

BLOCK WAVE FINANCE

BUSINESS CODE OF CONDUCT POLICY

The Company when providing information to clients on the services and instruments offered needs to set important standards in meeting their obligations to act in the best interest of their clients.

5.1 Client Communication

5.1.1 Leads – Potential Clients

Partners/Sales shall contact only clients and leads who have given their permission to be contacted and have at least expressed a general interest in investing and/or trading in CFDs or other products and/or services the company is offering and shall be contacted only with regards to the product/ service the client has shown at least a general interest in and not regarding any other products. Partners/Sales may not randomly contact lists of leads (cold calling) under any circumstances.

It is the Partners/Sales obligation to ensure that any lists of potential clients obtained whether from third parties or otherwise comply with above requirements and all relevant Data Protection Laws E.U. Data Protection Directives and local data protection laws.

Partners/Sales must maintain a database of blacklisted contacts. Where a client or potential client refuses to be contacted his contact number(s) must be added to this list and the Partner must ensure that such clients are never called again.

In addition to the requirement of maintaining recordings, Partners/Sales must maintain databases with all leads, source of personal data, history of calls, and the list of telephone numbers used by agents of the partner. (including full record in case of changes of such numbers). This information must be available to the Company at all times.

In cases where Partners/Sales use third parties to contact leads (Pre-Sales) they MUST ensure the following:

- Lists of potential leads being used by the third party are obtained legitimately:
 - an agreement must be established between the Partners/Sales and the third party and
 - there must be proof that clients whose contacts are subject to that agreement have been informed correctly and have given their consent to do so.
- Under no circumstances should pre-sales agents mention the name of the Company and/or any of the brands of the company. Preferably the third party should not even be aware of this information.
- The third party maintains a database of black listed contacts and applies it to ensure any leads that refuse to be contacted are not called again.
- The third party considers local laws in the jurisdictions in which it is operating. For example, in the United Kingdom, a consumer may register with TPS <http://www.tpsonline.org.uk/tps/index.html> which prohibits companies using their number for marketing calls.
- Partner must obtain a list of all phone numbers used by the third parties for making pre-sales calls and provide them to the Company of which the Head of Sales/Head of Customer Support is keeping records of.

BLOCK WAVE FINANCE

- Partners/Sales must ensure the third party does not use automatic dialer software in countries where it is illegal
- Pre-sales scripts must be approved by the Partner and the Company prior to their use.

5.2 Sales

5.2.1 Fair, Clear & Not Misleading Communication

- May not contact clients without their initial permission to be contacted;
- May not be deceptive or misleading;
- May not use high-pressure sales tactics;
- May not be part of a high-pressure approach; and
- May not say or imply that Forex, CFDs or other financial instruments offered by the Company for trading are appropriate for everyone
- Risks and benefits should be mentioned in a balanced way

As per the legislative requirements, all information, including marketing communications, addressed to the clients or potential clients must be always clear, fair and not misleading. Under no circumstances must a sales person (including service providers communicating with clients, call centers, IBs, partners) who communicates directly with clients make any statements that relate to:

- i) to buy, sell, subscribe for, exchange, redeem, hold or underwrite a financial instrument;
- ii) to exercise or not exercise any right conferred by a financial instrument to buy, sell, subscribe for, exchange, or redeem a financial instrument, but does not include a recommendation that is issued exclusively through distribution channels or to the public.;
- iii) contains a solicitation, a recommendation, an opinion or a judgment, for example, regarding the advisability of a transaction

5.2.2 Investment Advice

Under no circumstances should any sales or marketing personnel of business Partners/Sales provide any type of advice, tips on which instruments to trade or can offer potential profit as mentioned above.

5.2.3 Emphasis on potential benefits/Misleading Information

In relation to information to retail clients, firms must always give a fair and prominent indication of any relevant risks when referencing any potential benefits of a service or financial instrument. The information shall be presented in the same language as all other information to that client, unless the client has requested otherwise. The indications of future performance must not be based on past performance, they should be based on reasonable assumptions, that the effect of fees and charges is disclosed and that they must contain a warning that it is not a reliable indication of future performance. Firms will also be required to ensure that the

BLOCK WAVE FINANCE

information is based on performance scenarios in different market conditions (both positive and negative) and should reflect the nature and risks of the specific types of instruments included in the analysis.

