COMPLIANCE MANUAL: PROCEDURES MANUAL

TRADITION FINANCIAL SERVICES ESPAÑA, S.V., S.A.U.
Paseo de la Castellana, 31, Edificio Pirámide, 28046 Madrid

Tradition Group Code of Ethics

Message from Patrick Combes, the Chairman of Tradition:

"Integrity is at the core of the business of the Tradition Group. It is the common thread through all our activities. The integrity and strength of our personnel, operations, and business are paramount to the health and growth of the Group.

The purpose of this Code of Ethics is to lay down our rules of behaviour in all our dealings for the Tradition Group and to provide guidance in our day-to-day business. These rules apply to all employees of the Tradition Group.

It is the responsibility of all of us, as individuals and at all levels of our organisation, to comply with our Code. No deviation can or will be tolerated and no employee will suffer any adverse consequence for having complied with the Code or for simply reporting suspected violations."

The Code of Ethics expresses the values and standards and the culture of integrity fundamental to the business of the Tradition Group. If you have any difficulty in a particular situation, you should apply the following common sense principles:

• Do not do anything which you know or believe to be illegal or unethical.
• Do not engage into any transaction which does not have a genuine, legitimate business purpose.
• Ask yourself whether any contemplated transaction or business practice would withstand the scrutiny of the public eye if exposed.
• Act in a manner that will neither undermine nor diminish the reputation or integrity of the group.
• Do not do anything which could require you to be untruthful.
• Seek advice when in doubt.

The full version of the Tradition Group Code of Ethics can be viewed on the Tradition intranet under the Compliance tab – "Codes and Compliance Manuals".

http://intranet.tradition.int/uk/home/compliance/codes-and-compliance-manuals.aspx

Tradition London Group Chairman Statement on the Mission and Values Statement

"Dear Colleagues

It is my privilege to be chairman of the boards of Tradition's companies here in London and in that capacity one of my major duties is to represent our business to our various regulators.

We should note, however, that a company cannot be compartmentalised in its duties and it is the responsibility of every employee to uphold the highest standards in our conduct of business.

Culture and conduct will remain high on the agenda in the financial sector. A strong cultural framework promotes Tradition as a firm which invests in service quality and cares about the impact it has on its clients and the markets in which it operates.

Culture is defined as "the habits of the people in an organisation and the way they generally behave".

Through our own positive habits and behaviours, we can continue to invest in the long-term success of the Tradition London Group. The integrity and strength of our people, operations and business are paramount to the health and growth of Tradition.

With this in mind, we would like to announce the new Mission and Values Statement for Tradition London Group.

It is the responsibility of all of us, as individuals and at all levels of our organisation, to ensure we read, understand and apply the spirit of our new Mission and Values Statement."

Martin Abbott
Chairman, Tradition London Group

London Management Statement on Culture

Message from Dan Marcus and Mike Anderson, Co-Heads of Tradition London Group:

"As you will have hopefully all seen over the last two years, the senior management team have been making positive steps to improve the performance and overall brand of Tradition London Group.

We have been listening to what employees and clients want. We have been taking on board what is expected of us by our clients, consumers, regulators and the wider markets. We have been deciding how we can best invest in our people to help them to maximise their potential, whilst providing the optimum service and products to our clients.

Whilst no culture is perfect, there are certain characteristics that encourage positive behaviour and ensure professionalism with each other.

We recognise that a large part of improving performance is delivering a clear message for all who work within TLG to convey the direction we are heading in, articulate high level goals to everyone, decrease risk, reduce unwanted behaviour and make clear where our aspirations lie.

Communication is key when forging a common identity and for this reason we have been working hard on creating a mission and values statement for London, that sets out the desired culture from senior management for all employees. This is the message of how and why, no mixed signals, no whispers and clear instruction to ensure we improve our competitive edge.

It is the responsibility of each and everyone one of us in Tradition London Group to read, understand and guide our behaviours in harmony with the new mission and values statement."

Tradition Mission and Values Statement

The above requirements are brought together in the Tradition Mission and Culture Statement.

People
• Our people are our business. Building communication, trust, respect, fairness and challenge is key to engaging and empowering our people to realise and reach their full potential. The key to success is having the right mix of skills, care and diligence in our roles.
Products
• Experts in our products, services and maintaining proper standards of market conduct. Focused on providing our clients with a dynamic, evolving, exceptional experience whilst ensuring professionalism, honesty, and transparency.
Performance
• Through integrity and strength we will grow our business and build on our performance. Taking accountability, treating with fairness and supporting regulation to protect the consumer. Our clients and the markets are our priority.

Expected Behaviour from Employees and Mangers

All Employees:

- The protection of Tradition's reputation by professional behaviour consistent with a work environment and practices that are above public reproach

- Fair and respectful treatment of –
  (a) clients, and
  (b) each other

- Adherence to law, regulation and company employment rules

- Appropriate avoidance of/dealing with (potential) conflicts of interest

- Respect for confidentiality

- Acting with integrity and honesty

- Diligence

- Accountability

In addition for Managers and Supervisors:

- Leadership and supervision by example

- Satisfaction that employees are –
  (a) treating clients and employees fairly;
  (b) suitably trained and competent;
  (c) meeting the standards set by Senior Management in relation to Conduct; and
  (d) meeting the requirements outlined in company policies, procedures and manuals.

- Strong understanding of risk and the related mitigating controls

- Creating an atmosphere where employees can challenge a manager's or supervisor's decisions

- Ensuring all relevant training is completed in the required timeframes for all team members

- Appropriate record-keeping and/or escalation of issues

- Recruitment of employees believed to fit in with the above and the Tradition London Group recruitment policy

Examples of Good and Poor Behaviour

Good Behaviour	Poor Behaviour
Acting in a professional manner at all times	Failing to observe professional standards of behaviour
Always considering how one's own actions may impact on others	Acting in one's own interests regardless of the impact on others
Considering how any potential conflicts of interests may affect relationships with colleagues, clients or third parties	Deliberately failing to disclose any potential conflicts of interest, either to the firm or, if appropriate, to clients or other third parties
Always asking for guidance if unsure on a particular issue	Failing to obtain independent, expert opinion where appropriate
Maintaining an appropriate and up to date understanding of the relevant markets	Failing to maintain an appropriate and up to date understanding of the relevant markets
Ensuring that all actions comply with any applicable market codes / standards or exchange rules or regulations	Deliberately or recklessly failing to comply with any applicable market codes / standards or exchange rules or regulations
Reporting immediately any information related to an issue which may involve an actual, potential or suspected breach of any rule, regulation or law.	Failing to report any information related to an issue which may involve an actual, potential or suspected breach of any rule, regulation or law.
Rejection of involvement in, and reporting of, any form of discriminatory behaviour	Involvement in any form of discriminatory behaviour
Avoiding being under the influence of alcohol or drugs in a business setting	Being intoxicated or under the influence of drugs in a business related environment
Informing someone if their understanding of a material issue is incorrect	Failing to inform someone that their understanding of a material issue is incorrect.
Providing complete and accurate information to colleagues, management, regulators or auditors	Providing false, incomplete, inaccurate or misleading information to colleagues, management, regulators or auditors
Ensuring that all documents and records are held safely and securely	Deliberately destroying documentation or other records
Ensuring on a good faith basis that all information and data prepared or processed is accurate and complete.	Deliberately preparing or processing information or records which are known to be incorrect or misleading
Always ensuring that clients have an adequate understanding of the instruments they are trading and any associated risks.	Misleading a client about the risks of an instrument or a particular method of trading.
Always ensuring that clients are aware of the fees or commission they may be charged and, if applicable, have an understanding of associated costs e.g. settlement or clearing	Misleading a client about the charges and costs associated with trading an instrument.

costs	
Working openly with the credit department to obtain appropriate information to assess the credit worthiness of counterparties	Misleading others within the firm about the credit worthiness of a potential counterparty
Ensuring that all appropriate documentation relevant to a client relationship is in place	Failing to ensure that all appropriate documentation relevant to a client relationship is in place
Ensuring that all information about clients and their activities is kept confidential and only disclosed for legitimate purposes	Disclosing confidential information about a client's activities to third parties
Ensuring that mistakes in dealing with clients are acknowledged, escalated as appropriate and resolved on a timely basis.	Failing to ensure that mistakes in dealing with clients are acknowledged, escalated as appropriate and resolved.
Closing out all errors as soon as possible, taking account of the market conditions at the time	Running an error position without approval in order to minimise a loss or make a profit
Escalating and co-operating fully with any investigation into a complaint from a client or internally	Ignoring, or obstructing the investigation of, a complaint from a client or Tradition
Resisting any request to alter or amend any price information that may be used for pricing or benchmark purposes and notifying compliance of any such requests	Facilitating the mismarking of the value of a client's trading positions or the undue influence over pricing or benchmark data.
Reporting any suspected manipulation or attempted manipulation a price, benchmark or market	Manipulating or attempting to manipulate a price, benchmark or market
Providing complete and accurate personal documentation or information, including details of training qualifications, past employment record or experience	Providing false or inaccurate personal documentation or information, including details of training qualifications, past employment record or experience
Providing complete and accurate information in any application for regulatory approval.	Providing false, incomplete, inaccurate or misleading information in any application for regulatory approval.
Fully disclosing all personal account dealings as required by the firm's procedures	Failing to disclose any personal account dealings in accordance with the firm's rules

Purpose

This manual sets out the policies, rules and procedures (the “Manual”) which Tradition Financial Services España, Sociedad de Valores, S.A.U. (“TFSE” or the “Company”) has adopted in order to ensure that its business is conducted in accordance with domestic and international law, best practice and, in particular compliance with the principles, provisions and rules of:

a. the Comisión Nacional del Mercado de Valores (“CNMV”);
b. other regulatory bodies.

This Manual, together with the Front Office Supervision Manual, constitutes the so called TLG Procedures Manual.

In addition, this Manual takes as a reference the Compliance Manual of the Tradition London Group (the "Group", "Tradition London Group" or "TLG"), which additionally complies with the standards of other bodies ("Group Manual" or "Group Policies"), such as:

a. the Financial Conduct Authority (“FCA”);
b. the National Futures Association (“NFA”).

As well as the provisions of the CNMV and in-house rules, you are also required to be aware of and comply at all times with the rules of any exchange on which you transact deals and any other relevant legislation.

You should note that the contents of this manual outline the consistent standards expected and apply equally to electronic broking and voice broking. In view of this, and as necessary, the contents should be read in the context of the model and method of broking that applies to your activities.

Application

This Manual applies exclusively to the Company in order to ensure that the Company complies with the specificities provided for in national regulations.

However, we must recall that this Manual is based on the Group Manual which applies to the following regulated companies that constitute the Group:

Firm Name	FCA Registration Number	Authorised Activity
Tradition (UK) Ltd	FCA # 139200	Arranger of transactions; MTF, OTF CRD Limited Licence
Tradition Financial Services Ltd	FCA # 147543	Arranger of transactions; CAD Exempt
TFS Derivatives Ltd	FCA # 197244	Agent; Matched principal broker; Arranger of transactions; CRD Limited Activity
Tradition London Clearing Ltd	FCA # 190632	Agent; Matched principal broker CRD Limited Activity

Three Lines of Defence

The governance and controls structure for the Tradition London Group's entities are based on the following three lines of defence:

First Line of Defence

The first line of defence is the business and operational management which has the direct day-to-day ownership, responsibility and accountability for assessing, controlling and mitigating risks and establishing an appropriate control environment. This includes the Front Office.

First Line of Defence – Support Functions

The first line of defence business and operational management is supported by a number of support functions to which are delegated the day-to-day management of certain controls.

Second Line of Defence

The second line of defence monitors and facilitates the implementation of effective risk management practices by business and operational management.

This role is primarily performed by the control functions and senior managers described below:

a. Risk Function – The Risk Manager has a reporting line into the Tradition London Group Boards of Directors. The Risk Manager is responsible for the measurement, monitoring and reporting of risks within the London Group and for driving the development of risk management capability and the risk management framework.

b. Compliance Function – The Chief Compliance Officer has a reporting line to the Tradition London Boards. The objective of compliance is to monitor compliance with all regulatory rules and requirements and ensure all regulatory issues are effectively monitored and managed.

Third Line of Defence

As a third line of defence, the Internal Audit function provides assurance to the Chief Executive Officers' Committee, the Audit and Risk Committee and the Boards of Directors on the adequacy of the internal controls, risk management and governance processes, in particular when these are affected by material changes to the Group's risk environment. The internal audit function for London is outsourced to PwC.

On an annual basis, Internal Audit prepares an audit programme. The programme is approved by the London Audit and Risk Committee and Group Audit Committee. Internal Audit provides regular update reports to this committees focusing on key findings and their resolution. In Spain, this audit function is outsourced to PwC Auditores S.L. ("PwC").

Intranet

This Compliance Manual provides a combined document of many of the key regulatory policies and procedures. In addition the intranet provides further detail and links under the following headings:

- Overview & Contact
- Codes and Compliance Manuals
- AML and Market Abuse
- Conflicts of Interest
- Gifts and Entertainment
- Personal Account Dealing
- Error and Difference
- New Accounts and Credit Lines
- Cash Equities
- Phones and Electronic Communications
- Benchmarks and Reference Pricing
- Whistle Blowing
- Exchange & SEF Rules and Regulations
- Trade Booking Procedures

Regulation in Spain

1. Investment Services

Investment services activities in Spain are primarily regulated by the consolidated text of the Securities Market Law (Ley del Mercado de Valores) approved by Royal Legislative Decree 4/2015, of 23 October ("Securities Market Law") and by Royal Decree 217/2008 of 15 February 2008 on the legal regime of investment services companies and other entities that provide investment services, and partially amending the Regulations of Law 35/2003 of 4 November 2003 on the on Collective Investment Undertakings, approved by Royal Decree 1309/2005, of 4 November 2005("Royal Decree 217/2008").
In addition to these rules, there are a number of other provisions applicable to investment services firms, which can be found listed on the following link to the CNMV website:

https://www.cnmv.es/Portal/legislacion/legislacion/tematico.aspx?id=6&idpf=5

Due to the nature of the activities carried out by the Company, this is authorised and regulated by the CNMV. The objectives of the CNMV are the following:

- To ensure the transparency of the Spanish securities markets.
- The correct formation of prices.
- The protection to investors.

2. Wholesale Market Codes and Standards

Transactions in spot foreign exchange, spot bullion and cash are not subject to MiFID. Instead they are covered by the guidance contained in the FX Global Code.

The FX Global Code is a set of global principles of good practice in the foreign exchange market, developed to provide a common set of guidelines to promote the integrity and effective functioning of the wholesale foreign exchange market. It was developed by a partnership between central banks and Market Participants from 16 jurisdictions around the globe.

The purpose of the Global Code is to promote a robust, fair, liquid, open, and appropriately transparent market in which a diverse set of Market Participants, supported by resilient infrastructure, are able to confidently and effectively transact at competitive prices that reflect available market information and in a manner that conforms to acceptable standards of behaviour.

The Global Code does not impose legal or regulatory obligations on Market Participants, nor does it substitute for regulation, but rather it is intended to serve as a supplement to any and all local laws, rules and regulations by identifying global good practices and processes.

The FX Global Code is available at:

https://www.globalfxc.org/fx_global_code.htm

Furthermore, reference should be made to the Fixed Income, Currencies and Commodities Markets Standards Board (FMSB) which is a standards setting body for the wholesale Fixed Income, Currency and Commodities (FICC) markets. It is practitioner-led and owned and operated by the major participants in wholesale markets. Its members consist of banks, asset managers, corporations, brokers, trading platforms, exchanges and infrastructure providers. It is unique in bringing together this breadth of market participants to develop Standards and Guidelines which raise standards of behaviour, competence and awareness and thereby promote the fairness and effectiveness of wholesale markets.

The standards published by the FMSB can be found on their website

https://fmsb.com/

3. Physical Gas and Power

Transactions in physical gas and power are usually traded in a way that avoids them being treated as financial investments and hence being covered by investment business rules and regulations. Despite this however the products are still subject to equivalent rules regarding anti-market abuse and order and transaction reporting. These rules and regulations are defined in the EU by the Regulation on Wholesale Energy Market Integrity and Transparency (REMIT).

Breaches of Compliance

Any failure by the Company to comply with regulations which apply to it could have very serious consequences, including civil and criminal penalties and the loss of authorisation to conduct investment business.

Any instances or actions which might bring about any such failure must therefore be reported to the Compliance Department as soon as possible and before any harmful course of action is undertaken.

You are therefore required to read and comply with this manual in its entirety. This includes any updates of the manual including all memorandums outlining changes therein and the introduction of new compliance policies, procedures and processes. This is important, as full compliance with this manual and its updates forms part of your contract of employment.

Any failure to comply may result in disciplinary action being taken against you by any Tradition company and/or the CNMV or other relevant regulatory authorities. Such action may jeopardise your future employment within the financial services industry and may give rise to personal civil and/or criminal liability.

If you are ever in any doubt about your regulatory responsibilities you should consult the Compliance Department.

CNMV's and FCA's Principles for Business

The CNMV, in coordination with the Investment Guarantee Fund (*Fondo de Garantía de Inversiones,* "FOGAIN"), created a standard Internal Code of Conduct for Investment Services Firms ("ESI"). This Code of Conduct has been ratified by the own CNMV by decision dated 3 April 2018 and contains the following principles that should govern the activities of ESIs:

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1. Conduct themselves diligently and transparently in the best interests of their clients and in defence of the integrity of the market by looking after those interests as if they were their own, in particular by observing the rules of conduct of the securities markets.

In particular, the Entity shall not be deemed to be acting diligently and transparently and in the best interests of its clients if, in connection with the provision of an investment or ancillary service, it pays or receives from its or ancillary service it pays to or receives from any third party other than the client or from someone not acting on behalf of the client, any fee or commission, or provides or receives any unnecessary non-monetary benefit, which does not enhance the quality of the service provided to the client, or which may to the client, or which may hinder performance in the best interests of the client. Entities may only receive those payments provided for in the incentive system by the Entity and provided that it is disclosed to the client.

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2. In their relationship with clients, prior to the provision of the service, they shall be notified of their status as professionals or retailers in which they are going to be classified and other information and other information deriving therefrom. Likewise, the Entity shall obtain from its clients, including potential clients, all the information necessary to understand their essential data and, in accordance therewith, to assess the suitability of the investment products and services offered by the entity or requested by the client or the suitability of the specific transactions recommended or carried out on his behalf when providing personalised advice or portfolio management services.

