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)
Classification: Regulatory Risk Disclosure | Version: 2026

BP PRIME is a trading name of BLACK PEARL SECURITIES LTD ("BP", "we", "us"), a company registered in England and Wales with company number 08823678 and having its registered office at 28 King Street, London, EC2V 8EH, United Kingdom and authorised and regulated by the Financial Conduct Authority ("FCA") with Financial Services Register Number 688456.

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.

INTRODUCTION

This notice is provided to you in compliance with FCA requirements because you are proposing to undertake dealings in spread trades and/ or Contracts for Difference ("CFDs") with BP. These contracts are a high risk financial product and are not suitable for everyone. It is important that you fully understand the risks involved before entering into any transactions with us.

BP is not permitted to provide you with investment advice relating to investments or possible transactions in investments or to make investment recommendations of any kind. We can give you factual market information or information in relation to a transaction about which you have enquired and we will inform you of the potential risks involved and how those risks may be minimised. It is important that, should you proceed with entering into transactions with us, you continue to remain aware of the risks involved and seek your own independent advice.

This notice details information about some of the risks associated with these products but cannot explain all of the risks nor how such risks relate to your personal circumstances. If you are in any doubt you should seek professional advice as it is important that you fully understand the risks involved before making a decision to enter into a trading relationship with us.

APPROPRIATENESS

Prior to proceeding with the opening of an account for you, we are required to undertake an evaluation as to whether it is appropriate for you to trade with us, and to warn you if, on the basis of the information you provide to us, such trading is not appropriate. If we believe it is not, we shall warn you accordingly and we may decline to open an account for you. For many, these transactions are not suitable. You should, therefore, consider carefully whether they are suitable for you in light of your personal circumstances, financial resources and investment objectives.

The decision whether to proceed with the account opening and whether or not you understand the risk involved, is entirely yours and you should not engage in this form of trading unless you understand the nature of the transaction you are entering into and the true extent of your exposure to the risk of loss.

We may ask you for details of your income and liquid savings and investments, together with your experience as an investor. We will use this information as part of our appropriateness assessment and our monitoring of customer outcomes. However, it remains your responsibility to ascertain whether your financial resources are adequate to cover the risks of any trading that you undertake, or that the amount of trading funds you have sent us is consistent with that information. In deciding whether or not to commence transacting with us, you should consider the following information with great care.

GEARING AND LEVERAGE

CFDs and margin transactions carry a high degree of gearing and leverage. A comparatively modest initial margin deposit controls a contract of significantly larger notional value. As a result of this leverage, a relatively small movement in the price of

the underlying market can have a disproportionately large impact on your trading balance, leading to substantial gains or rapid losses.

Leverage limits (Retail Clients):

Under FCA rules, the maximum leverage available to Retail Clients is: 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; 5:1 for individual equities and other reference values. CFDs referencing cryptoassets may not be sold to Retail Clients.

Mandatory Negative Balance Protection (Retail Clients):

Pursuant to FCA retail product intervention rules (COBS 22.5), all Retail Clients are protected by mandatory Negative Balance Protection. This ensures that your aggregate liability for CFD trading can never exceed the total capital deposited in your trading account. While you may lose the entirety of your deposited funds rapidly due to adverse price movements or automatic margin stop-outs, you will never owe the Firm additional money or be held liable for deficit balances.

Margin Monitoring & Liquidation:

You must monitor your open positions closely at all times. If market movements reduce your available margin below the required threshold, your positions will be subject to automated margin close-out. For Retail Clients, we are required to begin closing your open positions if your account equity falls to 50% of the total initial margin required for those positions. The Firm is entitled under its Customer Terms and Conditions to adjust margin requirements to reflect changing market volatility.

Segregation of Funds:

All client money is held strictly segregated from the Firm's own funds in designated statutory trust accounts at authorised credit institutions in accordance with FCA CASS 7 rules. Title transfer collateral arrangements are not available to Retail Clients.

CFDS AND SPREAD TRADES ARE OVER THE COUNTER DERIVATIVES

Our CFDs and spread trades are not made on any recognised or designated investment exchange. The prices and other conditions are set by us, subject to any obligations we have to provide best execution, to act reasonably and in accordance with our Customer Terms and Conditions and with our Best Execution Policy. Each CFD and spread trade that you open through our trading platform results in you entering a contract with us; these contracts can only be closed with us and are not transferrable to any other person. This means that you may be exposed to the risk of our default. In this unlikely event, we are participants in the Financial Services Compensation Scheme (FSCS) which, in respect of proven and “eligible claims”, provides protection up to £85,000 per eligible person, per firm. The FSCS does not cover losses arising from trading or market movements. Further information about compensation arrangements and limits is available from the Financial Services Compensation Scheme, www.fscs.org.uk

Where entering into trades and transactions with you, we must do so under a written customer agreement pursuant to the FCA Conduct of Business rules unless exempted from doing so. You should satisfy yourself that dealing is conducted throughout in strict conformity with that customer agreement and contact us if you have reason to believe it is not. You may also make a complaint as described below.