For professional clients, the information shall not reference any potential benefits without giving a fair and prominent indication of any risks, shall not disguise, diminish or obscure important items, statements or warnings, and shall be accurate and up to date.

For Cryptocurrencies, existing and potential clients should be informed that their values are highly volatile with a high risk of losing all the invested capital and that they fall outside the scope of the regulated activities.

Examples include:

- The employees should not guarantee and/or promise clients profits and returns from their investments.
- Don't use words such as '**110% return**', "**guarantee profits**", "**riskless**", "**everyone makes profits**". Sales persons need to explain the impact of leverage by using wording such as "*Leverage can magnify your profits but can also magnify your losses and you can lose money very quickly if you are not careful.*"
- When speaking about possible returns, possible losses should also be mentioned; use of wording such as '**the investment value can both increase and decrease and the investors may loss all their invested capital**'.
- Don't use absolute terms i.e. "**learn all you need to know**", "**simplest**", "**easiest**" etc. Don't include only the benefits of a financial instrument; drawbacks could be also mentioned.

5.2.4 Portfolio Management

The Company is authorized to provide the investment service of Portfolio Management. Sales or marketing personnel of business Partners/Sales can provide any type of portfolio management to clients considering that they maintain the appropriate license.

This includes:

- i) Entering the clients' account to trade on their behalf or to demonstrate, train or provide any type of assistance, given that the client has given his/her clear verifiable consent or has requested the service of portfolio management

The Partner or its Sales – or marketing personnel must not accept and retain fees, commissions or any monetary or non-monetary benefits paid or provided by any third party or a person acting on behalf of a third party in relation to the provision of the service to clients.

BLOCK WAVE FINANCE

5.2.5 Investment research

The Company is authorized to provide the investment service of investment research. The service is provided by the investment research department only and the results of which are published for our clients on the Company's public website.

Partners/ Sales are allowed to refer to the results of the investment research department by providing clients with the [link](#) to the public website where the results are published daily.

Under no circumstances are Partners/Sales allowed to provide unauthorized investment research services.

5.2.6 Organizational requirements for the staff

The Company must ensure that the Staff possesses the necessary knowledge and competence to meet relevant regulatory and legal requirements and business ethics standards. The level and intensity of knowledge and competence expected for the Staff should be determined by the Company, reflecting the scope and degree of the relevant services provided. The Staff (or at least one person who will supervise) should possess an appropriate qualification and experience in the provision of such services to clients. Appropriate Qualification can be considered success in basic CySEC exams or equivalent.

In case a Staff member does not possess the necessary knowledge and competence, the said Staff member can provide the relevant services only under supervision and for limited period of time.

The Company must ensure that the Staff continues to possess appropriate qualifications and maintain and update its knowledge and competence by undertaking continuous professional development or training for the appropriate qualification, as well as specific training relevant to its field. Training provided for new employees and continues throughout the period of their employment. The training should be accompanied by a test which will be assessed by the direct manager and all the results together with the acknowledgments will be forwarded to the Compliance Department.

All the Staff should use its **real name and not an alias, and does not give false information regarding its credentials**, when communicating with clients.

The Company must ensure that the remuneration of the Staff is in line with the Remuneration Policy of the Company and that they know, understand and apply the internal policies and procedures.

The Company must ensure that the Staff are using the below script which is stating the information that can be shared with the clients. (Annex 2).

5.3 Recording of Telephone Calls or Electronic Communication

BLOCK WAVE FINANCE

It is mandatory for all Staff/Business Partners/Sales to record all telephone/electronic communications with clients/ potential clients by their teams. Telephone calls to clients/potential clients using personal mobile devices that are unrecorded is strictly forbidden. The term “electronic communication” covers many categories of communications and includes amongst others video conferencing, fax, email, Bloomberg mail, SMS, business to business devices, chat, instant messaging and mobile device applications.