The information obtained from clients shall be confidential and may not be used for their own benefit or for the benefit of third parties, or for purposes other than those for which it is requested.3. Inform clients in a clear, precise, sufficient, non-misleading and timely manner. In the event of any incident relating to the operations contracted clients will be informed as quickly as possible and, if necessary in the interests of the client, will immediately gather instructions if necessary in the interest of the client. Only if this is not possible, they shall take such measures themselves as are in their own measures which, based on prudence, are in the interests of the client.

In particular, clients, including potential clients, shall be provided in a clear and comprehensible manner with adequate information on:

The institution and the services it provides.

- The financial instruments and the investments strategies.
- Oder execution venues.
- Conflicts of interest policy.
- Associated costs and expenses.
- Where appropriate, the incentive scheme.

4. Acting with honesty, impartiality and professionalism, guaranteeing equal treatment of clients, avoiding giving preference to some over others in the distribution of recommendations and reports, and disclose to clients any potential conflicts of interest in relation to the advice or investment service provided.5. Carry out diligent, orderly and prudent management of the matters entrusted to it by its clients. In particular, when the Entity processes and executes orders:

- It shall always act in accordance with the order execution policy established by the entity, inform its clients of this policy and obtain their authorisation before applying it.
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It shall process its clients' orders in such a way as to enable their rapid and correct execution, following the order management procedures and systems adopted by the Entity. If accumulated orders are to be executed, the procedures established by the entity aimed at accrediting that the investment decisions in favour of each client are adopted prior to the transmission of the order, and at guaranteeing fairness and non-discrimination between clients by means of objective and pre-established criteria for the distribution or breakdown of these operations, shall be effectively applied. 6. Formalise in writing the contracts entered into with retail clients specifying the rights and obligations of the parties and other conditions under which the Entity will provide the investment service to the client and ensure that they are correctly recorded and kept. This formalisation does not apply to advisory contracts, although a record must be kept of the recommendations made to clients.clientIn addition, at Group level, the principles laid down by the FCA apply to all FCA-regulated firms. These principles include, among others: integrity, competence, care and diligence and financial prudence.

Of particular importance to the Group is FCA Principle 6 which stipulates that "firms should pay due regard to the interests of clients and treat them fairly". To the extent that this principle applies to the Group's business model and types of clients, the following information describes how Tradition aims to meet this requirement.

The principles of Treating Clients Fairly (TCF) should be upheld in all processes within our operations with the aim of providing first class services and products, marketing and promotions, courteous and professional broking / trading services and handling any enquires or complaints in a knowledgeable, professional and efficient manner.

We support this by seeking to achieve the following objectives:

Management

- Senior management should be kept in touch and fully involved with all aspects of company business and developments to ensure the continued appropriateness of our products and services.

Financial Promotions

- All financial promotions should be clear, fair and not misleading regardless of the medium used. Financial promotions should always be approved by Compliance before they are first used or after any material changes.

Sales processes

- Senior management should ensure that any information provided is appropriate and timely, that appropriate risk warnings are in place, that account is taken of the clients profile, needs, knowledge and attitude to risk.

Training

- The provision of suitable training for all employees and encouragement of further study to ensure that we create the appropriate standards to service the demands of our clients. Training can apply to all areas of business activity including broking, marketing, compliance, complaints handling and accounting.

Information issued by product providers

- Consideration that any information that is used or passed on to clients is suitable and accurate

Record keeping

- Maintenance of accurate, timely and comprehensive records, profiles and instructions. Ensure that efficient recordkeeping is maintained and records backed up where required.

Disputes and Complaint Handling

- Provision of fair and effective resolutions of complaints.

Information flows

- Regardless of how well established relationships may be clients must remain clear about the services being offered. We need to ensure that we always act with integrity in dealing with our clients, regardless of the length of the relationship.

Risk assessment

- Senior management must be kept abreast of all aspects of the business operation(s). This is to enable managers to review those aspects including organisational and operational structures in order to identify risks that might impact on the firm's ability to treat clients fairly and if required, act quickly to mitigate such risks.

Client Classification

Under MiFID it is recognised that all clients are not the same. Some clients are sophisticated and experienced whereas others are less so, or indeed not at all. Under MiFID rules there are three types of client:

1. Retail Clients.

   Retail clients are assumed to have little or no experience or sophistication and are therefore given the maximum investor protection permitted under the law.

   We do not deal and are not permitted to deal with retail clients and you should not approach any retail client on the basis that we will do so.

2. Professional Clients

   Professional clients are clients that are not retail investors. They are assumed to have experience of professional wholesale markets and to have the expertise to understand the risks involved in their investment decisions.

There is a third category of client, Eligible Counterparty, which is a subset of the Professional Client category.

3. Eligible Counterparties

   Eligible counterparties are the most sophisticated type of client due to the fact that they have the maximum knowledge, experience and financial capacity. They are assumed to have all the knowledge and expertise required to protect themselves against all the risks in a financial transaction.
   . In the ordinary course of business investment firms like us are allowed to treat certain types of institutions as eligible counterparties for certain types of investment activity, for example dealing with or on behalf of a client. This investment activity is known as 'eligible counterparty business'.

We are permitted to recognise the following types of institutions as eligible counterparties:

- Credit institutions (banks)
- Other investment firms
- Insurance companies
- Collective investment schemes
- Pension funds
- Other regulated financial institutions
- National governments
- Public bodies that deal with public debt
- Central banks
- Supranational organizations
- Other institutions meeting certain quantitative criteria and thresholds, but subject to agreement by the client.

The client classification regime is further complicated by the fact that clients have the ability to obtain greater investor protection by opting-down to a lesser status. For example we have the right to classify a client as an eligible counterparty but then that client has the option to opt-down to be classified as a professional client. This is important because if you have dealings with professional counterparties the firm is obligated to offer them certain conduct of business protections. Therefore if you get any requests from your clients to opt-down then please contact the Compliance Department for further guidance.

Please also note that there are specific restrictions that apply to the eligibility for becoming a member of a Multilateral Trading Facility (MTF). In essence in order to be a member of an MTF a European client must either be regulated under MIFID or subject to an exemption from having to be regulated under MIFID.

Individuals

Directors

If you are a director, you are liable for your actions in the course of your office that may directly harm the interests of third parties or shareholders. .

Heads of Desk / Section / Product

If you are appointed as a Head or Chief of a business unit or group of units then you will incur extra responsibility above and beyond that required of the employees of which you will be in charge. These responsibilities will be outlined in our general policies and procedures and where you incur these duties you must take them seriously and carry them out diligently.

All Employees

You are required to behave responsibly and at all times act in accordance with the provisions of this manual, the Front Office Supervision Manual and the Employee Handbook, copies of which are available from the HR Department and on the intranet. You should always conduct yourself properly, with honesty, integrity and with due regard to your own reputation and that of the firm.

A useful summary of key duties for all employees is outlined at the end of this manual.

Exchange Regulations

Where a company of TLG is a member of an exchange or it is dealing subject to the rules of an exchange, transactions will be subject to the rules of that exchange. For example transactions carried out on or crossed through ICE, Eurex, CME, Euronext etc. In such instances you must always abide by the rules of the exchange and must not arrange transactions in any way, for example 'wash trades' or abuse of block trade requirements, so as to circumvent the rules of any exchange. If you are unsure of these requirements and exchange rules in respect of particular transactions you should contact the Compliance Department for further guidance.

In particular where block trades or other forms of permitted pre-negotiated trading mechanisms are used it is important to be aware of:

a. the general requirements for using such facilities e.g. type of counterparty for which they may be used;
b. the procedures required e.g. requirements for RFQs, time limits for submission of trades to be crossed via the live market;
c. the requirement to inform clients that the trade is being handled as a block trade and that prices may vary from central limit order book prices;
d. any size limits which may apply; and
e. the submission time limits for any trades executed outside of the live market.

Links to the exchange rules and requirements are included on the intranet under Compliance/Exchange & SEF Rules and Regulations.

http://intranet.tradition.int/uk/home/compliance/exchange--sef-rules-and-regulations.aspx

Securities Market Code

The Company must comply with the Spanish Securities Market Code, which brings together all national securities market rules. Accordingly, it must not take any action that may violate the rules of the Securities Market Code applicable to it. Any anomalous transaction or series of transactions must be reported to the Compliance Department.

Suitability and competence

The Securities Market Law requires that the members of the management body and senior management of investment services and activities firms meet the following suitability requirements at all times:

1. possess recognised good repute, honesty and integrity;
2. possess sufficient knowledge, skills and experience;
3. act independently of mind; and
4. be capable of exercising good governance of the entity.

In addition, each member of the management body of an investment firm shall act with honesty, integrity and independence of mind, effectively assessing and challenging, where appropriate, senior management decisions and effectively monitoring and controlling the senior management decision-making process.

Requirements of good repute, honesty and integrity

The standards of good repute, honesty and integrity required by the Securities Market Law shall be met by those who have shown personal, commercial and professional conduct that does not cast doubt on their ability to carry out the sound and prudent management of the investment firm. In assessing the concurrence of good repute, honesty and integrity, all available information should be considered, including:

- The track record of the office holder in relation to regulatory and supervisory authorities; the reasons for any dismissal or removal from previous positions or offices; his or her record of personal creditworthiness and compliance with his or her obligations; his or her performance, if he or she has held senior positions in investment firms which have been subject to early action or resolution; or if he or she has been disqualified in insolvency proceedings.

- Conviction for committing criminal offences and sanction for committing administrative offences.

- The existence of relevant investigations based on rational indications, both criminal and administrative, into possible corporate offences, offences against assets and the socio-economic order, offences against the Treasury and Social Security, money laundering or receiving money, or if they involve infringement of the rules governing the exercise of banking, insurance or securities market activity, or consumer protection.

Knowledge, skills and experience requirements

The knowledge, skills and experience required by the Securities Market Law shall be possessed by those who have the appropriate level and profile of education, in particular in the areas of investment services, banking and other financial services, the skills appropriate to the position in question and practical

experience derived from their previous occupations over sufficient periods of time. This shall take into account knowledge acquired in an academic environment, demonstrated skills and abilities and experience in the professional development of functions similar to those to be performed in other institutions or companies.
In addition, the management body shall have members who, taken as a whole, have sufficient professional experience in the governance of investment firms to ensure the effective ability of the management body to take decisions independently and autonomously in the best interests of the institution.

Ability to exercise good governance of the investment services company

In order to assess the ability of the members of the management body to exercise good governance of the investment services firm, as required by the Securities Market Law, the following shall be taken into account:

- The presence of potential conflicts of interest generating undue influence from third parties arising from:

  i. Past or present positions held in the same investment firm or in other private or public organisations.

  ii. A personal, professional or financial relationship with other members of the management body of the investment firm, its parent company or its subsidiaries.

  iii. A personal, professional or financial relationship with the controlling shareholders of the investment firm, its parent undertaking or its subsidiaries.

- The ability to devote sufficient time to the performance of their duties and responsibilities, including an understanding of the entity's business, its principal risks and the implications of the business model and risk strategy.

Assessment of suitability

The assessment of the compliance of the members of the management body and senior management with the above-mentioned suitability requirements shall be carried out:

1. where there are material changes in the composition of the management body or senior management, in particular:

i. By the Company itself, when new members of the management body or senior management are appointed.

ii. By the acquirer of a significant shareholding, when, as a result of a direct or indirect acquisition or increase of a significant shareholding in the Company, new appointments are made, without prejudice to the subsequent valuation made by the entity.

iii. By the Company, when members of the management body or senior management are re-elected.

2. By the Company, on an ongoing basis.

For more detailed information on the suitability of the Company's directors and senior management, see the Company's Policy on Selection, Diversity and Suitability of Directors and Senior Management.

Knowledge and competence

MiFID 2 establishes the obligation for staff providing advice or reports to have the necessary knowledge or skills. In this regard, the CNMV, through Technical Guide 4/2017 for the assessment of the knowledge and competence of staff providing information and advice, specifies the criteria it considers appropriate for institutions to demonstrate that staff providing information or advice on investment services have the necessary knowledge and competence.

The provisions of Technical Guide 4/2017 are as follows:

- The level and depth of knowledge and competence of those providing investment advice should be higher than that of those providing only information on investment products and services.

- In order to ensure a proportionate application of the knowledge and competence requirements, financial institutions shall ensure that staff have the necessary levels of knowledge and competence to fulfil their duties, taking into account the scope and level of services provided as well as the complexity of the financial instruments on which they report or advise.

- Sufficient time and resources should be made available to relevant staff to enable them to acquire and maintain appropriate knowledge and skills and to apply them when providing services to clients.

In addition, the Guide itself states that in order for relevant staff, i.e. those who provide information or advice to clients or potential clients, including those who provide advice to clients under discretionary portfolio management contracts, to have the necessary qualifications, the following must be met:

- They must have received a minimum number of training hours of at least 80 hours for staff who only provide information and 150 hours for staff who give advice. However, under the responsibility of the management body, the institution may establish a lower number of hours on a reasoned basis.

- The training received must include both theoretical and practical training.

- The training may be provided by the company or through agreements with training entities and may be classroom-based or distance learning.

- The assessment of personnel and the accreditation or certification of qualifications may be carried out by the company itself or by external entities.

- The minimum continuous training for reporting and advisory personnel shall be 20 and 30 hours of training per year, respectively. However, under the responsibility of the management body, the number of hours may be less.

- Continuous training may be provided by external entities or by the company itself.

- The advisory qualification shall entitle the staff with such qualification to give information.

Qualifications

Relevant personnel holding any of the qualifications or certificates included in the following list published by the CNMV shall be deemed to be suitably qualified to provide the services indicated in each case in the list:

http://cnmv.es/portal/Titulos-Acreditados-Listado.aspx

The Company may, under its own responsibility, consider securities or certificates other than those included in the CNMV's list above to be appropriate. In this case, the Regulatory Compliance Department must check the equivalence between the training and assessment activities corresponding to such qualifications or certificates and the criteria and characteristics developed in the Technical Guide.

Overseas Employees and Visitors

The other TLG companies are subject to the Senior Manager and Certification Regime, "SMCR which aims to highlight the personal responsibility of individuals at all levels of a financial services firm in the UK, particularly in terms of culture and conduct. The SMCR has three key elements: Senior Management Regime, Certification Regime and Conduct Rules.

In this sense, it should be taken into account that although the certification requirement will primarily apply to London based brokers and employees it does also cover:

a. brokers of the the companies of the TLG if they are dealing with clients in the UK (in most cases the assumption will be that they are); and

b. brokers from other offices who visit the UK and broker while in the UK where, across a rolling annual period, they are in the UK for 30 days or over.

Note that for broking employees who visit the UK regularly it will be necessary to get them certified in order to meet the SMCR requirement even if they are not employed by any of the UK regulated entities. This also means that the managers or desk heads for these employees e.g. at overseas offices, will also need to be involved in the certification process.

For visiting broking employees the existing requirements on visiting employees (e.g. for immigration and tax purposes) continue to apply.

Registrations with National Futures Association ("NFA") and other Regulators

There may also be requirements for you to be registered with any other body which regulates the Tradition entities. For example certain operations of Tradition are regulated by the National Futures Association, the US self-regulatory authority body for derivatives. The need for any such registration will be assessed by the Compliance Department and you will be informed of the appropriate procedure that needs to be followed.

Note that individual NFA registration related to broking exchange traded derivatives will require passing the relevant NFA exams or their equivalent and for individuals only engaged in swaps activities the completion of the required training modules. Similarly any manager supervising an individual that is required to pass an exam will themselves also need to pass the relevant exams.

Exchange Registrations

Where as part of your duties you are required to execute transactions on an investment exchange you may need to be registered with that exchange before you are able to deal. Registration will make you subject to the rules of the relevant exchange and you may also be required to take an exam.

You should be aware of the status of your registration at any exchange and in particular any restrictions or implications that your category of registration carries.

New employees should discuss any previous exchange registrations with HR and Compliance in order to assess if any existing exam qualifications can be maintained.

Electronic Systems and Passwords

If you are registered as a trader on an electronic trading platform or system (including an investment exchange crossing system or MTF) you must ensure that you do not disclose your password / logon to anyone, or allow anyone to access the electronic trading system using your logon / password.

The reason for this is that you will be held personally responsible for any actions undertaken using your logon / password even if they were performed by another person with or without your knowledge. If anyone does become aware of your logon / password you should arrange for it to be changed as soon as possible.

Conflict of Interest – Definition

A conflict of interest is defined as a situation arising in a business relationship where the capacity of a person to make an independent decision or judgement may be influenced or prejudiced by considerations of a personal nature, or considerations emanating from a third party, resulting in the interests of the client being inappropriately affected.

Regulatory Requirement

As a regulated firm we must manage conflicts of interest fairly. We must always conduct our business in accordance with the applicable regulations on conflicts of interest and, in particular: :

i. Royal Legislative Decree 4/2015, of 23 October, approving the Consolidated Text of the Securities Market Law;

ii. Royal Decree 217/2008, of 15 February, on the legal regime for investment services companies and other entities providing investment services and partially amending the Regulations of Law 35/2003, of 4 November, on Collective Investment Undertakings, approved by Royal Decree 1309/2005, of 4 November;

iii. Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive; and

iv. Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.

You are therefore required to manage all material conflicts of interest fairly. Your requirement extends to any situation where your activities could create an influence upon you to act in your own, or the Company's best interest to the detriment of the interests of your client.

Internal Policy and Procedure

In order to manage conflicts of interest fairly, you should read and comply with this policy and any associated internal control procedures. In addition, the contents of the Company's Conflicts Management Policy published on the Company's website of interest (the "Conflicts of Interest Policy") must be taken into account and must be observed at all times by employees of the Company.

The best way to comply with this requirement is simply to avoid the conflict arising. If a conflict cannot be avoided then it must be managed in an

appropriate way. If it cannot be avoided or managed then it should be disclosed to the client so that the client can make a decision whether to proceed or not. For this purpose, the provisions of section 6 ("Disclosure and communications to clients") of the Conflict of Interest Policy apply.

