you, we will issue a formal warning and may decline your application.

We may request information regarding your employment, liquid savings, investment portfolio, and trading history. This data supports our appropriateness assessment and our ongoing monitoring of customer outcomes under the FCA Consumer Duty (PRIN 2A). However, it remains your sole responsibility to ensure you have adequate financial resources to bear the risks of trading and that you never deposit funds you cannot afford to lose.

3. Gearing, Leverage and Retail Protections

CFDs carry a high degree of gearing and leverage. A comparatively modest margin deposit controls a contract of significantly larger notional value. A small movement in the underlying market price will have a disproportionately large impact on your account balance, which can lead to rapid capital depletion.

- **Statutory Retail Leverage Limits:** In accordance with FCA rules (COBS 22.5), leverage available to Retail Clients is capped at: 30:1 for major currency pairs; 20:1 for non-major currency pairs, gold, and major equity indices; 10:1 for commodities (other than gold) and non-major equity indices; and 5:1 for individual equities and other reference values. CFDs referencing cryptoassets are strictly prohibited from distribution to Retail Clients.
- **Mandatory Negative Balance Protection:** Pursuant to FCA COBS 22.5, Retail Clients are protected by mandatory Negative Balance Protection. Your aggregate losses across all CFD trading can never exceed the total capital deposited in your trading account. You will never owe funds to the Firm.
- **Margin Monitoring & Automated Close-Out:** If your account equity falls to 50% of the total initial margin required for open positions, our automated systems are required by FCA rules to begin closing your positions immediately to limit further losses.
- **Segregation of Client Funds:** All retail client money is held strictly segregated from the Firm's corporate funds in statutory trust accounts at authorized credit institutions in accordance with FCA CASS 7 rules.

4. Over-The-Counter (OTC) Derivatives & Counterparty Risk

All CFDs and spread trades opened with BP Prime are Over-The-Counter (OTC) transactions. They are not traded on a regulated exchange. Contracts are bilateral agreements entered into directly with Black Pearl Securities Limited as the sole execution venue and principal counterparty. Contracts can only be closed with us and cannot be transferred to any third party.

In the event of our default or insolvency, eligible retail claimants may be protected by the Financial Services Compensation Scheme (FSCS) up to £85,000 per eligible person, per firm for segregated client money. The FSCS does not cover trading losses resulting from market price fluctuations. Full details are available at www.fscs.org.uk.

5. Underlying Market Risks

CFD values directly reflect movements in underlying assets. You must understand the following market dynamics:

- a. Volatility: Market prices can fluctuate violently due to geopolitical events, macroeconomic news, and central bank announcements.
- b. Gapping & Stop-Loss Orders: Gapping occurs when prices jump between intervals without trading at intermediate levels. Standard stop-loss orders are not guaranteed and will execute at the next available market price, which may be significantly worse than the requested price.
- c. Execution Slippage: In volatile conditions, orders may fill at a price different from that requested. We operate a symmetric slippage model passing on both positive and negative slippage.
- d. Liquidity & Spreads: Market liquidity can thin rapidly outside normal hours, resulting in wider spreads and higher trading costs.
- e. Holding Swaps & Financing: Positions held open overnight incur daily financing fees (swaps), reducing net returns over time.
- f. No Asset Ownership: CFDs confer no ownership rights, physical delivery rights, or voting entitlements in the underlying securities.
- g. Platform & Technical Risk: Trading via electronic platforms carries risks of connection drops, latency loops, or software disruption.

6. Support and Vulnerable Customers

Under the FCA Consumer Duty (PRIN 2A), BP Prime is committed to supporting customers in vulnerable circumstances. If your personal situation changes—for example, due to serious ill health, bereavement, sudden loss of income, or any financial distress that impacts your ability to manage your trading account or evaluate risk—please contact our support team immediately (+44 (0) 20 3745 7101 | support@bpprime.com). We will discuss available support options, including temporary restrictions or account closure.

7. Complaints & Financial Ombudsman Service (FOS)

If you have a complaint regarding our services or believe we have not acted in accordance with FCA rules, please contact our Compliance Department (compliance@bpprime.com | +44 (0) 20 3745 7101 | 28 King Street, London, EC2V 8EH). We will acknowledge receipt promptly and issue a Final Response Letter within eight (8) weeks.

If you remain dissatisfied with our final response, or if eight weeks have elapsed without a resolution, eligible complainants have the statutory right to refer the matter to the Financial Ombudsman Service (FOS) free of charge within six (6) months of our final response:

- Address: Financial Ombudsman Service, Exchange Tower, London, E14 9SR
- Telephone: 0800 023 4567 | 0300 123 9123
- Email: complaint.info@financial-ombudsman.org.uk | Website: www.financial-ombudsman.org.uk