The Company expects all Staff/Business Partners/Sales to record all internal telephone calls or electronic communications regarding the handling of orders and transactions.

Partners/Sales shall upload on a daily basis the previous day’s calls to the designated folder on the hosting server in case direct access is not able to occur.

New clients that complete a first deposit will only be verified and allowed to trade in the system upon provision of the Compliance call recording and verification from the Back Office.

The records must be kept for five years but, if requested by a regulatory authority, may be kept for up to seven years. They should be made available to clients on request. If the Company decides to charge its clients, any charge must be reasonable in order not to deter clients from making such requests.

The records are checked by the Quality Assurance Department on a weekly basis and all findings are registered in a spreadsheet which will be audited quarterly by the Compliance Department. For more serious issues the QA Department is escalating daily to the Compliance Department the cases.

In any case, the following criteria should be taken into account when determining the appropriate frequency and scope of monitoring the records: (i) volume, frequency and characteristics of client orders, (ii) characteristics of clients, (iii) financial instruments and services offered and (iv) current market conditions with regard to specific securities.

Furthermore, the results of any monitoring activities (including the risk assessment carried out by the compliance function) and of any relevant internal or external audit findings on the recording of conversations and electronic communications should be taken into account to determine the frequency and scope of the monitoring.

The monitoring should be conducted regularly and when necessary on an ad-hoc basis. Due regard should also be given to any emerging risks. The monitoring should at least aim at:

- assessing compliance with recording procedures in place,
- assessing the adequacy of such procedures,
- ensuring that the records are readily accessible; and
- ensuring that the records accurately reconstruct the audit trail of a transaction.

5.4 Complaints Handling

All client complaints must be escalated to the Company’s Client Support department as soon as received from the client and escalated to Compliance accordingly. Upon request from the Company, all types of

BLOCK WAVE FINANCE

communications and email correspondences with the clients must be made available to the Compliance and Management team of the Company.

All client complaints must be handled according to the Complaints Handling and Disputes Policy of the Company. All employees of business Partners/Sales are responsible to have read and understood the Complaints Handling Policy of the Company.

5.5 Corporate Email & Website

All Business Partners/Sales must communicate with clients and prospects from a corporate email (no webmail addresses i.e. Gmail. Yahoo etc.).

In the cases where a Business Partner maintains a website the website must be reviewed and approved by Compliance team.

In the cases where Business Partners/Sales/Customer Support communicate any of their business via webmail addresses these will not be responded to.

5.6 Business Partner Onboarding

All business Partners/Sales and their legal entities must be fully KYC compliant and on-boarded prior to receiving access to any technology platforms and CRM's. Under no circumstances must business Partners/Sales engage with clients or appear to be representing BDSwiss and/ or Swiss Markets prior to being fully engaged with the Company.

If the Business Partner is a Legal Entity, the following KYC documents must be submitted to Compliance:

1. Memorandum and Articles of Association;
2. Certificate of incorporation;
3. Certificate of good standing or equivalent;
4. Certificate of registered office;
5. Certificate of Directors;
6. Certificate of shareholders - If shareholder is a company (same documents as above);
7. Organizational structure up to Ultimate beneficial owner (must be a natural person);
8. Proof of Identity and Proof of Address (less than three months old) for beneficial owners/shareholders and directors;
9. Copy of valid practicing license or certificate of professional registration (if available)
10. a resolution by the Board of Directors of the Company to appoint representative of the Company/or /Power of Attorney granted to the company's representative

BLOCK WAVE FINANCE

11. Bank statement may be requested upon first withdrawal

If the Business Partner is a Natural Person, the following documents are required:

1. Proof of Identity;
2. Proof of Address (less than six months old).
3. Bank statement may be requested upon first withdrawal

All documents **MUST** be certified and in English or translated and certified by a translator and **MUST** be sent in one email message (for Tied Agent applications).

In case documents are not in English, Compliance may at *its sole discretion* approve the commencement of business of the Business Partner until translations are prepared.

In such cases the Business Partner will under no circumstances be paid until fully approved and compliant with all required documentation.