Thus, in addition to this internal policy, designed especially for conflicts of interest that may arise in the work environment of the Company's employees and executives, in order to define the guidelines for action that employees must follow, the Company has the Policy, which is global in nature, is available to clients and must be respected at all times. Both documents can be consulted on the Company's website, at the address:

[**HL Note to Tradition**: include the Spanish NewCo webpage once the link is available and more specifically, the place where the Conflict of Interest Policy will be available]

Avoidance of Conflicts

- You must not favour your own personal or a family member's interest or those of any other person with whom you have a close personal relationship (e.g. partner, boyfriend or girlfriend) over the interest of the Company or a client.

- You must not collude with, bribe or otherwise induce any employee at a client to act other than in the best interests of his/her employer.

- If you have a family member or person with whom you have a close personal relationship working at a client then you must not take any action (including giving non permitted investment advice) that would induce your relative to incur unauthorised trading risk or otherwise not deal in the best interest of his/her employer.

- You must not allow the way you are remunerated to influence you to not manage a conflict in a fair and equitable manner.

- You must not commit or collude with any person to commit fraud.

- You should always make clear the nature of your role as a broker to new clients.

- You should always manage the arrangement of client orders fairly, orderly and in a timely manner taking into account prevailing market conditions and in accordance with the appropriate market convention for priority e.g. price/time priority, and not give preference to any one client over another.

- You must always respect client confidentiality and must not disclose confidential information about a client and/or its trading activities/strategies to another firm or client without permission.

- You must never use non-public market price-sensitive information for your own gain. This is insider dealing and a criminal offence.

- You must make sure that any changes in brokerage charged are agreed with the client and evidence of such agreement is recorded in a durable medium, for example by way of recorded telephone line, email, Bloomberg etc.

- You must comply with any requirement or requests from clients to disclose the details of charges, commissions or costs related to their trading activity.

- You must ignore the level of income which may be generated for the firm in arranging or executing a transaction and always endeavour to achieve the best possible result for a client.

- You must make sure that any reference prices or valuations given to clients comply with the Company's and the Group's Reference Pricing policies and procedures, copies of which are available on the Tradition Intranet, under the Compliance tab "Reference Pricing and Revaluation Data".

- You must ensure that you do not become involved in any attempt to manipulate a benchmark and if you become aware of any such attempted manipulation you must report this to Compliance.

- You must ensure that where you are required to report a suspicion of potential money laundering or market abuse you satisfy this obligation regardless of any apparent conflicts which may arise. Please note that such reports are always handled on a highly confidential and anonymous basis.

- You must ensure that any arrangements for payments of a split of a commission to a third party (e.g. as part of an Introducing Broker arrangement or retrocession arrangement) is appropriately documented and notified to Compliance.

- You must ensure that all gifts and entertainment are provided or dealt with in accordance with the Travel & Entertaining and Gifts Policies.

- Where you are in a broking position where you may be required to act as either a non-venue investment firm or as a venue (e.g. Organised Trading

Facility (OTF)) you must ensure that you ignore any potential conflicts of interest that may arise from your being able to act in different capacities.

Managing Conflicts that cannot be avoided

If you become aware of any situation which is likely to create a potential or actual conflict of interest that cannot otherwise be avoided then you should take the following action:

- You should immediately notify your line manager or head of product of the conflict or potential conflict. Your line manager will then raise it with the Compliance Department. In the absence of your line manager or head of product, you should contact the Compliance Department direct.

- If the conflict is assessed as being relevant, the Compliance Department will make a note of the conflict in its records.

- If the conflict is deemed manageable within the firm's guidelines the Compliance Department will liaise with the relevant manager and advise on the appropriate course of action.

- If the conflict is deemed unable to be effectively managed without prejudicing the client's interests then it may be escalated to senior management for further assessment and final adjudication.

- Senior management will then decide whether it is appropriate to avoid the conflict by disclosure to the client. Upon receiving the disclosure the client can then decide whether it wishes to proceed with the transaction or not.

- If it is decided that the conflict cannot be avoided by any means including disclosure then senior management may take the decision to cease to act. If it decides to do this you will be duly informed and you will be required to advise your client accordingly.

Disclosure of conflicts and potential conflicts

An example of a situation where it may be necessary for you to disclose the existence of a material interest or actual/potential conflict of interest in a transaction could be where a dealing connection exists with another Tradition Group Company and that connection might invoke a conflict with the client.

Similarly if the investment services of another member of the Tradition Group are recommended to a client, the fact that the services are provided by a fellow member of the Tradition Group must be made known to that client. However please note that disclosure itself may not be sufficient on its own and that whatever can be done to mitigate the actual or potential conflict of interest must also be done.

Personal Disclosures

- You are required to disclose to the HR and Compliance Departments any outside business interests that you have including partnerships and directorships.

- You are required to disclose to the HR and Compliance Departments any known relationships where you have relatives or people with whom you have a close personal relationship working at a client firm and your activities with them might bring about a potential conflict of interest.

- You are required to disclose any known family or close relationship that you have with any firm that supplies Tradition with goods or services to any material extent.

- You are required to disclose all relevant personal account transactions in accordance with the firm's Personal Account Dealing (PAD) Policy, a copy of which may be viewed on the Tradition Intranet, under the Compliance tab "Personal Account Transactions".

Disclosure of inducements

The Compliance Department should be consulted before you have any discussions that could lead to any form of inducement (generally the payment of fees and/or commissions and/or the provision of reasonable non-monetary benefits) being offered to any person or organisation. This includes, but is not restricted to, any shared brokerage arrangement or introductory commission split for the purpose of:

(a) Procuring a client to use any services provided by any Tradition Group Company; or

(b) Procuring a client to either deal for itself or for its clients with or through any Tradition Group Company.

Similarly, you should consult the Compliance Department before proceeding with any discussions that might lead to the Company or its employees receiving any similar form of inducement from clients or third parties.

Please also note that under the applicable rules there are very strict record keeping and disclosure requirements for inducements. These requirements must be taken into consideration and discussed with senior management and the Compliance Department before any arrangement is formalised by written agreement.

Finally you should be aware that it is strictly forbidden for you to offer or accept any benefit or inducement whatsoever, if the offer or acceptance of such benefit or inducement is likely to significantly put you in conflict with the duties you owe to the Company and/or its clients, influence the way you deal with clients, or induce an employee of a client to breach his/her duties to his/her employer

Policy statement

Tradition is one of the World's leading inter-dealer brokers. We operate in all corners of the globe and we pride ourselves on our reputation for acting fairly and ethically wherever we do business. Our reputation is built on our values as a company, the values of our employees and our collective commitment to acting with integrity throughout our organisation.

This manual sets out the Company's anti-corruption and bribery policy. However, it should be recalled that Tradition has drafted a group anti-corruption code of conduct (to comply with the French Law, Sapin2, which applies due to the group's ultimate parent, CFT) which applies to all employees.

It is our policy to conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter bribery. The purpose of this policy is to:

- Set out our responsibilities, and of those working for us, in observing and upholding our position on bribery and corruption; and
- Provide information and guidance to those working for us on how to recognise and deal with bribery and corruption issues.
- Bribery and business corruption are punishable for individuals by up to 10 years' imprisonment. If we are found to have taken part in corruption, we could face an unlimited fine and face damage to our reputation. We therefore take our legal responsibilities very seriously.

We have identified that the main areas of risk for our business are:

- Excessive entertainment in exchange for increased commission;
- Commission-sharing arrangements between broker and client;
- Inappropriate procurement with external suppliers.

In this section, "third party" means any individual or organisation you come into contact with during the course of your work for us, and includes actual and potential clients, clients, suppliers, distributors, business contacts, agents, advisers, and government and public bodies, including their advisors, representatives and officials, politicians and political parties.

Regulatory obligations

You work for a company regulated by the CNMV and for a group that is under the supervision of the FCA and the AFA, the French anti-corruption authority. We are obliged, among other things, to conduct our business with due integrity and diligence, and to seek to avoid conflicts of interest with our clients. You must also act at all times with honesty and integrity.

Who is covered by the policy?

This policy applies to all individuals working at all levels and grades, including senior managers, officers, directors, employees (whether permanent, fixed-term or temporary), consultants, contractors, trainees, seconded employees, home-workers, casual workers and agency employees, volunteers, interns, agents, sponsors, or any other person associated with us, or any of our subsidiaries or their employees, wherever located (collectively referred to as "workers" in this policy). This policy may be used to evaluate individual performance by the Human Resources department.**What is a bribe that may constitute a business corruption offence in Spain?**

A benefit or advantage, received, solicited, accepted or promised, as consideration for unduly favouring another in the purchase or sale of goods, or in the procurement of services or in commercial relations.

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Examples:

Offering a bribe

You offer a potential client tickets to a major sporting event, *but only if* they agree to do business with us.

This would be an offence as you are making the offer to gain a commercial and contractual advantage. We may also be found to have committed an offence because the offer has been made to obtain business for us. It may also be an offence for the potential client to accept your offer.

Receiving a bribe

A supplier gives your nephew a job, but makes it clear that in return they expect you to use your influence in our organisation to ensure we continue to do business with them.

It is an offence for a supplier to make such an offer. It would be an offence for you to accept the offer as you would be doing so to gain a personal advantage.

Spanish Penal Code

According to the Spanish Criminal Code, it is an offence for any employee, manager, director or collaborator to commit bribery, as this concept is defined above.

The sanction is a fine or a prison sentence of up to 4 years as well as special disqualification from the exercise of industry or commerce for up to 6 years.

Public authority or official

Bribing a public official or person involved in the exercise of public authority is a specific offence (bribery) under the Criminal Code. Therefore, you should be particularly careful when buying gifts or giving entertainment to public officials (e.g. employees of local authorities), foreign public officials (e.g. employees of sovereign wealth funds) or persons in the political sphere (e.g. a relative of a foreign politician). Expenses must not be excessive or extravagant. If you are in any doubt as to whether your client is a public official or authority, you should consult your line manager or seek advice from the Compliance Department.

Gifts and hospitality

This policy does not prohibit normal and appropriate hospitality (given and received) to or from third parties. .

Hospitality intended to cement good client relations or promote our business is in principle acceptable. The giving (or receipt) of gifts is not prohibited if the following requirements are met:

- It is not made with the intention of bringing about or rewarding the improper performance by a third party of his activity;
- It complies with local law;
- It is given in our name, not in your name;
- It does not include cash or a cash equivalent (such as gift certificates or vouchers over a certain value);
- It is appropriate in the circumstances. For example, in the UK it is customary for small gifts to be given at Christmas time;
- Taking into account the reason for the gift, it is of an appropriate type and value; and
- It is given openly, not secretly.

We appreciate that the practice of giving business gifts varies between countries and regions and what may be normal and acceptable in one region may not be in another. Again, the test to be applied is whether in all the circumstances the gift or hospitality is reasonable and justifiable. The intention behind the gift should always be considered.

If you are in any doubt, seek prior advice or approval from the compliance department.

What is not acceptable?

It is not acceptable for you (or someone on your behalf) to:

- Give, promise to give, or offer a payment, gift or hospitality with the expectation or hope that another person will act in any way improperly in conferring a business advantage, or to reward a business advantage already given.
- Accept payment from a third party that you know or suspect is offered with the expectation that it will obtain a business advantage for them.
- Accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by us in return;

- Give, promise to give, or offer, a payment, gift or hospitality to a government official, agent or representative to "facilitate" or expedite a routine procedure;
- Threaten or retaliate against another worker who has refused to commit a bribery offence or who has raised concerns under this policy; or
- Engage in any activity that might lead to a breach of this policy.

Charitable Donations and Sponsorship

We only make charitable donations that are legal and ethical under local laws and practices.

All donations MUST be made in the name of the firm i.e. not paid personally with a subsequent claim for reimbursement and MUST be pre-authorised as required by the CEO/CFO (for amounts up to £2,500) or by the Board (for amounts over £2,500).

In order to document the approval process, a charity donation notification form must be completed, appropriately authorised and passed to the Compliance Department. The form can be found on the intranet under the tab Conflicts of Interest – “Charity Donation Notification Form”.

Your responsibilities

The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for us or under our control. All workers are required to avoid any activity that might lead to, or suggest, a breach of this policy.

You must notify your manager or your compliance officer as soon as possible if you believe or suspect that a conflict with this policy has occurred, or may occur in the future. For example, if a client or potential client offers you something to gain a business advantage with us, or indicates to you that a gift or payment is required to secure their business. Further "red flags" that may indicate bribery or corruption are set out below.

Any employee who breaches this policy will face disciplinary action, which could result in dismissal for gross misconduct.

Record-keeping

We must keep financial records and have appropriate internal controls in place which will evidence the business reason for making payments to third parties.

In accordance with the Travel & Entertaining and Gifts Policies, you must declare and keep a written record of all hospitality or gifts accepted or offered, which will be subject to managerial review.

You must ensure all expenses claims relating to hospitality, gifts or expenses incurred to third parties are submitted accurately and honestly in accordance with our expenses policy and specifically record the reason for the expenditure. No accounts must be kept "off-book" to facilitate or conceal improper payments.

How to raise a concern

You are encouraged to raise concerns about any issue or suspicion of malpractice at the earliest possible stage. If you are unsure whether a particular act constitutes bribery or corruption, or if you have any other queries, these should be raised with your line manager and your compliance officer. Concerns should be reported by following the procedure set out in our Whistle-blowing Policy which is set out in the Employee Handbook.

What to do if you are a victim of bribery or corruption

It is important that you tell your compliance officer as soon as possible if you are offered a bribe by a third party, are asked to make one, suspect that this may happen in the future, or believe that you are a victim of another form of unlawful activity.

Protection

Workers who refuse to accept or offer a bribe, or those who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. We encourage openness and will support anyone who raises genuine concerns in good faith, even if they turn out to be mistaken.

We are committed to ensuring no one suffers any detrimental treatment as a result of refusing to take part in bribery or corruption, or because of reporting in good faith their suspicion that an actual or potential bribery or other corruption offence has taken place, or may take place in the future. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern. If you believe that you have suffered any such treatment, you should inform your compliance officer immediately. If the matter is not remedied, you should raise it formally using our Grievance Procedure, which can be found in the Employee Handbook.

Potential risk scenarios: "Red Flags"

The following is a list of possible red flags that may arise during the course of you working for us and which may raise concerns under various anti-bribery and anti-corruption laws. The list is not intended to be exhaustive and is for illustrative purposes only.

If you encounter any of these red flags while working for us, you must report them promptly to your manager or to the compliance manager or using the procedure set out in the Whistle-blowing Policy in the Employee Handbook:

(a) you become aware that a third party engages in, or has been accused of engaging in, improper business practices;

(b) you learn that a third party has a reputation for paying bribes, or requiring that bribes are paid to them,;

(c) a third party insists on receiving a commission or fee payment before committing to sign up to a contract with us, or carrying out a government function or process for us;

(d) a third party proposes a variation to standard commission rates in order to secure some improper benefit;

(e) a third party requests payment in cash and/or refuses to sign a formal commission or fee agreement, or to provide an invoice or receipt for a payment made;

(f) a third party requests that payment is made to a country or geographic location different from where the third party resides or conducts business;

(g) a third party requests an unexpected additional fee or commission to "facilitate" a service;

(h) a third party demands lavish entertainment or gifts before commencing or continuing contractual negotiations or provision of services;

(i) a third party requests that a payment is made to "overlook" potential legal violations;

(j) you receive an invoice from a third party that appears to be non-standard or customised;

(k) a third party insists on the use of side letters or refuses to put terms agreed in writing;

(l) you notice that we have been invoiced for a commission or fee payment that appears large given the service stated to have been provided;

(m) a third party requests or requires the use of an agent, intermediary, consultant, distributor or supplier that is not typically used by or known to us;

(n) you are offered an unusually generous gift or offered lavish hospitality by a third party

Introduction

Principles

All hospitality and gifts must be for a legitimate business purpose, and be reasonable and appropriate, taking into consideration the nature and strength of the business relationship and the seniority of the recipient. Under no circumstances should either cause a material conflict of interest between the recipient and their employer. For example, there should be no intention or expectation on your part that the client should respond directly to your hospitality by an increase in business.

Hospitality intended to cement good client relations or promote our business is in principle acceptable, subject to the terms of these Policies.

Expenses must be wholly and properly incurred in the performance of your employment duties, and within a cultural framework consistent with principles of fairness, appropriateness and moderation.

Expense claims will be checked before sign-off, and will only be approved if in compliance with policy and the matrix set out below. Claims may be escalated to the Compliance Department to check they are within regulation and policy. Analysis may be carried out by, for example, broker relative to an institution or particular trader.

Claims will not be met for any costs incurred as a consequence of activities undertaken outside these procedures or for any expense which does not comply with the Tradition policies set out below. (Note that you may not seek to reclaim expense incurred when no client is present (e.g. drinks with colleagues) other than in exceptional and justified circumstances.)

Any form of expense may only be approved by someone with greater approval authority than its claimant.

For those who are approvers of expenses, note in particular that (i) you may not approve your own expenses (even if in all other respects the expenditure is policy-compliant), and (ii) care must be taken before signing off each expense – you may be called upon to explain your approval and held accountable for any decision.

Approval Matrix

Maximum single expense sign-off limits are generally defined as follows:

- up to £1,000 or £1,500 : Desk Head
- £1,000 / £1,500 - £2,500 : Area Head
- over £2,500 : CEO and CFO.

Where appropriate specific sign-off limits may be set for certain individuals e.g. for Business Managers.

Concur

Claimants using a Concur claim must complete the online forms honestly, fully and accurately. This includes as regards the following details:

(i) full name of everyone present, *including* Tradition employees;

(ii) the precise name of the institution to which the guest belongs;

(iii) the exact date of expenditure (not claim);

(iv) gifts must be reclaimed only after Compliance sign-off of the Gift Form; and

(v) claims must be allocated to the correct clients accurately and appropriately.

The purpose of any travel claim must be stated.

Concur online claims have to be supported by appropriate evidence of expense. This must include:

- a clear photo or copy of the original receipt
- expenses under £250 or its equivalent in euros should be evidenced by a clear photo or copy of *both* the till *and* the credit card receipt
- expenses over £250 or its equivalent in euros *must* be evidenced by a clear photo or copy both the till and the credit card receipt.

Approvers of claims must check that the forms (and their supporting evidence) are complete and appropriate for sign-off.