NO RIGHT TO THE UNDERLYING INVESTMENT INSTRUMENT

Our CFDs and spread trades do not provide any right to the underlying instruments or, in the case of CFDs based on shares, to voting or other shareholder rights.

NO ADVICE

We do not provide investment advice relating to investments or possible transactions in investments. We are permitted to provide factual market information and information about transaction procedures, potential risks involved and how those risks may be minimised, but, any decisions made must be yours.

UNDERLYING MARKET FLUCTUATIONS

CFDs are derivative contracts whose prices are derived from underlying financial instruments, currencies, or commodities. Market movements in the underlying asset directly dictate the value and outcome of your transaction. You must ensure you understand the specific characteristics and risks of the underlying markets you trade:

a. Volatility: Financial markets can be highly volatile. Price swings can occur unpredictably in response to economic releases, central bank decisions, geopolitical events, and unexpected market news.

b. Liquidity Risk: Market liquidity can dry up rapidly, especially outside standard market hours or during extreme news releases, widening spreads and increasing execution difficulty.

c. Gapping: Gapping occurs when the price of an underlying asset suddenly jumps from one level to another without trading at prices in between (e.g., over a weekend or following major breaking news). If gapping occurs, positions may close at a price substantially worse than your requested stop-loss level. For Retail Clients, while gapping can deplete your deposited capital rapidly, Negative Balance Protection ensures that trading losses will never exceed your total account balance.

d. Execution Slippage: In fast-moving or illiquid markets, orders may be executed at a price different from the price requested. As set out in our Best Execution Policy, the Firm operates a symmetric slippage policy where both positive and negative slippage are passed on transparently.

e. Costs and Charges: Spreads, overnight financing (swap) charges, and any applicable commissions affect trading profitability. Ensure you review all applicable fee schedules prior to trading.

f. Stop-Loss Limitations: Standard stop-loss orders are not guaranteed. When a stop-loss is triggered, it becomes an order to execute at the best available market price, which may be significantly different from the specified stop price during volatile or gapping conditions.

g. Corporate Actions: CFDs do not confer ownership of the underlying instrument or voting rights. In the event of corporate actions (such as dividends, rights issues, or stock splits) on underlying equities, the Firm will apply cash adjustments reflecting the economic effect, which may differ from physical ownership.

h. Electronic Communication & Platform Risk: Electronic trading systems rely on internet connectivity, network routing, and software stability. Latency, disconnection, or hardware failure on client systems can impair your ability to execute trades or manage open positions.

i. Trading Suspension and Restrictions: Under extreme trading conditions or exchange halts, the underlying market may be suspended, making it impossible to close or adjust open positions until trading resumes.

j. Currency Risk: Where a CFD is denominated in a currency other than the base currency of your account, exchange rate movements will affect the value of your profits and losses.

k. Counterparty and Liquidity Provider Risk: We hedge client positions with external liquidity providers. Disruption to, or the failure of, a liquidity provider may affect our ability to quote prices or execute your orders.

SUPPORT AND VULNERABLE CUSTOMERS

If your circumstances change, for example due to ill health, a bereavement, a change in your income or any other difficulty, and this may affect your ability to manage your account or make trading decisions, please contact us on +44 (0) 20 3745 7101 or support@bpprime.com. We will consider what additional support we can provide. You can also ask us at any time to restrict or close your account.

FINANCIAL OMBUDSMAN SERVICE (FOS)

If you have a grievance or believe the Firm has not acted in accordance with FCA rules or your customer agreement, you should first contact our Compliance Department (compliance@bpprime.com | +44 (0) 20 3745 7101). We will send you a final response within eight weeks of receiving your complaint.

If you are not satisfied with our final response, or we have not sent it within eight weeks, eligible complainants have the right to refer the complaint to the Financial Ombudsman Service free of charge. You must normally do so within six months of the date of our final response:

Address: Financial Ombudsman Service, Exchange Tower, London, E14 9SR

Telephone: 0800 023 4567 or 0300 123 9123

Email: complaint.info@financial-ombudsman.org.uk

BP PRIME

Website: www.financial-ombudsman.org.uk