Business Partners/Sales' on-boarding procedure:

- Sign Up and acceptance of the Company's Terms and Conditions and Marketing Guidelines of the Company
- Due diligence questionnaire and Affiliate or IB agreement completed by the Business Partner and uploaded to our platform
- Business Partners business activities will be checked by the responsible department for the type of business partner for compliance and Back Office for correct and full KYC documentation.
- Approval by Compliance department, documented in Company's internal registry
- It is forbidden for Business Partners/Sales to commence temporarily working until they are fully approved as compliant.

5.7 EU Business Partners/Sales & Tied Agent Applications

All EU Business Partners/Sales must be informed during the on-boarding procedure that they must become Tied Agents in order to be able to work with the Company, and that they are becoming BIs temporarily until they are approved by CySEC as tied agents.

In addition, Business Partners/Sales need to be provided with the following documents for their consideration:

1. The name, address and contact details of the investment firm or credit institution in the home Member State, and the name of a specified contact person at the investment firm or credit institution;
2. The name, address and contact details in the host Member State of the tied agent from which documents may be obtained;

BLOCK WAVE FINANCE

3. The name of those persons responsible for the management of the tied agent;
4. Reference to the location, electronic or otherwise, of the public register where the tied agent is registered and a program of operations;
5. Detailed list of all the documents needed in order to proceed with the Tied Agent application to CySEC;
6. All the required documents (that need to be certified and in English or translated and certified by a translator) must be collected and scanned copies sent in one email message to Legal/Compliance for review before sending the originals in order to confirm that everything is correct;

New EU Business Partners/Sales will have a grace period of 2 months to supply all necessary documents and submit their Tied Agent application to CySEC.

5.8 CRM's & Technology Platforms

Access to CRM's and all technology systems that a business partner uses must have:

- (i) a declared IP address (1 per operation); and
- (ii) users for each individual user that has access to the specific platform.

No generic usernames will be created i.e. sales bi, abc1 etc.

Usernames will be either the short name or initials for each user.

5.9 Monitoring of Activity and Disciplinary Measures

The Company's rules are to some extent laid down in this document and in other standing instructions (e.g. Compliance, Internal Operations Manual), but others are implicit in working for and with a regulated investment firm - e.g. (but not limited to) the overriding requirements for care, honesty and confidentiality in handling the business of the Company and its clients.

All managers have a responsibility to maintain professional standards of work and conduct. They should ensure their employees know the Company's rules and are aware of the expected standards. Employees, from their part, have a responsibility to familiarize themselves with their obligations.

It is important that breaches of these rules or ongoing performance issues are dealt with effectively from the viewpoint of the Company, and fairly both in the interests of the Company and of the employees.

5.10 Procedure

BLOCK WAVE FINANCE

Where an employee engages in conduct that is in violation of the above responsibilities, disciplinary or corrective action will be taken to improve unacceptable behavior or performance, when other methods such as counseling and warnings have not been successful. In cases of serious misconduct, it is appropriate to proceed straight to disciplinary action.

When it is apparent that a progressive disciplinary approach has failed continuously for a Business Partner or a Tied Agent with its employees and that the necessary change in behavior has not been achieved, the Company may decide to terminate our relationship with them.

Minor or straightforward matters can be handled without a disciplinary hearing, but if the Company considers the matter to be more serious, the procedure set out below will be used.

It may be necessary in some cases to suspend an employee on full pay in order that facts of the case are properly investigated. This is not considered a disciplinary action.

Once the facts have been investigated, the Manager and Compliance Officer where appropriate will discuss the matter with the employee and observe the following procedure:

The employee will be:

- Advised that he/she is the subject of disciplinary action in advance of the hearing;
- Given particulars of the alleged matter in advance of the hearing;
- Given the opportunity of seeing/hearing all the evidence of the alleged complaint;
- Given full opportunity to deny any part of the allegations against him and state his case; and
- Given the opportunity to provide evidence, including the testimony of witness in his/her defence or in mitigation.

The Manager and Compliance Officer will decide whether the employee has behaved in a way contrary to the Company's requirements, and if so, will determine the penalty or warning as appropriate. Except in the case of a verbal warning which will be recorded, the penalties will be in writing and confirmed by the employee