Any claim which is does not comply with the above may be rejected, or clawed back at any time.

Any claims that do not meet the requirements of the Concur Audit Validation Team and the Tradition Policy are given to the CFO for signature and manual approval.

All claims should be submitted with the minimum of delay.

Other Policy documents

These Travel and Entertainment and Gifts Policies will be supplemented by occasional, practical Guidance from the Compliance Department.

Guidance

If you need any advice on any aspect of the following Policies or the application of the law or regulation, please contact the Compliance Department.

Disciplinary Action

It is a provision of your employment contract that you must comply with all the firm's internal procedures, systems and controls and not circumvent them in any way. Any breach of these Policies may be considered a serious disciplinary offence and could result in various sanctions including dismissal.

Travel and Entertaining Policy

- Representatives of Tradition must be in attendance during all types of client entertainment. This includes all forms of corporate hospitality whether in the UK, Spain or overseas. If you are unable to attend, you should discuss the situation with your senior manager and nominate another appropriate employee to represent the firm on your behalf.

- For the avoidance of doubt, the provision of any financial advantage for a client where no personnel from Tradition will attend (e.g. ticket for a sporting event) is not permitted.

- All major Tradition corporate events, whether in the UK, Spain or abroad, must receive prior approval from the CEO.

- When considering planning an event, you must:

- first notify your Manager. This is required even if you already know what you wish to do and are prepared to organise it yourself;

- then, get sign-off in accordance with the Approval Matrix (see Introduction).

- If it is you who are entertained by a client, the substance and style of that entertainment should be of a reasonable and ethical nature and should not place you in a position of conflict with the duties that you owe to Tradition as your employer.

- These rules apply even if you are abroad.

Overseas Travel & Hospitality

All overseas travel that involves travelling with or without clients must be booked through our preferred corporate travel Management Company 'Reed & Mackay'.

Employees are required to book all travel through Reed & Mackay. No travel reclaims via the Concur expense system will be approved without prior approval by management of the individual being able to book it independently.

Reed & Mackay Dedicated Contact Number 020 7246 3366

Office Hours – Monday to Friday 0830 – 1800

If you need to contact the Reed & Mackay travel team outside normal office hours, at weekends and on public holidays or have any emergency travel requirements or requests during these times please contact the Reed & Mackay Emergency Travel Service team by calling 020 7246 3333.

There are several benefits to the Company by using the preferred corporate travel company.

They can fully assess our annual travel spend, identify trends and negotiate better rates.

Traveller security is improved as they can quickly and easily locate those travelling to potential trouble spots and take necessary action to repatriate quickly.

The permitted classes of travel are listed below.

- AIR

All air travel must be pre-agreed by your line manager prior to booking and the following must be followed when arranging air travel:

1.1 The cheapest flight available must be taken and incentives such as 'frequent flyer rewards' or 'air miles' must not influence the flight choice or airline selection.

1.2 Flights should be booked as early as possible to take advantage of lower fares which are available.

1.3 Restricted or semi restricted tickets should be booked wherever possible (e.g. advance purchase, non-changeable, non-refundable) as these are often significantly cheaper than fully flexible fares and in most cases even with the admin fee for making alterations to a booking this option is significantly lower than an unrestricted, fully flexible fare. Please check all booking conditions at time of booking.

1.4 Electronic tickets are increasingly being issued by airlines in place of paper tickets and you are required to accept electronic tickets when available. When a traveler insists on a paper ticket this is normally an additional cost and in most cases this will be chargeable to the individual and will not be reimbursed by the Group.

European Flights

Economy Class service must be used for <u>all</u> air travel booked to Europe.

Flights over 5 hours

Economy or Premium Economy Class to be used unless overnight, in which case Business Class may be used at Manager's discretion.

First class air travel is prohibited unless authorised by the CEO and in exceptional circumstances only.

Combining Business and Personal Travel

Employees may wish to combine a business trip with a holiday or have a family member accompany them on a business trip. In such cases, only the employee's direct expenses relating to the business purpose of the trip are reimbursed. Expenses incurred by a partner or other family member or expenses related to the holiday are not permitted and cannot be reclaimed under any circumstances. Any travel which includes a spouse or partner, or the extending of a trip to cover a personal holiday must be pre-approved by your line manager. Company travel insurance will not cover a spouse or any personal element of an employee's travel and individuals are responsible for ensuring that they have personal cover in place.

- **RAIL**

All train journeys should be booked in standard/economy class unless otherwise approved by your line manager to travel business and first class.

Hotels

All hotel bookings should be made via the Reed & Mackay travel desk as they hold all of the company's group rates and discounts.

The company will only settle the hotel room cost and any other charges incurred must be settled by the employee and claimed through the Concur expense system.

Please note that Breakfast etc is not included in the rate booked by the Group companies.

Traveller Profiles

All travellers are to ensure that they have set up their unique traveller profile on the Reed & Mackay online portal. Employees are also responsible for updating their traveller profile.

- You must not pay for overseas travel (e.g., air fares, Eurostar) and/or overseas hospitality for clients unless there is a clear *bona fide* business purpose for doing so and this is approved by the CEO.

- In this regard, a bona fide purpose is hospitality and promotional or other business expenditure which seeks to improve the image of a commercial organisation, better to present products and services, or develop business relations.

- Most client firms require that they reimburse reasonable air fares when their employees attend overseas hospitality events and where the travel costs are initially met by the accompanying broker. If this is the case, you must (i) provide Compliance with details of anticipated payers, and (ii) ask your client to make a bank transfer, or provide a cheque payable to the appropriate Tradition Company and address it to the Compliance Department.

- All overseas trips involving taking clients must be *pre*-sanctioned and -authorised by your senior manager and must be booked in accordance with the Compliance Department's current Guidance. This includes all instances where the client pays, or makes a significant contribution to, his/her own airfare or not.

- If and when a client accompanies you on an overseas trip, the client must be informed that it is their responsibility to insure themselves to the extent of cover that is sufficient to meet their own personal needs and their employer's expectations. This is because they will not be insured under the firms' travel policies.

Disclosure

- You are reminded that if your guest works for a regulated institution, it is likely that they will be under a compliance obligation to disclose all entertainment received from you.
- It is the responsibility of your client to ascertain whether any offer of entertainment falls within their own internal compliance policy. In cases of uncertainty, the Compliance Department at Tradition is available to contact the recipient's Compliance Department to check acceptability and thereby avoid possible embarrassment.

Gifts Policy

It is a fundamental rule that you should not offer any gift or inducement to a client if it is likely to cause any material conflict of interest between the client and his/her employer, or between the client and you or your employer.

- If you make a gift to a client, it must be done without any intention or expectation that it will lead directly to an increase in the client's business. Consequently, you are not allowed to make any gifts to a client other than those of a reasonable and moderate nature.

- Reasonable and moderate means gifts with a value not exceeding £100 or its equivalent in euros. (Any gift exceeding that sum may be acceptable provided it is pre-approved in accordance with the policy below.)

- Preference should be given to those gifts bearing the corporate logo of Tradition, for example golf umbrellas, desk diaries etc.

- You must under no circumstances give (or offer to give) cash to a client in return for any business advantage. Such financial inducement to secure business constitutes an act of bribery and is a criminal offence.

- Take particular care when dealing with foreign public officials or politically connected persons. The expectation is that such persons would only be gifted Tradition corporate merchandise; unless the making of such gifts is fully compliant not only with local customs but also with local law. Any such gift must have been given prior clearance by your senior manager and the Compliance Department.

- You must not provide "cash equivalent" gifts to clients. This includes, but is not restricted to:

    - vouchers including store-bought gift vouchers/tokens
    - holiday vouchers of any denomination
    - any form of alternative money and tokens (for example casino chips)
    - hospitality and/or travel expenses where no Tradition employee is in attendance
    - air fares for clients and their families
    - hotel rooms and holidays for clients and their families.

- The making of gifts should be done in an open and transparent way. This includes only sending them to a business address. In exceptional cases, they may be sent elsewhere (e.g. a home or hospital), but this will require the prior sign-off of your manager.

- You have no authority to, and must not make, any facilitation payments on behalf of the firm. If you are requested to make such payments, you must report this immediately to the Compliance Department.

Sponsorship and Donations

- You are not permitted to make political donations in the name of the firm under any circumstances.

- All charitable donations and sponsorships must be:

(a) made by and in the name of the firm, i.e. not paid personally with a subsequent claim for reimbursement; and
(b) pre-authorised by either the CEO or CFO for amounts up to £2,500, or by the Board for anything greater.

- Any such requests will only be considered if fully supported by appropriate documentation and payment details. Acknowledgement by the charity/recipient will be required.

Gifts exceeding £100 or its equivalent in euros

- Any gift above the £100 or its equivalent in euros threshold must be authorised by your Area (not Desk) Head.

- Authorisation has to be obtained and the Compliance Department notified **before and not after** the gift is purchased and presented

- If the gift is sanctioned by the Area Head, it must be immediately notified to the Compliance Department using the appropriate form. The form is available on the intranet or can be obtained from the Compliance Department.

- The form must be completed and signed by you and authorised and signed by your Area Head.

- A claim for reimbursement of a gift may only be made through Concur if accompanied by a gift form after it has been signed off by all relevant parties including Compliance.

- A record of the gift will be noted in the Compliance Gifts Register.

All managers are reminded that it is a criminal offence to consent or turn a blind eye to the (widely defined) bribery of a client, and should therefore carry out their responsibilities in a considered and diligent manner. All approvers of expenditure, whether through the Concur system or otherwise, will be expected to be able to account for their decisions.

Gifts from Clients and Suppliers

- Requesting or accepting cash or cash equivalent inducements to do business of any kind with a third party is strictly forbidden.

- You should only accept and keep gifts which do not have a monetary value of over £100 or its equivalent in euros.

- Gifts above £100 or its equivalent in euros should only be accepted where refusal would be likely to cause offence. However, any such gift should be notified to your senior manager who, in consultation with the Compliance Department, will decide whether it is appropriate for it to be retained by you or the company.

- All gifts with a value (or perceived value) over £100 or its equivalent in euros should be notified to the Compliance Department so that they can be noted in the Gifts Register.

Internal Records

- When claiming reimbursement for any gift through Concur, you must make sure that the expense is clearly noted as a gift (with full details of recipient and purpose) and the claim is properly receipted.

- You should be aware that all gift claims are reconciled to the notifications in the Compliance Gifts Register and any omissions or inaccuracies are investigated.

- You should also have in mind that the firm may be compelled to provide its data on gifts to the FCA or law enforcement authorities.

- You are reminded that the recipient of gifts at regulated firms will be under a compliance obligation to declare all gifts received. The firm may also disclose such records as it may deem fit to any client firm upon request.

- Expense claims will not be met for any costs incurred as a consequence of activities undertaken outside these procedures or any form of expense which does not comply with Tradition policy.

Reporting

- If you are approached by a client soliciting a gift in return for a business favour, you must report it to the Compliance Department immediately.

- If you are threatened with, or become a victim of, extortion by a client, you should report it immediately to the Compliance Department.

- If you are or become aware of any instances of behaviour in contradiction of this policy or instances of bribery taking place within the firm, you are encouraged to “speak up” and contact the Compliance Department. If you do, you will be granted protection for having done so.

Please note that the above requirements also apply to third parties such as agents, consultants and suppliers acting on your behalf and/or that of any company of the Group

Introduction

This policy sets out the Company's standards for the remuneration of its staff in line with Group's prevailing group-wide principles and rules.

Tradition understands that in order to attract, motivate and retain its employees, competitive remuneration must be offered in an appropriate working environment. It also believes in effective management of the risks associated with its business for the long-term benefit of all stakeholders. Accordingly, this Policy has been prepared in compliance with securities market regulations, in particular Royal Legislative Decree 4/2015, of 23 October, approving the Consolidated Text of the Securities Market Law ("Securities Market Law") and Royal Decree 217/2008, of 15 February.

Group

This Remuneration Policy has been prepared in accordance with the principles contained in the remuneration policy applicable to the Tradition group ("Group Policy") which applies in full to all the companies listed therein ("TLG"):

a) Tradition (UK) Ltd ("TUK")
b) Tradition Financial Services Ltd ("TFS")
(c) TFS Derivatives Ltd (TFD)
(d) Tradition London Clearing Ltd (TLC); and
(e) Tradition Management Services Ltd ('TMS')
(f) Tradition Financial Services España, SV, SA ("TFSE").

This Policy is implemented through the following remuneration components:

(a) Salary;
b) Short and medium-term incentives, e.g. bonuses;
c) Contracts and contract termination periods.

General Aspects:

The Company's remuneration policy has been formulated to be consistent with TLG's risk management strategy and in accordance with the following general principles:

(a) The Remuneration Policy, procedures and practices shall be consistent with effective risk management and shall not encourage risk taking in excess of the level of risk identified and tolerated by the Company.

b) The Policy will be aligned with The Company's business strategy, objectives, values and long-term interests.

c) The total variable remuneration will not limit its ability to strengthen its capital base and maintain a healthy balance sheet.
d) Employee remuneration is considered in terms of its impact on effective risk management, and there is an explicit contractual provision for disciplinary action, which may result in a financial penalty in the event of non-compliance.

Principles

It is the intention of the Company and this Policy to comply with the following principles:

- Not to encourage risk-taking that exceeds the level of tolerated risk of the Company.
- To reflect the business strategy and long-term interests of the Company.
- To contain measures to avoid conflicts of interest.
- The adoption and regular review of the Policy, and acceptance of responsibility for its implementation by the Board of Directors of Tradition.
- Employees in positions with high control of influence must be independent of the business units they supervise, have sufficient authority and be remunerated in accordance with the objectives linked to their functions.
- Variable remuneration may not limit the Company's ability to strengthen its capital base.
- Where the Company benefits from exceptional government intervention, it should be ensured that variable remuneration is strictly limited to a percentage of net income and is not paid to senior positions unless justified.
- Performance evaluations used to calculate variable remuneration should be primarily based on benefits. In general terms, total variable remuneration should be significantly reduced when the company's financial performance is negative or modest.
- Any pension policy should be in line with business strategy and pension benefits should be retained for a period of five years.
- In order to ensure that employees do not use personal hedging strategies to manipulate their remuneration structure.
- Performance evaluation: Where remuneration is performance-related, total remuneration should be based on both the performance and behaviour of the individual, as well as the performance of the business unit and the company concerned. Both economic and non-economic criteria (including conduct and compliance) should be taken into account.
- Guarantee: Variable remuneration may only be guaranteed where it is an exception, occurs in the context of hiring a new employee and is limited to the first year of employment.
- Termination: Termination payments should reflect performance over time and not reward failure.

Conflicts of Interest

This Policy has been designed in such a way as to avoid conflicts of interest between TLG companies and their clients. Specific internal controls are in place to avoid such conflicts of interest, as explained on the Company website. Specific measures to avoid conflicts of interest with regard to control functions are set out in the relevant Tradition Conflicts of Interest Policy.

Performance management and remuneration

When the Remuneration Committee, and/or the Boards of Directors are required to make a decision on remuneration, including any form of variable remuneration, management personnel shall provide the following information:

- Performance of each relevant business unit
- Collective performance of the relevant team within the unit
- Individual performance against job requirements and with particular attention to exceptional performance; and
- Competitive market data

How The Company rewards its employees

All employees receive remuneration in the form of a fixed basic salary plus commissions or bonuses. Commissions are generally calculated on a formulaic basis, while bonuses are discretionary (and in some cases a combination of the two). In either case, both commissions and bonuses can be variable.

Variable remuneration: general issues

Commissions and bonuses fall into the category of variable remuneration. Brokerage commission payments are based on a method that includes the deduction of certain costs and not just the level of income generated. This will either be based on a formula that must be stated in the employee's contract or will be at the discretion of the employer. Both cases are discussed in more detail below.

For the purposes of this policy, guaranteed variable remuneration comprises all forms of remuneration whose value can be determined prior to allocation. This includes, without limitation, guaranteed payments or enrolment or withdrawal payments.

Variable remuneration can only be guaranteed when the following conditions are met:

- Exceptional nature.
- It covers a period not exceeding 12 months.
- It is generally only applicable in relation to new hires.
- The company has a solid and consolidated capital base.

In order to incentivise and reward exceptional performance, the Company may, from time to time, agree to allocate a certain sum when a number of targets have been reached. In such cases, the exact procedure will be detailed in the relevant contractual provision.

Brokers

Brokers receive incentives through a commission structure, which may be calculated on a formulaic or discretionary basis.

For commissions earned through a contractual formula, the calculation is based on gross revenues less confirmed corporate and marketing costs, and depends on the amounts payable for brokerage.

Where bonuses are paid at the Company's discretion, The Company will take into account certain matters, such as:

- the profitability of the particular employee's individual business area or position,
- their personal contribution within the team,
- adherence to internal rules and external regulations and the overall corporate culture; and
- the overall profitability of the company.

Senior management

The Company has a remuneration policy in which fixed remuneration represents a relatively small percentage of overall remuneration. In this way, remuneration can be more easily aligned with financial performance and staff are motivated at all times. The vesting periods are short, and discretionary bonuses are paid at the end of the financial period to which they relate.

Senior management performance will be rewarded in the context of the strength or weakness of Tradition London Group's performance in the relevant period and anticipated market conditions. In addition, consideration will be given to the achievement of certain standards of compliance and corporate culture as well as the duties and principles set out by relevant regulation.

Allocation of withholding taxes

The Company will only pay withholding taxes allocated to serving staff in exceptional circumstances.

Severance pay

Severance pay is at the absolute discretion of the governing bodies of the Company. Any payments relating to early contractual termination shall reflect performance achieved over time and shall be designated in such a way as not to reward wrongdoing.

Pension policy

Any extended pension payments made to retiring employees shall be subject to review by the Governing Body to ensure that they are aligned with applicable laws, policies and regulations.

Other provisions

Personal investment strategies: Employees are advised that they should not use personal hedging strategies, remuneration or liability-linked insurance contracts to reduce the risk of alignment effects built into their remuneration structures.

Record keeping

All remuneration policies and practices are documented and subject to regular review by the Company's governing bodies.

Confidentiality

Confidentiality is vitally important for the preservation of a reputable and efficient market place. It is a key requirement of our business. You should therefore regard all information obtained by you in the course of your employment as confidential. You should only disclose such information;

(a) to those who are entitled to receive it; or
(b) where you have the approval of the Compliance Department, Legal Department or the CEOs; or
(c) when compelled to do so by a regulatory authority or under the rule of law.

Please note in particular that unless the relevant client has given consent, the identity of a/that client which has provided an interest or order must not be disclosed. Similarly where the method of broking provides for the anonymity of counterparties e.g. matched principal trading or centrally cleared derivatives, unless the client has consented, the identity of counterparties must not be disclosed.

Chinese Walls

To avoid conflicts of interest the Company may establish and maintain Chinese walls between the conflicting areas of operation.

A Chinese wall is an arrangement that requires information held by one person in the course of business to be withheld from, or not to be used for, persons with or for whom it acts in the course of carrying on another part of its business. Therefore all information gained by you during your employment must be withheld from other divisions, departments or Tradition Group companies where such information has material relevance to clients' other investment business transacted elsewhere within the Tradition Group. Exception is granted in instances where there is a requirement to transmit information in the ordinary course of business and/or in accordance with the provisions of the FCA Handbook.

Clear Desk Policy

The Company has a legal responsibility to keep all Company data safe and confidential. Therefore all employees are advised that they must not leave any company information or company sensitive material unattended or lying around on their desks, particularly at the end of day. All such material must be put away at night so that it is safe and secure and out of the public gaze.

Data Protection

These guidelines are in addition to the company's rules on privacy and data protection that you can find in the Employee Handbook.

I. Privacy and Data Protection

- Before using any individual's personal information, such as name, address or telephone number, ensure that it is lawful to do so (e.g. by obtaining the individual's consent or where disclosure is necessary for substantial public interest conditions).
- Only use personal information in a way that would fall within an individual's reasonable expectations.
- Before transferring personal information outside the company, or within the company but overseas, ensure that it is lawful to do so, for example, by obtaining the individual's consent.Only retain personal information as long as it is necessary and only for the purposes for which it was originally collected, or for which it was further processed.
- Always delete or destroy personal information as soon as possible where it has been confirmed that there is no longer a need to retain it. This will prevent loss or damage, unauthorised alteration, access or Processing, and other risks to which it may be exposed by virtue of human action or the physical or natural environment.
- If in doubt, please contact your manager or dataprotection@tradition.com.

II. Data Security

- Always keep your passwords secure and do not share them.
- Always lock your PC and store any confidential documents away while not at your desk.
- Do not open e-mail attachments or links from an unknown source.
- Do not download programs or games, or run any sent by e-mail.
- Do not download or transfer business data out of Tradition's systems e.g. to a laptop or a cloud service, without authorisation from your manager.
- Ensure that any personal information held on a laptop is encrypted. For any information on how to ensure this, please contact IT Support.
- When taking a laptop with you to another country for business, ensure that it only contains the client information you need.
- If your laptop or mobile phone is lost or stolen, contact the IT helpdesk immediately.
- Do not reuse passwords across different sites.
- Do not use your Tradition e-mail address to register for non-business services.
- Do not use your personal e-mail address to register for business services.
- Report any suspicious e-mails or other activity to infosec@tradition.com
- Use multi-factor identification settings to add an extra layer of protection where possible.

III. What to do in case you deliberately or accidentally lose, disclose, alter or destroy or illegally access personal data

In the event you have or think you have lost, disclosed, altered or destroyed or illegally accessed any personal data, immediately do the following:

1. Contact your manager or Data Protection Officer notifying him/her of the breach or potential breach;
2. List what data were lost, disclosed, altered or destroyed or illegally accessed and to which individuals they relate and report to your manager; and
3. Establish what you can do to remediate the breach and how you can limit the damage the breach can cause.

IV. Inputting Personal Information onto our IT system

- Keep any paper business card given by a contact whose information you propose inputting onto our system.
- Before entering sensitive personal information about an individual on our IT system, ensure that it is lawful to do so (by obtaining the individual's explicit written consent).

  Sensitive personal information generally includes personal data revealing or concerning:

  - racial or ethnic origin;
  - political opinions;
  - religious or philosophical beliefs;
  - trade union membership;
  - genetic data;
  - biometric data;
  - physical or mental health;
  - sexual life; and
  - sexual orientation.

- If a person provides information for the personal use of particular individuals within the organization only (for example, a home address or telephone number), or for a specific purpose or duration (for example, for the duration of a project or deal), you should ensure that such information is deleted when no longer needed.
- By IT system we mean the various drives (whether personal or shared), including the computer hard drives, operated and owned by Tradition that are accessible from your desktop or laptop computer.

V. Privacy and Data Protection when using email

- Before sending an e-mail, please think about what you are trying to achieve and decide on the best communication method to use. For example, a telephone call might be more effective.
- Keep your message brief and relevant and do not send unnecessary copies of the message.
- When writing your e-mails, always assume that they may have to be disclosed to a court or regulator, because in some circumstances that could happen.
- Limit the use of CC only to those who need to receive the information.
- Always write your e-mails as if they are permanent, because even when they have been deleted they can usually still be retrieved and may be disclosable to a court or regulator.
- Your e-mails, even if marked private or confidential, might also be viewed by network supervisors or management when lawful to do so.
- Uphold the privacy of others by observing the company's rules and guidelines.
- Use folders to organise your e-mails to help management and protection of data.
- Avoid asking for sensitive personal information unless necessary for a legal or business purpose or passing on sensitive personal information about somebody else.
- Consider sending confidential information by secure e-mail.
- Do not make negative comments about any individual, including clients, employees or suppliers. If you feel that there is an issue which other people need to be aware of, then sending an e-mail is not the appropriate way of doing this. Speak to your manager first about the next steps.
- Do not send any e-mail which might be construed as offensive or discriminatory and do not download obscene material.
- Please tidy your inbox, outbox and folders regularly. Do not store messages or attachments longer than necessary.

Personal Account Dealing

The purpose of the Personal Account Dealing Policy is to make clear the Company's process designed to avoid conflicts of interest arising between employees, the Company and the clients that they deal with.

In particular all employees must disclose to the Compliance Department details of certain personal investments that they make so that each employee may be protected (by the transparency of disclosure) from the possibility of prosecution for the criminal offence of market abuse, which most commonly arises in the form of insider trading and/or the "front running" of clients' orders. It is therefore very much in the personal interests of everybody to make sure that the necessary disclosures are made.

The Compliance Department, through this policy, has put in place a simple procedure to allow all employees to do this.

All employees are required to sign and return undertakings confirming that they will abide by the present policy and will provide the Compliance Department with copies of their personal investments as outlined below.

All employees (including all directors, senior managers and other employees – there are no exceptions) are reminded that they are bound by their signed undertakings to comply with the firms' Personal Account Dealing Procedures.

In summary the main points of the policy as it applies to you are as follows;

- You are given a general permission to deal in all types of regulated investments on a personal basis. However pre-approval requirements apply if you are involved in any type of equity or share trading for and on behalf of the Company and/or any of its clients.

- If you work in equity or equity related products you must seek prior permission from the Compliance Department before making any personal equity investments for your own account. You do not require prior permission if you propose to trade in any non-equity related products and may use the general permission quoted above in regard to those types of investments.

- Once you have carried out a transaction for your personal account you must promptly report it to the Compliance Department. This applies to all transactions in designated investments including equities, equity indices, securities, currencies and commodities and their associated derivatives but excludes investments in Unit Trusts and other similar types of collective investment schemes where you have no direct influence over the transaction yourself. (see table below for more information)

- The reporting requirement goes beyond buys and sells of securities and extends to transactions in derivatives, for example CFDs, including financial futures, options and spread bets.

- Sports spread bets are outside the scope of this regulation and need not to be notified.

- You must not, other than in the proper course of your employment, advise or procure any other person to enter into a transaction on your behalf. This includes family and friends.

- You must not, other than in the proper course of your employment, disclose any inside or non-public information to any other person in the knowledge that that person will enter into a transaction or advise a third party to enter into such a transaction.

The easiest way for you to be compliant with the reporting requirement is to advise your service provider, be it stock broker or spread betting firm, to send copies of your contract notes and statements directly to the Compliance Department. As fellow regulated entities they will be familiar with such requests and aware of the reasons behind them.

Please note that it is normal procedure for you to instruct your broker to provide copy statements to the Compliance Department on your behalf to satisfy your post dealing reporting obligation. A template of a standard letter which you can use to inform your provider can be obtained from the Compliance Department or downloaded from the Intranet under the Compliance tab / "Personal Account Dealing" / "PAD Service Provider Template Letter".

You need to report Buy/sell transactions, Futures and Options, other CFDs including Spread Bets in:	**You do not need to report** Buy/sell transactions, Futures and Options, other CFDs including Spread Bets in:
Equities/shares and Equity Indices	Unit Trusts
Debentures	Other similar collective investment schemes
Government and Public Securities	Savings Bonds
Securities or Certificates representing Securities	Physical purchases of Foreign Exchange
Contracts referenced to the fluctuation in the values of Foreign Exchange	Sports Bets

Warrants	Life Insurance and Endowment Policies
Commodities	Pension Plans where you have no discretionary influence over individual investments
	Investments in Funeral Plans

Finally please note that complying with this policy is a legal and regulatory requirement and therefore part of your contract of employment.

Introduction

The Market Abuse Regulation (MAR) came into force from 3 July 2016 and replaced the previous Market Abuse Directive (MAD).

MAR enhanced the requirements of MAD in a number of ways. The most relevant changes were:

a. the suspicious reporting requirements were widened – they now cover orders on venues as well as trades, as well as attempted abuse related to benchmarks; and

b. there are specific requirements for "investment recommendations". Please refer to the separate summary on the intranet for the details of the requirements related to investment recommendations

http://intranet.tradition.int/uk/home/compliance/aml-and-market-abuse.aspx

This area involves a lot of judgement about the status or form of a particular communication. Please contact Compliance if you have any questions.

Scope: Orders and Trades on Venues

MAR -

(i) the requirements for reporting suspicious activity cover orders as well as trades, as well as attempted abuse related to benchmarks.

Even if an order has not traded but it was unusual and only *may* have been related to attempted market abuse, the circumstances must be reported. The procedures for reporting suspicious order or trades can be found at:

http://intranet.tradition.int/media/file/Compliance/Market%20Abuse%20-%20Suspicious%20Transactions%20and%20Orders%20Reporting%20Procedure%202017%2003.doc

(ii) covers activities in or connected to investments traded on a "venue."

The definition of "venue" covers Regulated Markets (i.e. exchanges), Multilateral Trading Facilities (MTFs) and, since 2018 when MIFID 2 came into force, Organised Trading Facilities (OTFs).

Similar suspicious reporting obligations also apply for suspicious interests, orders or trades in the gas and power markets under REMIT.

In short then, **if you see any unusual activity in terms of interests, orders or trades or in relation to benchmarks, please report this.** This will ensure that you meet your legal obligation to report suspected market abuse.

What is Market Abuse?

Market abuse offences generally fall into the following categories:

- Misuse of information
- Creating misleading impressions
- Market distortion
- Insider dealing
- Improper disclosure of inside information
- Manipulating transactions
- Manipulating devices
- Dissemination of information likely to give a false and misleading impression and in particular the creation, or collusion with any client or third party to create a misrepresentation of the level of supply/demand, price or value of any particular product either verbally or via electronic media including an information or benchmarking page/screen.

For your guidance 'information' generally has to be precise, material and relevant for the purpose of this offence and actions taken must be based on that information.

What are manipulating transactions misleading impressions and distortion?

The definitions of 'manipulating transactions', 'misleading impressions' and 'distortion' all refer to any misleading contrivance created as to the supply, demand, price or value of any instrument or commodity. They also apply to the securing of prices at an abnormal or artificial level to distort the market, for example making large transactions at price sensitive times to influence market prices and distort revaluation fixes.

For illustrative purposes, the following are examples of behaviour that the FCA says may amount to market abuse (manipulating transactions):

(1) A trader simultaneously buys and sells the same ('qualifying') investment (that is, trades with himself) to give the appearance of a legitimate transfer of title or risk (or both) at a price outside the normal trading range for the investment . The price of the investment is relevant to the calculation of the settlement value of an option. He does this while holding a position in the option. His purpose is to position the price of the investment at a false, misleading, abnormal or artificial level, making him a profit or avoiding a loss from the option;

(2) A trader buys a large volume of commodity futures, (whose price will be relevant to the calculation of the settlement value of a derivatives position he holds) just before the close of trading. His purpose is to position the price of the commodity futures at a false, misleading, abnormal or artificial level so as to make a profit from his derivatives position;

(3) A trader holds a short position that will show a profit if a particular investment, which is currently a component of an index, falls out of that index. The question of whether the investment will fall out of the index depends on the closing price of the investment. He places a large sell order in this investment just before the close of trading. His purpose is to position the price of the investment at a false, misleading, abnormal or artificial level so that the investment will drop out of the index so as to make a profit; and

(4) A fund manager's quarterly performance will improve if the valuation of his portfolio at the end of the quarter in question is higher rather than lower. He places a large order to buy relatively illiquid shares, which are also components of his portfolio, to be executed at or just before the close. His purpose is to position the price of the shares at a false, misleading, abnormal or artificial level.

The following is an example of an abusive squeeze:

A trader with a long position in bond futures buys or borrows a large amount of the cheapest to deliver bonds and either refuses to re-lend these bonds or will only lend them to parties he believes will not re-lend to the market. His purpose is to position the price at which those with short positions have to deliver to satisfy their obligations at a materially higher level, making him a profit from his original position.

What could be suspicious transactions in Wholesale markets?

The following examples are indications of transactions that might be considered suspicious. Please note that transactions carried out in the OTC markets will be captured by FCA's market abuse rules if they influence any instrument or commodity (a 'qualifying investment') which is traded on a regulated market and/or a recognised investment exchange, MTF or OTF. Please also note that this list is only for your guidance and is neither conclusive nor exhaustive.

1. A wholesale client asks you to transact an unexpectedly large or unusual order which is likely to affect the on-exchange traded price, especially if the client is insistent that the order is carried out very urgently or must be conducted before a particular time specified, particularly at the close.

2. A client undertakes a transaction that is significantly out of line with its previous investment behaviour (for example type of security traded, amount invested, size of the order, length of time the security is held).

3. A client specifically requests immediate execution of an exchange order regardless of the price at which the order would be executed (assuming more than a mere placing of an 'at market' order).

4. There is unusual trading in the securities (or other instruments including CFDs) of a company before the announcement of price sensitive information relating to that company.

5. An employee's own account transaction is timed just before clients' transactions and related orders in the same financial instrument. This would also include information that employees obtain in regard to pending client orders and refer specifically to the offences of 'front running' a client order and 'pre-positioning' the firm to take advantage of a client order.

6. An order that will, because of its size in relation to the market in that instrument, clearly have a significant impact on the supply of or demand for the price or value of the instrument or an index, especially an order of this kind to be executed near to a reference point during the trading day – for example attempts to trade in a significant majority of the security in question particularly near the close. Also attempts to 'corner the market' by way of an abusive squeeze would fall into this category.

7. A transaction appears to be seeking to modify the valuation of a position while not decreasing/increasing the size of that position.

8. A transaction appears to be seeking to bypass the trading safeguards of the market (for example as regards rules regarding Exchange volume limits, block trade thresholds, bid/offer spread parameters etc).

9. A transaction appears to be uneconomic.

What should I do if I spot a suspicious transaction or order?

If based on your knowledge and experience, you have any grounds to suspect that a transaction might constitute market abuse you must refer the matter to the Compliance Department. Once notified of your suspicions the Compliance Department will assess the merits of the case and make a judgement as to whether the incident is worthy of report to the CNMV. The Compliance Department is under direction to report to the CNMV suspicious transactions or orders without delay under the MAR provisions, so it is useful that when reporting suspicious trades you have the following information to hand:

- Description of the transaction or proposed transaction, including details of the instrument including ISIN codes if applicable, the original order entry date and time, the size, price and any other relevant characteristics of the order.
- The reasons for suspecting that the trade might constitute market abuse.
- Identities of the persons carrying out the transaction including relevant account number and client identification codes.
- Identities of any other persons known to be involved in the transaction, detailing relationship and role played.
- Capacity in which the person performing the transaction acts, for example principal, agent, broker etc.
- Any other information which may be of significance.

To make the report you should use the firm's suspicious transaction and order reporting form which can be downloaded from the company intranet.

http://intranet.tradition.int/media/file/Compliance/Market%20Abuse%20-%20Suspicious%20Transactions%20and%20Orders%20Reporting%20Procedure%202017%2003.doc

It should be recalled that failure to report an order or transaction suspected of market abuse may constitute a very serious offence for failure to comply with market transparency and integrity obligations, in accordance with the Securities Market Law.

Your responsibility to report suspicious transactions or orders

Please note that you could be liable if you knew or ought to have known that a transaction or order in which you were involved was abusive and you did not report it. So you should report it for your own protection. Once you have made your report your obligation is finished and the matter is then taken out of your hands by the Compliance Department. You will receive anonymity and neither your colleagues nor your client will become aware that you have made any notification

Confidentiality and the Client Relationship

The company is aware that a conflict of interest may arise where you become aware of a potentially abusive trade or order that should be reported and you are concerned how this can be handled without causing damage to the client relationship. It is worth reiterating that you must report such transactions or orders to the Compliance Department and by so doing you will discharge your compliance obligations. It is then for the Compliance Department to assess the report and decide whether to forward it to the CNMV or not. You should be aware that all reports sent to the CNMV are highly confidential and the reporting individual's identity is not disclosed to the client. If you have made a suspicious transaction and order report you must never disclose this to the

client as this would amount to 'tipping off' the client and would prejudice any regulatory investigation if subsequently undertaken.

Circulating rumours could constitute market abuse

The practice of circulating rumours is dangerous. Therefore you are prohibited from originating rumours of any kind and in particular those concerning any aspect of Tradition's or our competitors' business or clients. This also includes any rumours that are relevant to the financial markets and its participants as a whole.

The misuse, including the mere passing-on, of inaccurate or unsubstantiated information is inappropriate activity which the MAR has decreed as falling within its definition of market abuse. Pure naivety on your part and/or not gaining financially from passing on the rumour is not a justifiable defence. The possibility of having a market effect is enough to constitute market abuse, regardless of whether there was any intent to do so.

You should understand that passing on rumours may not only get you into trouble with the regulator. It is also likely that through such actions the firm and you personally may face civil action for damages to affected parties.

You must therefore not relay to any person, under any circumstances, any information which you know to be false and you must take the utmost care when discussing unsubstantiated information which you suspect to be inaccurate and which could be damaging to a third party. Your duty of care applies at all times and may be tested to the full in nervous and volatile markets when unsubstantiated information is more likely to be present.

You must understand that any breaches of this requirement may result in serious consequences; therefore compliance with this memo is imperative and your full co-operation is essential.

You are also reminded that call and communication monitoring is part of the firms' compliance monitoring requirements and that all front office employee calls are monitored on a randomly selected basis by the Compliance Monitoring Team.

For your further information about Market Abuse you should note that the prime legislation in this area is the EU Market Abuse Regulation.

Non-Current Price Transactions

You should not enter into any transaction that you know or should have known is improper. One indication that a transaction might be improper is that it is subject to a request to be traded at a non-market price (non-current rate). Where a transaction is proposed at a non-market price (or there is any other indication that the transaction is for an improper purpose) you must immediately refer the matter to your Head of Desk and the Compliance Department.

The Head of Desk will need to review the transaction and decide whether the transaction is for an improper purpose. As part of the review process the Head of Desk will consider whether the decision to undertake the trade was taken at a senior level at the client which may include contacting the client's Senior Management to verify that the trade is justifiable and proper. If the transaction is approved by the Head of Desk all of the material terms of the trades should be made absolutely clear and agreed before the trade is transacted. It is vitally important to ensure that there is no ambiguity over the amounts that each counterparty is to pay and receive. All material terms of the transaction must be agreed by all parties to the deal in writing, for example by e-mail or Bloomberg.

Where a transaction consists of a series of elements, for example different legs, it is the overall price of the package that should be considered not the price on any individual leg of the trade. The overall price must represent, as a whole, the best possible result for the transaction taking into consideration all the prices and execution factors of each element of the trade.

The circumstances of the trade need to be taken into account in assessing whether it is at a non-current price, for example size of transaction, execution outside market hours, non-standard settlement etc.

Examples of improper purpose include but are not exclusive to the following;

- fraud;
- the extension of unauthorised credit;
- improper concealment of profit or loss;
- disguising the nature of a transaction;
- "wash" or "facilitation" trades;
- transactions that amount to market abuse; and
- "window dressing" e.g. to alter the appearance of a balance sheet.

Introduction

The Company, as an investment services firm, is an obliged subject with regard to money laundering, and therefore incurs obligations to prevent and detect incidents of money laundering, particularly those involving the proceeds of crime including financial crime, drug trafficking and the financing of terrorism. TLG takes these obligations very seriously and thus has implemented comprehensive systems and controls to manage money laundering risk and comply fully with its statutory and regulatory requirements.

Whilst it is recognised that the majority of the Group's activities pose a low risk of money laundering, this policy aims at preventing the group from acting in any capacity which could pose a potential or increased risk of money laundering. Bearing this in mind TLG takes a risked based approach to its AML procedures and its client on-boarding processes.

There is a general obligation on all Group firms to maintain appropriate internal control and communication procedures to forestall and prevent money laundering by ensuring that the following minimum requirements are applied. **Failure to comply with the requirements of the applicable legislation and regulation may constitute a criminal offence that could expose the Group to serious reputational risk.**

At various times sanctions or embargos of some form (e.g. that impose asset freezes, and / or financial or economic prohibitions or control against targeted activities, persons, government or jurisdictions) may be implemented by individual countries or international bodies e.g. United States, EU, United Nations. It is the policy of Tradition London Group to always comply with such requirements.

All applicable policies and procedures are reviewed on at least an annual basis.

It should be noted that this policy includes the most relevant aspects of the Company's Operating Manual for the Prevention of Money Laundering and Terrorist Financing (the "AML Manual"). Said Manual contains the complete policy of the Company, taking the Group's policy as a reference, on money laundering and terrorist financing in order to comply with the requirements of Spanish law and the Supervisory Authority for the prevention of money laundering and terrorist financing, the Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offences ("SEPBLAC").

Stages of Money Laundering

Money Laundering is the process by which criminals attempt to conceal the true origin and ownership of the proceeds of their criminal activities. This is achieved by changing illicit funds into what appears to be "clean money".
Despite the variety of methods employed to launder proceeds the process is usually accomplished in three stages:

1. **Placement** - the physical disposal of cash proceeds derived from illegal activity.
2. **Layering** - separating illicit proceeds from their source by creating complex layers of financial transactions designed to disguise the audit trail and provide anonymity.
3. **Integration** - the provision of apparent legitimacy to criminally derived wealth. If the layering process has succeeded, integration schemes place the laundered proceeds back into the economy in such a way that they re-enter the financial system appearing to be normal business funds.

TLG at a group level does not consider itself as a point of entry into the international financial system. The funds that the group intermediates are already within the financial system, consequently it is extremely unlikely that TLG will be involved in the stage 1 'placement' of illicit funds into the payments system. As the nature of a broker is to arrange the transactions between trading counterparties it is possible that the group could unwittingly be used to facilitate the stage 2 'layering' of funds which may have already entered the system by way of circumvention of controls or lack of controls at the point of entry (the 'placement' stage). Bearing this in mind TLG takes a risked based approach to its AML procedures and its client on-boarding processes.

Anti-Money Laundering Laws and Regulations

a. EU, Spain, UK & US Legislation

The main legislation applicable to the Company at a national level is as follows:

- Law 10/2010, of 28 April, on the prevention of money laundering and terrorist financing.

- Royal Decree 304/2014, of 5 May, approving the Regulation of Law 10/2010, of 28 April, on the prevention of money laundering and terrorist financing.

In addition, a more exhaustive list of Spanish and European provisions applicable to money laundering can be found at the following link on SEPBLAC's website:

https://www.sepblac.es/es/normativa/

In addition, at Group level, the main applicable legislation is as follows:

The UK proceeds of Crime Act 2002 and subsequent amendments
- The UK Terrorist Act 2000 and subsequent amendments
  The UK Money Laundering Regulations 2007
- The Money Laundering Terrorist Financing and Transfer of Funds Regulations 2017

In the UK, guidance on the application of the above laws is provided by The Joint Money Laundering Steering Group (JMLSG). The JLMSG is made up of the leading UK Trade Associations in the Financial Services Industry. Its aim is to promulgate good practice in countering money laundering and to give practical assistance in interpreting the UK Money Laundering Regulations. This is primarily achieved by the publication of industry guidance.

TLG is represented at the JMLSG through its membership of the European Venues and Intermediaries Association (EVIA) (www.EVIA.org.uk). EVIA is the trade body representing wholesale brokers in Europe.

TLG also has firms which are registered as Introducing Brokers with the National Futures Association in the US. These firms are therefore subject to applicable requirements under:

a. NFA rules and regulations;

b. Banking Secrecy Act;
c. The Patriot Act.

b. SEPBLAC Requirements

As mentioned above, the Company is supervised by SEPBLAC, which imposes a number of obligations on regulated entities:

- Implement normal due diligence measures and, where appropriate, enhanced due diligence measures.

- Comply with reporting obligations such as special scrutiny and systematic and indicative reporting of suspicious transactions.

- Appoint a Representative to SEPBLAC and establish an Internal Control Body (*Órgano de Control Interno,* "OCI").

- Adopt a manual on the prevention of money laundering and terrorist financing, which will be kept up to date, with full information on the internal control measures adopted.

- Train its employees in the prevention of money laundering and terrorist financing.

c. Keeping up to date

The group uses various sources of information to ensure that it's AML and financial crime procedures are kept up to date. They include but are not confined to:

- FCA, CNMV and JLMSG guidelines
- JLMSG Guidance
- Her Majesty's Treasury (HMT) Financial Sanctions Notices regarding Terrorist Financing
- Office of Foreign Assets Control (OFAC)
- European Commission bulletins
- Financial Task Force Action Group (FATF) Guidance and National Findings
- IOSCO Best Practice Papers
- World Bank Guidance on Politically Exposed Persons (PEPS)
- Dow Jones / World Check
- Transparency International - Corruption Perception Index

As appropriate the CFT Group also engages external consultants such as The Chertoff Group (www.chertoffgroup.com).

AML Risk Factors

The operations of the Group, and in particular of the Company, are considered to present a relatively low risk of money laundering on the basis of the following analysis carried out at Group level:

a. Client Profile

TLG acts merely as an intermediary acting on behalf of major institutions and other wholesale market participants, many of which are regulated for the purpose of money laundering. In principle, the Group neither has accounts nor holds assets or monies on behalf of its clients. TLG does not offer services to shell entities. TLG also acts only for clients classified as Eligible Counterparties or Professional Clients; TLG does not act for Retail Clients

b. Product Offerings

TLG's activities take place only in wholesale markets. The main segments of operation include:

- Money Markets
- Capital Markets
- OTC Derivatives
- Equities and equity derivatives
- Energy and Commodities
- Structured products
- Operate, where appropriate, Multilateral Trading Facilities or Organised Trading Facilities for these products

Products in these markets are not typically used as a mechanism for money laundering. Indeed from a money laundering perspective, the risk is low since the Group only arranges trades at independently negotiated current market prices. Whereas a typical money laundering mechanism could be where, for instance, a client is ready to trade something well away from the current market price.

The group is conscious that new products and business strategies may introduce new money laundering risks that it has not encountered before. TLG manages that risk through the Executive Committee which discusses each business case and assesses the risk profiles of all new initiatives taken on in the business operation.

In addition the Compliance, Risk, Finance & IT Department are informed of all new business developments so that relevant input is attained at an early stage.

c. Country or geographical assessment and methodology:

The Group has defined a "Financial Crime Compliance (FCC) Country Policy" which addresses relations with those countries or territories that may be subject to specific anti-money laundering requirements, sanctions or embargoes.

As a result of the Country FCC Policy, the Group has also developed the FCC Country Rating Methodology which classifies countries into four risk categories: Low, Medium, High and Critical.

The FCC Country Rating Methodology currently prohibits operations in numerous jurisdictions. This includes clients that are incorporated or owned by a majority shareholder incorporated in a prohibited jurisdiction. Any exception to this policy requires the formal approval of the Compliance and Risk Managers of Compagnie Financiere Tradition, S.A. ("CFT") (the Group's parent company).

CFT's Country Classification Methodology is integrated into the Group companies' Client Relationship Management (CRM) system: the "Compliance Data Centre" ("CDC"), which is the tool used to register clients.

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d. Trades (Modus Operandi)

TLG's activities which are undertaken through *Name-Give-up* or *Matched Principal* techniques pose a relatively low risk.

1. Name Give-Up: concerns transactions where TLG acts as an arranging broker between institutional buyers and sellers.

2. Matched Principal: concerns where TLG acts in its own name, interfacing between the buyers and sellers.

3. Execution and Give-up: refers to transactions where the Group facilitates the execution of trades on regulated exchanges/markets and then transfers the trades to the client.

Money Laundering Reporting Officer ("MLRO")

A Group-level MLRO must be appointed and will constitute the primary point of contact for all issues related to money laundering or financial crime.

The Group's MLRO is formally appointed by the group's governing bodies and are registered with the FCA in the control function of CF 11 Money Laundering Reporting Officer. The identity of the MLRO is published on the internal intranet to assist employee awareness and for STR purposes.

The MLRO completes an annual MLRO report (for internal use only) which is submitted to the board of each firm. These reports assess the impact of the risks posed to the businesses in regards to money laundering (money laundering risk) and effectiveness of the controls designed to mitigate those risks.

The MLRO for TLG is Marie El Fathi (marie.elfathi@tradition.com 020 7198 5846).

Suspicious Reporting Procedures

The AML Manual establishes the following procedure on the reporting of suspicious behaviours, activities or operations :

a. Employee responsibility to report suspicious activity

Any officer, agent or employee of the Company who believes that a transaction is suspicious or may be related to money laundering or terrorist financing (for the purposes of this section, the "Reporting Person") shall:

- immediately report this to the OCI; and

- consult with the OCI as to whether and to what extent the Company may proceed with the current or future suspected transaction and (if so) what information should be disclosed to the persons involved in the transaction.

The Reporting Person should write to the OCI by e-mail, providing the OCI with as much information as possible, including in particular the following information::

- full names, addresses, nationalities, tax/social security numbers, and company numbers of all relevant persons and entities;
- summary of facts;
- reasons why the reporting person has knowledge or suspicion of criminal conduct;
- role of the entity in the transaction which has given rise to the suspicion and what the next steps in the transaction should be;
- proposed timetable for further steps;
- details of any consent which may be required to continue with the transaction; and
- any other information that may be considered relevant for the purpose of the special review.

The reporting form is attached to the AML Manual..

The Reporting Person may not communicate to anyone that a report has been made without the consent of the OCI, including other employees and officers of the Company, persons outside the Company or the client who executed the suspicious transaction.

b. OCI's responsibilities

The OCI shall analyse and evaluate the information provided by the Reporting Person and shall take the measures it deems appropriate. The OCI shall also notify the Reporting Person within thirty (30) days of the follow-up given to its communication.

Training

Both at Group and individual level, firms should provide AML training to increase money laundering awareness and focus on relevant typologies applicable to the Group businesses. New employees must be presented with copies of applicable AML procedures on commencement of their employment with the companies of the Group. All relevant employees are compelled to regularly refresh their knowledge of these procedures. The MLRO will also inform employees of any changes to these procedures and/or legislation.

The MLRO will provide on-going assistance with regard to specific suspicions or any questions concerning these procedures, and will organise further training initiatives as necessary.

Persons with public responsibility

Persons with public responsibility, their relatives and close associates potentially represent significant reputational risk to any financial organisation therefore the global AML bodies and national regulators require financial institutions to establish PEP protocols whereby risk depending on geography, product and client background can be assessed.

Monitoring Clients throughout the business relationship

The 4th AML Directive emphasises the importance of carrying out adequate client due diligence at the onset of the establishment of a client relationship and throughout the business relationship.

In practical terms the on-going monitoring covers two important aspects:

a) On-going trading monitoring

The interest, order and trade surveillance controls operated by TLG serve the dual purpose of both market abuse and AML requirements. As part of this TLG's brokers play a crucial role in the effective trade monitoring by spotting any unusual client patterns of behaviours, including those which may relate to money laundering.

b) Review and monitoring client activity and business profiles

It is a requirement that client's relationship are appropriately monitored to ensure that the understanding of clients' business activities and their business profiles are up to date. This may include refreshing client due diligence.

This task is mostly undertaken by the Compliance On-Boarding Team; however there may also be involvement by FORC On-Boarding Team in reviewing existing clients.

Red Flags

Annex 16 of the AML Manual contains an exhaustive list of events or transactions that may be suspected of being linked to money laundering or terrorist financing, in relation to the parties involved, the means of payment used and the characteristics of the transaction.

Introduction

The national and international money laundering regulations, the SEPBLAC requisites and other international regulations require firms to undertake appropriate and adequate levels of client due diligence to seek satisfactory evidence of identity of those with whom they do business. Identity of a client must be confirmed before the start of a business relationship. If the activity has already commenced, unless satisfactory evidence of identity is obtained in a timely manner, all regulated activity must cease immediately.

New Clients

Before commencing broking activities with a new client, brokers must always ensure that the client is approved by the FORC and Compliance On-Boarding teams (Account On-Boarding Teams) (accountopening@tradition.com).

If the potential client is going to trade on a matched principal basis, an application must also be sent to the Credit Department. They will review the financial data supplied and allocate a limit for the client. If you have any queries or wish to contact to the Credit Department, they can be contacted at: credit.risk@tradition.ch

The new client approval application process is started by getting the Account On-Boarding Form completed and submitted to the Account On-Boarding Teams.

The form has been designed to be sent to a potential client to be completed to ensure the information obtained is accurate. This form is easy to fill in and can be downloaded from the intranet under the Compliance tab / “Client on-boarding” and under the FORC tab / “FORC AML/KYC Client On-Boarding”

As far as possible the FORC On-Boarding team will collate the required documentary evidence from primary sources [Corporate Registry, Regulators’ register, Creditsafe and specialist reference agencies such as Bankers Almanac etc]. However in some instances documentation must be requested and be provided directly from the client.

Note however the ultimate responsibility lies on the broker to obtain the relevant documentation/information and liaise with the FORC On-Boarding team in order to successful finalise the on-boarding.

The speed with which a new account can be authorised and opened will depend mainly upon the timeliness of receiving information about the prospective client.

Once the Account On-Boarding Teams have reviewed the new client information and approved the client, the broker will be informed and the relevant operations team notified.

Formal identification of the client

In the case of clients who are legal persons, the following documents will be considered reliable for the purposes of their formal identification: public documents accrediting their existence, the name of the company, the legal form, the registered office, the identity of its administrators, the articles of association and the tax identification number. In the case of legal entities of Spanish nationality, formal identification may be established with a certificate from the Provincial Commercial Registry provided by the client, or obtained electronically. Furthermore, in order to formally identify legal entities, the Company may request: the account opening form, financial statements, a list of shareholders, details of regulatory status or stock exchange listing.

On the other hand, when the business relationship is with a fund manager, information on the fund itself will be requested: the articles of incorporation, the investment management agreement, the financial statements, the net asset value of the fund and the list of assets managed by the fund.

Risk factors and enhanced due diligence measures

In accordance with the provisions of section 13 of the AML Manual, the Company shall take into account the following risk factors as risk factors:

- Client characteristics.
- Clients not resident in Spain.
- Clients resident in, or who carry out transactions with origin or destination in countries or territories that are considered risky.
- Companies whose shareholding and control structure is not transparent or is unusual or excessively complex.
- Companies that merely hold assets.
- Client or beneficial owner that is considered to be a person with public liability, as defined in this Manual.
- Characteristics of the transaction, business relationship or distribution channel.
- Business relationships and transactions in unusual circumstances, including those transactions that are complex and unusual, or that have no apparent economic or legal purpose or any other characteristic that is presented as having a high risk of money laundering or terrorist financing.
- Business relationships and transactions with clients who habitually use bearer means of payment.
- Business relationships and transactions executed through intermediaries.
- Business relationships or transactions where each party is located in a country or territory considered to be at risk.
- In those cases in which the communications made by a client are inconsistent

In accordance with regulatory requirements, an enhanced due diligence process should be applied in cases of above-average risk. This may require, for example : additional information to be obtained from the clients, further background information to be obtained from third parties, an assessment of broker's understanding of the client's activities and how they were introduced to the Company.

Legal Entity Identifier

The Legal Entity Identifier (LEI) has been created to define a global reference data system that uniquely identifies every legal entity or structure, in any jurisdiction, that is a party to a financial transaction. As well as transaction reporting the LEI is also used, for example, for identifying counterparties in reports made to trade repositories. Note as well that where Tradition is acting as a venue it may have reporting obligations where it reports as if it was the client and therefor Tradition needs to know the LEI of the client and also potentially any underlying client.

The LEI is a 20-character, alpha-numeric code, which uniquely identifies legally distinct entities or organisations that engage in financial transactions. LEIs are issued by "Local Operating Units" (LOUs) of the Global LEI System.

The LEI for any client needs to be identified at the time of on-boarding and is required for clients in most business areas for regulatory purposes. If a client does not have a LEI then it is not possible to approve the client to conduct regulated activities as, for example, it would not be possible to make the appropriate transaction report.

Client Trader Information

Under the transaction reporting requirements, where applicable, Tradition is required to ask clients to provide personal information regarding those involved in trading activities. In order to action this, Tradition is utilising NEX Regulatory Reporting's (NEX RR) short code utility. To ensure your trader's anonymity, NEX RR has adopted an identifier system, ISCI (Industry Standard Common Identifier), which has been designed to ensure compliance with the General Data Protection Regulation (GDPR). At the time of on-boarding a new client therefore it will usually be necessary for the new client to log onto the NEX ISCI system and upload the details for their traders.

The NEX notification regarding the short code facility (containing the client template and ISCI client registration template) can be found on the intranet under compliance (new accounts and credit lines) and under FORC (FORC AML/KYC Client On-Boarding)

Client Documentation, Agreements and Classification

In certain circumstances the Company will need to send clients notifications or enter into written agreements. The form of the notification or agreement will depend on the type of client, the classification of the client and the type of activity undertaken. Copies of the current versions of these documents can be obtained from the Compliance Department.

1. **General Dealing Terms of Business**

The Tradition London Group Companies use a generic General Dealing Terms of Business which is sent to all clients. Where necessary this will be supported by other specific documentation for the particular operation involved. A copy of the current version is available on the group website www.tradition.com.

2. **AML Questionnaire**

As a significant proportion of clients are regulated and themselves subject to AML laws and regulations a key check to complete is an assessment of the AML policies and procedures implemented by these organisations. This can be achieved using a detailed anti-money laundering questionnaire to be completed when entering into a new relationship with a regulated client.

Subject to exemptions outlined below, new regulated clients may be required to complete the AML questionnaire. Where an AML questionnaire has not been obtained and an exemption is not available then this must be communicated to the MLRO who should then assess whether it is acceptable to open the account without the AML questionnaire.

It is deemed unnecessary to send AML questionnaires to clients classified as Low Risk for AML purposes as they are in principle already subject to acceptable AML requirements and supervision or otherwise only pose a low risk of money laundering. Although the AML Questionnaire is not mandatory for low risk Clients it may be appropriate to request it as a matter of good practice.

Some clients may object to completing the AML questionnaire. If necessary, the rationale for adopting these policies and procedures should be explained to them e.g. that these checks are routine and do not have any implication that the client is under suspicion of money laundering. As similar provisions have been put into effect by other professionals and financial institutions, firms have become more familiar with requests of this nature. A reluctance to complete the AML questionnaire may itself be a reason for caution about a relationship and should be referred to the MLRO.

3. Tax Status

We are increasingly required under our client due diligence procedures to obtain or confirm a client's tax status. This will include obtaining a VAT number for organisations based in the EU/EEA or confirming that they do not require one. In addition we are also required, under US tax laws (FATCA) and equivalent rules in the rest of the world (CRS), to confirm the status of the client under this legislation e.g. whether they are a US based or owned organisation.

For all Matched Principal accounts, where applicable, new clients are required to provide FATCA/ CRS Certification form as part of the Tradition on-boarding procedures. This allows the Account On-Boarding Teams to confirm their status for the purposes of FATCA and CRS legislation.

4. Classification Notification

All clients will be sent a notice of their regulatory classification. Where felt appropriate, a client that would otherwise be classified as a professional client may be asked to accept a classification as an eligible counterparty. In this case the client would need to agree to this. During the on-boarding process, the Account On-Boarding Teams may request potential clients who are not financially regulated to sign the PC2B or PC3 MIFID forms depending on the criteria they meet.

Please note that Tradition is not authorised to deal with or for Retail Clients.

5. Express Consent Terms

Under MIFID there are certain terms to which a client must give "express consent" e.g. agree in writing. A client therefore will be sent a simple letter requesting them to sign an undertaking confirming that they accept these terms.

These "express consent" terms are;

(a) to be able to provide information electronically e.g. by e-mail or over the internet;
(b) to allow us not to have to publish the details of any unexecuted limit orders; and
(c) for professional and retail clients, to be able to execute transactions outside a regulated market, Multilateral Trading Facility (MTF) or Organised Trading Facility (OTF).

6. Give up agreements

Where you are involved in executing derivatives on an exchange it is necessary to put in place give-up agreements to define the responsibilities of the parties involved. The appropriately authorised Tradition entity will act as the executing broker. In order to facilitate the process correctly you should contact your client and request that a master give up agreement is put in place at the initiation of the client and/or its clearer. Please note that a rates schedule will be required to be added to the give-up agreement, particularly if the billing will be to the clearer rather than the client.

The overall give up documentation process has been centralised within FORC. Brokers should advise FORC at the onset of the request that a give up agreement will need to be set up. Brokers should contact GUA.docs@Tradition.com for all GUA queries. Please note that a lot of processing of give-up agreements are handled via an electronic system called DOCS.

Application of COBS

The FCA provisions that apply to dealing with, arranging for and/or advising clients are covered by the Conduct of Business Sourcebook (COBS) in the FCA Handbook. The entire Group, including the Company, will be governed by these business conduct requirements.

The overarching requirement of these rules is to act honestly, fairly and professionally.

Depending upon the classification of a client not all of the requirements of COBS may formally apply, however in order to provide a consistent application of the FCA provisions and the highest standard of market conduct you are expected to comply with the policies outlined in the following sections and the rest of this manual when providing a service to any client.

We do not deal with retail clients. You must therefore not deal or arrange transactions on behalf of retail clients.

Capacity

- You should always ensure that it is clear to your clients in what capacity you are acting e.g. name-passing broker, matched principal.

- It is important that where you are involved in trades that are executed through a Tradition venue (e.g. MTF, OTF or SEF) that you are clear whether you are acting as:

    (i) an investment firm intermediating trades onto the venue; or

    (ii) the venue itself.

Status of Quotations and Price Information

- Unless otherwise agreed, you should follow market practice in determining the firmness of quotation. It should always be clear:

(a) whether a quote is firm or not;
(b) whether a quote is subject to any conditions and what they are;
(c) how long a quote is valid for;
(d) whether a quote is for a normal market size; and
(e) the source of the quote or price information e.g. direct from a client, an implied price based on other prices received from clients or an indicative price based on market intelligence and an understanding of the market.

Firm quotes should be made in good faith and not withdrawn without a good reason e.g. unacceptable name.

Printing and Flying

- You must not communicate any form of information you know to be, or know could be, false or misleading. This includes practices known as or similar to:

  a. “claiming”, “spoofing” , “reporting”, “calling”, “flying” or “flashing” of an order/quote/price as the case may be; or

  b. “printing” or “reporting” a trade/transaction that has not yet occurred or indeed will not occur.

- This would also include any use of deceptive information in order to create an inaccurate or false impression of market liquidity, market prices or Tradition London Group trading activity. This would also include any use of “false”, “dummy” or “alias” client accounts or client identification codes.

Disclosure of Names

- You should not disclose the name of the prospective counterparties to a transaction prematurely or disclose the name of a counterparty that has not accepted the name of another counterparty.

- Unless the client has given consent, the identity of a client who has provided an interest or order must not be disclosed. Similarly where the method of broking provides for the anonymity of counterparties e.g. matched principal trading or centrally cleared derivatives, unless the client has consented, the identity of counterparties must not be disclosed.

Confidential Information

- It is important that all employees respect the confidential nature of information that they may receive from clients or about clients’ activities.

- You should only pass on any information received from a client to another client or clients if this is legitimately justified in providing a service to the client.

Block Trade Requirements

- You must ensure that you are aware of the minimum block trade sizes as set down for each contract. Note that sub-size requirement client orders / interests cannot usually be combined in order to meet the size criteria. The exchanges monitor for breaches of these minimum size requirements and will investigate any apparent breaches they identify. Please also note that the exchange systems will not necessarily highlight or prevent a potential entry that is below the minimum size requirements, therefore you cannot assume that because a trade can be input this means it meets the main size criteria - the onus is on you to ensure the criteria are met.

- You must ensure that you are aware of the deadlines for submission of the block trades after the trade has been agreed. In addition as part of the audit trail for a trade the precise time of the agreement of the transaction must be noted e.g. as a timestamp on a ticket.

- Please note that both CME and ICE make it clear that a counterparty's name for a Block Trade can only be disclosed with the agreement of that client.

- When broking a block trade it must be made clear that the price is in relation to a block trade price and not a live market (i.e. central limit order book price) price. Block trade prices must also always reflect a fair and reasonable price.

- If an exchange offers "mini" contracts or other contracts that are only available for certain types of activity these must be used appropriately and depending upon the rules of the exchange and not simply as a way of entering what would otherwise be a sub-size block trade in the full-size contract. Note however that the exchanges have different approaches to how “mini” contracts can be used e.g. ICE has restrictions on how they can be used whereas CME does not.

- The time of trade is a key data element to record as part of the execution records for a block trade.
- A key point to remember is to ensure that the “time of trade” field is checked and updated as appropriate before any submission of a block trade e.g. particularly if this field is pre-populated by the system when a new ticket is opened. If this is not done then there is the potential risk for the exchanges to query and / or fine on the basis of inaccurate information e.g. submission appears to be late but in fact is not.

- Please note that for some exchanges a combination of orders may be used to satisfy block trade size requirements however the exchange systems may not provide any formal way of linking these. This can mean that apparent sub-size block trades are flagged when in fact they satisfy the requirements when combined with the volume on another trade. In these instances it is important that the time of trade for all connected legs is the same. This helps the exchanges identify connected trades and avoid queries being raised.

- The way the block trade requirements for ICE Futures Europe (IFE) and ICE Futures US (IFU) are defined is different: IFE has a Guidance document whereas IFU has an FAQ approach. One difference in their requirements is that IFE permits cross exchange trades to be considered in satisfying the block trade requirements (e.g. spread trades between IFE and CME). IFU does not include this in their requirements so that cross exchange trades e.g. with CME, or even IFE, do not count under the IFU requirements.

https://www.theice.com/publicdocs/futures/ICE_Futures_Block_Trade_Policy.pdf

https://www.theice.com/publicdocs/futures_us/exchange_notices/Block_Trade_FAQ.pdf

- The CME has confirmed the following details of the application of their requirements around block trades:

a. where a trade is cross-exchange (e.g. CME v ICE), the non-CME trade is not considered in the application of the CME rules. Hence if the CME submission time is 5 minutes on the leg done on the CME this is the time that applies regardless of the volume or time limit that applies to the non-CME leg (or what may have applied if this leg was also done on the CME);

b. for spread trades the time of execution is when the spread price is agreed and not the time of agreeing the levels of the individual legs;

c. where a trade requires the agreement of a delta then the time of trade is when the details of the trade including the delta have been agreed;

d. client approval is required in order to disclose names either pre or post trade. Although this permission may be incorporated generically into Terms of Business, clients should renew or be reminded that they have given permission on an annual basis. The CME may look for evidence that this has been done;

e. the time of trade is populated when the trade entry screen is opened. This must be checked before submission to ensure that the time in this field is accurate;

f. for MOC trades the time of trade is to be taken when the price of the trade is agreed / confirmed with the clients and not the time of the close of the market.

- Also please note that if it is not going to be possible to submit a trade within the required reporting deadline it is best to inform the relevant

  exchange and if possible provide an explanation e.g. delay by a counterparty / client. This gets it on record that the delay is not deliberate. Please copy exchange.compliance@tradition.com on any such

  reports and also record the late submission on the risk incident capture system, OneSumX. Please note that CME has its own system for making such notifications.

- Please refer to the summary guidelines on Exchange Block Crossing Requirements guidance, including the links for reporting potential late submissions:

http://intranet.tradition.int/media/file/Compliance/Exchange%20Block%20Crossing%20Requirements%202017-11.pdf

Order Priority and Timely Execution

- You should execute a client's orders or instructions fairly and in due turn e.g. not knowingly put a later order before an earlier order unless this is in the interests of the client that gave the earlier order.

- You should execute a client's orders or instructions as soon as practicable unless you decide that postponing execution is in best interests of the client e.g. the order is at the opening of market when liquidity is low or spacing out the execution of a large order.

- Please note that when you are acting as an OTF the broker has discretion over:
  (i) when to disclose an interest to all the market;
  (ii) which interests to match

  Such discretion must be exercised on a non-discriminatory basis e.g. not in order to favour a particular client.

Best Execution

- You should always endeavour to obtain the best possible result when dealing with or for clients as a matter of best business practice.

- The approach Tradition adopts when dealing with or for clients is laid out in the Execution Policy. A copy of the latest version of this document can be located on the company's website www.tradition.com.

- There are certain limitations on where the formal best execution obligation applies, for example it does not apply to transaction undertaken with or for eligible counterparties. If a client ever requests formal best execution protection then please refer this to the Compliance Department.

Pre and Post Trade Transparency

- The regulatory rules require the publication of any limit order that is not immediately executed unless the client instructs the firm in writing not to publish. Tradition will generally ask all clients to provide this instruction in writing as part of the account opening process.

- MIFID 2 requires all orders sent to an Execution Venue (including Regulated Markets, MTFs, OTFs, Systematic Internalisers and market makers / liquidity providers) to be made public pre-trade if they are in an instrument defined as liquid and for which a waiver (e.g. Large-in-Scale (LIS), Size Specific to the Instruments (SSTI)) is not available.

- MIFID 2 required that all trades and made public post-trade. There are however certain deferrals which can apply to the timing of publication (Large-in-Scale (LIS), Size Specific to the Instruments (SSTI)). The deferral period is usually 48 hours.

Records of Orders and Trades

- You should always ensure that a complete record is made of any orders you receive and any transactions you enter into or arrange either with or for clients. This is important to ensure that should there be any query related to the transaction a full and contemporaneous record is available.

- All deal tickets must be entered into the firm's deal capture system or be time stamped and sent for processing in the back office as soon as practically possible.

- All records of orders and trades must be kept for at least five years.

Communications Recording

- All communications related to transactions and the build up to them must be recorded. This includes: voice communications e.g. phone, internet phone systems and recorded corporate mobiles; instant messaging systems, including Bloomberg, ThomsonReuters Eikon, WhatsApp; e-mail and other electronic communication methods.

- **If a communication medium is not recorded then it must not be used for dealing purposes.** If you have any doubts about whether the medium you are using is recorded or not then please check with the Compliance Department.

- Only company sponsored mobile phones that are recorded may be used to conduct business activities. **The use of personal mobile phones for dealing is strictly prohibited.**

- As a matter of policy, records of recorded communications will be held for at least five years.

- Please note that all front office and some back office communications are recorded and may be monitored by the Compliance Department. Please also note that for confidentiality reasons any communication records should not be sent externally without approval by senior management or the Compliance Department.

Fair, Clear and Not Misleading Communications

- All communications, including verbal communications, with clients should be clear, fair and not misleading.

Financial Promotions

- The financial promotion rules of the FCA cover all types of communications with clients e.g. adverts, mail-shots, presentations, one-to-one meetings etc. There are very strict requirements on what may be provided or presented as independent investment research. As a result of this anything which is not independent investment research should be marked as marketing material and / or presented in such a way that it is clear that it is not independent investment research.

- In view of the above, every advertisement, seminar presentation or similar type of promotional material must be approved by the Compliance Department prior to it being issued to ensure that it satisfies the financial promotions rules or is covered by a suitable exemption. Any employee wishing to issue an advertisement or send out any kind of marketing material must contact the Compliance Department in the first instance.

Investment Recommendations

- The Market Abuse Regulation introduced specific requirements in relation to Investment Recommendations: "Information recommending or suggesting an investment strategy, explicitly or implicitly, concerning one or several financial instruments or the issuers, including any opinion as to the present or future value or price of such instruments, intended for distribution channels or for the public".

- In general a communication may be an Investment Recommendation if it is:

  a. pre-planned with an intent to distribute to a general audience;
  b. relates to a specific instrument or issuer; and
  c. recommends a particular investment strategy e.g. buy, sell etc

- If a communication is an Investment Recommendation then:

  a. it must represent a fair presentation;
  b. include certain specified details, including references to related recommendations in the past 12 months;
  c. it must include the time the recommendation was completed and also when it was first disseminated;
  d. it must identify the person responsible for the recommendation and the regulatory body under which this person works e.g. FCA; and
  e. as appropriate, it must disclose any related conflicts of interests.

  In addition, a detailed log of Investment Recommendations must be maintained in order to be able to track the history or recommendations on an investment or issuer.

- In order to avoid the obligations related to a communication being deemed to be an Investment Recommendation:

  a. avoid making any suggestion or recommendation related to a specific instrument or issuer in any pre-planned or regular communication to clients; and

  b. ensure that any communication which may related to a specific instrument or issuer is only done on an ad-hoc basis.

  In view of the above, every advertisement, seminar presentation or similar type of promotional material must be approved by the Compliance Department prior to it being issued to ensure that it satisfies the financial promotions rules or is covered by a suitable exemption.

Errors and Differences

- When a price on a transaction has been missed or a trade has broken down for some reason then the transaction should ordinarily be completed at the next best available price.

- For a name-passing transaction, any difference on the transaction must be paid in money, which includes offsetting amounts against commission. For a name-passing transaction, you should not accept liability for any differences or agree to accept liability as a principal to the trade.

- For Matched Principal or Execution and Give Up transactions, the results of any errors or differences may be reflected in error transactions closed out in internal accounts. Internal error accounts must not be used to arrange facilitation payments e.g. trades in and out at different prices, where this is done to make a transfer of money to a client when this should be arranged as a separate payment.

- All differences or errors must be reported to senior management and the Compliance Department using the appropriate procedures.

- Tradition reserves the right to investigate the causes of any errors or difference. Under the policy defined by the Board, a broker will not benefit from net positive errors across a quarter.

All errors or differences should be recorded on the OneSumX system for capturing risk incidents. Note that errors or differences should be recorded even if there was no actual loss or gain.

Positions

- You must not intentionally cause a Tradition London Group Company to take a propriety position in respect of any investment. You shall also not hold out any Tradition company as a market maker in any investment

under any circumstances. Failure to comply with this restriction will lead to instant dismissal for gross misconduct.

- If an unintentional position arises e.g. due to an error, then it should be close out as soon as possible and management and Compliance informed.

Wash or Circular Trades

- You must not undertake any trades which do not have any economic rationale or are done for anything than legitimate purposes. Specifically you must not undertake wash or circular trades which have no or limited economic effect and are done to either create the appearance of greater liquidity in an instrument and / or to create trades in an instrument at a specific price.

Complaints

- Upon being made aware of a complaint, you should refer the matter immediately to the Compliance Department. If the complaint is made to you orally, then you should request that the complainant lodge a formal complaint in writing marked for the attention of the Compliance Officer. Upon receipt, the Compliance Department will log the compliant in its complaints register.

- The Compliance Officer will consider and investigate the nature and merit of the complaint. You will be required to co-operate with the Compliance Officer in this process.

- Upon the conclusion of his enquiries the Compliance Officer will consider which of the following courses of action to adopt:

    (i) Indicate to the complainant that the merits of the complaint do not warrant further action by the firm. If this is done, the Compliance Officer will inform the complainant, if the client is eligible, that they may refer the matter to the Financial Ombudsman Scheme; or

    (iii) Settle the complaint by taking the appropriate action to satisfy the complainant and if necessary undertake such disciplinary action as may be required.

Brokerage

- All brokerage should be charged in accordance with rates agreed with the client or where a client is directly accessing a Tradition MTF or OTF in accordance with the standardised rate schedule for the MTF or OTF.

- Any alteration of brokerage should be approved by a supervisor and as appropriate an explanation for the change noted.

Payment for Order Flow (PFOF)

- . This is where an order from a client is executed through an Exchange (e.g. ICE, EUREX, CME) and the execution is not concluded via the Central Limit Order Book but via a market maker or other counterparty that is providing liquidity to the market and the counterparty is charged brokerage as well as the client. The FCA believes that this creates a conflict of interest that cannot be managed and hence the counterparty cannot be charged brokerage. The FCA also believes that for a client classified as a Professional Client there are also further issues related to Best Execution and Inducement.

- The FCA rules therefore require that for transactions executed via an exchange:

  (i) where one of the parties in the trade is classified as a Professional Client then a brokerage charge can only be made on one side of the transaction; and
  (ii) where all of the parties to the trade are classified as Eligible Counterparties then a brokerage charge can only be made on one side of the transaction unless in the negotiation of the trade the interests have been broadcast on a multilateral basis and the trade has not only been negotiated on a bilateral basis.

The Company is strictly regulated by the CNMV in terms of the types of activities that it can undertake and also the types of products in which it is permitted to carry out broking transactions. Therefore any new type of business cannot be undertaken without the prior formal approval of senior management and appropriate review by the Compliance, Risk, Legal and IT Departments. The formal approval of any new business venture can only be obtained by making a proposal to Senior Management or the Chief Executive Officers' Committee outlining in general the merits and risks associated of the new project, including a prospective budget.

Please note that certain developments such as the opening of a new branch office require approval from the Tradition Group.

Senior Management or the Chief Executive Officers' Committee will discuss and manage the development of any technology and finance resource required. They will also assess the viability of the venture by reviewing the business case and risk impact. It will then make a final recommendation.

If you wish to bring a new product or method of broking to the London operation then you should, in the first instance discuss the proposition with your Head of Desk/Product who will then, if deemed appropriate, take it forward to the Compliance Department and Senior Management or the Chief Executive Officers' Committee. It would be helpful if before you bring an idea forward that you consider the following:

- The business rationale, case and plan
- Associated risks
- Resource implications
- Structure
- Financial viability
- Capital and liquidity implications
- Technological requirements
- Three year budget and cash flow

Introduction

Under MIFID 2 organisations which bring together multiple third-party buying and selling interests in financial instruments must be authorised as venues.

There are three types of venues:

a. Regulated Markets (RMs);
b. Multilateral Trading Facilities (MTFs); and
c. Organised Trading Facilities (OTFs).

TLG does not operate Regulated Markets but in certain markets will execute or arrange for the execution of trades on such markets.

TLG does operate both MTFs and OTFs. The differences between these two types of venue are that:

a. MTFs operate on a non-discretionary basis; OTFs operate with discretion on
   i. when to show an interest or order to the market; and
   ii. which interests or orders to match.

b. MTFs have members or participants; the users of an OTF are clients;
c. an MTF does not owe any obligation of Best Execution; an OTF owes Best Execution to its clients.

An MTF will often operate using a purely electronic platform whereas an OTF will usually act with some form of human involvement e.g. voice or hybrid operations, potentially supported by various forms of electronic systems e.g. whiteboards.

Tradition Venues

TLG operates a number of venues in London as follows:

Legal Entity	MIC Code	Venue Name - ISO Registered Name	Acronym	Venue Type MTF / OTF / Investment Firm	Status	Products
Tradition (UK) Ltd	TRDX	TRAD-X	TRAD-X	MTF	ACTIVE	HYBRID TRADING PLATFORM FOR OTC DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS.
Tradition (UK) Ltd	TCDS	TRADITION OTF	Various	OTF	ACTIVE	HYBRID MONEY MARKETS AND SECURITIES PRODUCTS; SWAPS/BONDS/CD's/FX FWDS/NDF; ENERGY DERIVATIVES; EQUITY DERIVATIVES

Tradition (UK) Ltd	PFXD	ParNDF	ParNDF	MTF	ACTIVE	Fully electronic platform for Non-Deliverable FX Forwards (NDFs)
Tradition Financial Services España, Sociedad de Valores, S.A.U.	-	Tradition España OTF	-	OTF	AUTHORIZATION PENDING	Trading platform for credit derivatives, swaps/options, bonds, emerging market fixed income, interest rate derivatives and options, foreign exchange derivatives, repo, money market instruments and commodities.

As can be seen in the table above, the Company operates an OTF, Tradition España OTF. The other platforms are operated by other Group companies.

For more information on the Tradition España OTF, please refer to the Tradition España OTF Rulebook, which regulates the rules for participation and trading on this platform.

In order to operate a venue, Tradition must adhere to various rules for each company concerned, including the following:

(1) transparent and non-discretionary rules and procedures for fair and orderly trading;
(2) rules based on objective criteria for the efficient execution of orders;
(3) transparent rules regarding the criteria for determining the financial instruments that can be traded under its system;
(4) transparent rules, based on objective criteria, governing access to its facility, which must determine at a minimum that its members or participants are either investment firms, BCD credit institutions or other persons who:

- are fit and proper;
- have a sufficient level of trading ability and competence;
- have adequate organisational arrangements where applicable;
- have sufficient resources for the role they are to perform, taking into account the different financial arrangements that the firm operating the MTF or OTF may have established in order to guarantee the adequate settlement of transactions;
- must, where applicable, provide or be satisfied that there is access to sufficient publicly available information to enable its users to form an investment judgment, taking into account both the nature of the users and the types of instrument traded.

These requirements are addressed by our counterparty account opening procedures as outlined earlier in this Manual. Tradition companies only deal with eligible counterparties and professional clients, the majority of which are large international banks and financial institutions. We do not deal with retail clients in investment products.

Appropriate rules related to the above points are contained in the relevant MTF or OTF Rulebooks and the Terms of Business ("ToB"). The venue Rulebooks can be found on the public websites:

http://www.tradition.com/about-us/compliance/rulebooks.aspx

When operating a venue, the FCA expects that in order to fulfil our requirements in maintaining fair and orderly trading, that we make public, on reasonable commercial terms and as close to real time as possible, the price, volume and time of the transactions executed on the system. We achieve this by making the data available for distribution in real time to subscribers and on a delayed basis via a data distributor and/or via appropriate websites.

We are also required to inform our system users of their respective responsibilities for the settlement of transactions executed within our venues, and establish that they have in place the arrangements necessary to facilitate the efficient settlement of the transactions concluded in the system. The respective venue rules are therefore detailed within an appropriate rulebook which all clients are required to comply with. This requirement has to be understood and acknowledged before any client is allowed access to one of our venues. This area is covered in the venue Rulebook and ToB which must be put in place prior to any trading commencing.

The Compliance Department, as part of its Compliance Monitoring Plan, has regular and on-going monitoring procedures to ensure that participating clients abide by the venue rules in place e.g. confirming that all pricing and trading activity is within expected parameters. The firm is also obliged to report any rules breached particularly those involving disorderly trading or suspected market abuse to the CNMV and/or other relevant competent authority (for example FCA or National Crime Agency (NCA)) and provide them with full assistance should they require any addition information. Appropriate parameters are monitored by the systems used, which will highlight unusual or out of market transactions.

In accordance with MiFID Rules, all records, whether hard copy or systems based must be retained for a period of five years.

Reference Pricing and Revaluation Data

The Tradition London Group ('the Group') is committed to providing, where permitted and authorised, timely and accurate reference pricing and revaluation data ('Data') to its clients.

The Group has implemented a control procedure designed to ensure that senior management is made aware of all Data that is issued to clients.

As a reminder and for the avoidance of doubt, all Data that is produced, generated and distributed, irrespective of its source, is the sole property of the Group.

Every employee must abide by this policy and the procedures which are outlined below.

Head of Desk Responsibility

All Heads of Desks are reminded that it is their responsibility to ensure that this procedure is adhered to by all employees under their control and that they are aware of all Data being supplied to clients from their sections.

Procedures

1. You must make sure that any Data communications are produced and sent in accordance with these procedures.

2. You must always seek prior approval from your Head of Desk before starting to send any reference pricing or revaluation data to clients. Your Head of Desk must be aware of what you are doing and what Data you are sending.

   In order to record such a notification please request approval from your Head of Desk by e-mail and cc refdata@tradition.com and datasupport@tradition.com

3. You must only send Data in regard to products that your desk or section usually transacts and those in which you are experienced.

4. Before sending any Data you must ensure that it is compiled diligently and accurately, and contains a clear indication of what the Data represents and how it was constructed; for example "at mid" or "bid/offer spread" and the time at which it was compiled for example "on open" or "at close".

5. You must never obtain reference pricing or revaluation data from any external source and pass this on in the name of Tradition. Any such redistribution of information is likely to require a licence.

6. You must never add prices to any client's internal revaluation grid and simply return it in the form received. If you feel pressurised to do this then please inform your Head of Desk and contact the Compliance Department (compliance@tradition.com).

7. You must make sure that the Group's standard legal disclaimer is attached to each distribution of Data.

   A copy of the currently approved disclaimer is included at the end of this memo and can also be obtained from the intranet under the Compliance tab at Benchmarks and Reference Pricing.

8. You must only use your Tradition e-mail accounts to distribute Data. Data must never be transmitted using external or private communication systems or accounts such as hotmail / Yahoo / instant messenger / private e-mail or fax.

9. You are required to maintain a distribution list of clients that receive reference pricing or revaluation data from you, which ought to be approved by your Head of Desk, hosted on the firm servers and accessible to Compliance at all time.

10. As far as possible reference pricing and revaluation data should be sent using an unalterable format such as PDF. Data should not be sent to clients in editable Excel, Word or other formats that can allow the Data to be changed in the distributed report without an appropriate licence.

    If a recipient of a report contacts you asking for Data to be sent in an editable format so that they can feed data into their internal systems and applications please contact datasupport@tradition.com as a licence may be required to perform this function.

11. Your Head of Desk, the Compliance Department and the Market Data Department must receive copies of all the Data mailings that you send out.

    For ease you can inform the Compliance Department and the Market Data Department by copying in your e-mails to refdata@tradition.com and datasupport@tradition.com. Please make sure that you add these addresses to your recipient list. Do not forget to copy in your Head of Desk.

12. You must report to the Compliance Department any requests/pressures/threats from clients to change, influence or manipulate any form of private or public reference pricing or revaluation data in any way whether in oral, written, electronic, or screen based medium.

13. You must be aware of the regulations relating to Data dissemination and attend any training program organised by the firm.

Desks must not put in place any formal or informal agreements to supply data to a client without the express permission of the Market Data Department. The details of any agreement have to be provided to the Market Data Department for prior approval. Where any such arrangements are already in place these should be notified to the Market Data Department immediately.

Please note that, due to the importance of this aspect of our business, these rules are mandatory. In the event of anyone not complying with them, disciplinary action will be taken. You should be aware that cases of flagrant disregard may amount to gross misconduct and could result in summary dismissal.

Should you have any questions, please speak to the Compliance Department.

Benchmarks

Where Tradition is involved in submitting or contributing data to be used in the calculation of a benchmark then it is important that due care and diligence is used in these processes. IOSCO has defined high level Principles for Financial Benchmarks and these must be adhered to as appropriate.

A key basis of the Principles is that as far as possible benchmarks should be based on an active price formation process e.g. based on actual transactions or reliable bid and offer information. It is possible for benchmarks to use expert judgement in a calculation however there needs to be a justified and unbiased procedure for doing this.

Where we are a Submitter to a benchmark then we may be required to adhere to the Submitter Code of Conduct for that benchmark as defined by its Administrator. This type of code will cover areas such as:

i. procedures for submitting inputs
ii. procedures for detecting and reporting suspicious inputs
iii. if applicable policies on the use of expert judgement
iv. record keeping
v. pre-validation checks before submission
vi. relevant employee training
vii. employee roles and responsibilities
viii. sign off procedures for submissions
ix. whistle blowing policies
x. conflicts of interests policies and procedures around the submission process

The specific requirements, controls and procedures related to benchmark activities are outlined in the Benchmark Governance Arrangements policy.

The Benchmark Regulation (BMR) came into force from the start of 2018. This Regulation places increased obligations on those administering, submitting or contributing data to or those using benchmarks.

In view of the increased obligations under the BMR no submissions or contributions must be made related to the preparation or calculation of a benchmark without Senior Management and Compliance approval.

The Group takes very seriously the policy statement made in the very beginning of this manual. It is intended to be reflective of the culture and ethos of all members of the company including its board of directors, senior management, and all employees and persons under the control of the company.

As part of the Company's efforts to create an open working environment, the Company encourages all employees to report any serious concerns they have to a member of management. If it is not appropriate to report such concerns to the relevant own Section Head, the employee should report them to the Head of Compliance. If it is not appropriate to report such concerns to the Head of Compliance, the employee should report them to the Chairman of the Audit Committee (whistleblowing@tradition.com). An employee also has the right to raise any issue directly with the Financial Conduct Authority.

There is a protected disclosure procedure for doing this which maintains employee confidentiality and this is fully articulated in the Employee Handbook under the heading 'Whistle-Blowing Policy'.

For further details please refer to the full whistle blowing policy on the intranet: Compliance/Whistle Blowing Policy.

In addition to the general policy the Group also has a Whistle-blowing Policy for any issues related to potential corruption. In accordance with this policy, any whistle- blowing reports related to potential corruption will be passed to the Group Ethics Committee. This Group policy is available on the intranet.

All Personnel:

- You must act with the highest level of integrity and in accordance with the Group Code of Ethics and the Tradition Mission and Values Statement.

- You have a duty to abide by the provisions outlined in this manual, the Employee Handbook, all other appropriate codes of conduct and conventions, exchange and FCA, NFA and other regulators' rules.

- You must raise any concerns you may have in relation to these requirements with the appropriate department, senior management or, if appropriate, in accordance with the Whistle-Blowing Policy.

- You must maintain your competence and remain a fit and proper person and notify anything that may affect your fitness and propriety.

- You must carry out you training in a diligent and timely manner and must not cheat on any of the tests.

- You are not permitted to undertake the duties of broker, broker supervisor or significant management role unless you have been Certified.

- You must not give investment advice unless specifically permitted to do so by the Compliance Department.

- You must not deal with retail clients.

- You must manage conflicts of interest fairly and in accordance with internal policy.

- You must make disclosures about personal conflicts of interest to the HR and Compliance Department.

- You must never bribe a client or make any arrangement to “kick back” money to a client.

- You must understand and abide by the firm’s policies pertaining to Travel & Entertaining and Gifts, including the requirements for approval of gifts or donations.

- You must maintain confidentiality over all client and company information and not disclose it other than in the ordinary course of business.

- You must report all suspicious order and transactions to the Compliance Department.

- You must make sure that any reference prices or valuations given to clients comply with the firm’s Reference Pricing policies and procedures.

- You must ensure that you do not become involved in any attempt to manipulate a benchmark.

- You must never intentionally create any positions for the firm or otherwise deal in a purely proprietary capacity.

- You must not use your personal mobile phone to conduct any type of business activity associated with your duties. All business related conversations must be captured on the firm's recorded lines and recorded electronic media.

- Seek prior approval before sending out reference pricing and revaluation data.

- You must ensure that all Personal Account Dealing activities are reported appropriately

Heads of Desk / Product:

- You must carry out initial competence and fitness and propriety certifications on all potential hires and you must certify to the on-going competence and fitness and propriety of all your employees on an annual basis.

- You must manage conflict of interest fairly and notify any conflicts of interest that have been referred to you by your employees to the Compliance Department.

- You must not turn a blind eye to bribery or otherwise condone or collude in any form of bribery.

- You must exercise all due care and approve all expense claims diligently.

- You are required to authorize all gifts over £100 given by employees under your management.

- You must approve any non-current market price transactions carried out from within your jurisdiction.

- You must be aware of any referencing pricing or revaluations that are sent out from employees within your area of jurisdiction

Directors:

- You must ensure that the firm has and maintains appropriate and robust systems and controls.

- You should attend all board meetings and be prepared to give guidance and challenge decisions.