CLARKSONS

BROKING CONDUCT AND PRACTICES GUIDE

CLARKSONS FUTURES LIMITED

Clarksons Futures Limited (the "Firm") is committed to providing excellent service and outcomes for its customers. The Firm aims to act in a professional, honest and fair manner, comply with applicable laws and regulations including applicable FCA, NFA and MAS requirements and not to act in a misleading, deceptive or unconscionable manner.

Part 1 of this guide is intended to provide customers of the Firm with an overview of certain practices that are used by the Firm when providing broking services ("Broking Practices"). It is not intended to be exhaustive. The Firm believes that the interests of its customers and the marketplace are best served when customers understand key aspects of how the Firm provides such services. Consequently, the Firm encourages its customers to familiarize themselves with the Broking Practices and to maintain a regular and open dialogue with the Firm regarding their expectations and preferences in relation to how the Firm provides its services to them.

Part 2 of this guide provides customers with certain general disclosures.

PART 1: BROKING PRACTICES

Scope

The Broking Practices described in this document apply to all OTC derivatives that are voice brokered by the Firm for and on behalf of its customers. Consequently, it covers, without limitation, the following products: cash settled dry FFAs, wet FFAs, Gas FFAs (collectively "FFAs"), battery metals, oil products, iron ore, VERs and EUAs. These transactions are referred to collectively as "derivative transactions" in this guide.

Many of the Firm's brokerage activities are regulated and/or are conducted in branch offices that are subject to regulation or local laws. As a result, there are certain laws, and regulatory requirements that may govern the Firm's conduct of its activities and its treatment of its customers, including those of the CFTC, the NFA, the FCA, the MAS and various exchanges (referred to collectively as, "Regulatory Requirements"). These Broking Practices are designed to be consistent with the Regulatory Requirements, where applicable, and to address issues that are not the subject of Regulatory Requirements. Given the range of products that the Firm brokers, these Broking Practices necessarily reflect general practices that may vary for certain activities and/or products. The Firm encourages its customers to inquire and familiarize themselves with the specific practices associated with a particular activity and/or product that is relevant to them. In addition, where the Firm and a customer have agreed contractually to a particular arrangement and understanding ("Contractual Commitments"), these Broking Practices do not modify or supersede such Contractual Commitments, and, in the event of a conflict, the Contractual Commitments shall prevail.

The Firm reserves the right to amend and depart from these Broking Practices at any time, and without prior notice. The Broking Practices are not intended to, and do not, create any contractual or other legal rights for or on behalf of any party.

The Role of the Firm

The Firm provides brokerage services to sophisticated institutional wholesale market participants and arranges trades between two customers on a bilateral basis. Each trade is then registered on the relevant exchange and the customers settle through such exchange. The Firm does not have a fiduciary relationship with its customers.

The Firm strives to add value to its customers by improving price discovery and transparency and enhancing liquidity.

In the absence of a contrary Regulatory Requirement, the Firm will not act exclusively for the benefit of a particular customer when it is providing brokerage services. This is because the Firm necessarily works with multiple customers in seeking to source liquidity for its customers and facilitate trades. Consequently, the interests of certain customers may be in conflict as to the outcome of a particular potential transaction. For example, if both a potential seller and potential buyer are customers of the Firm, each of them would like the transaction to occur at the price that is most favourable to them, which is the same as the scenario where they were to deal directly with each other.

The Firm seeks to balance the interests and expectations of multiple participants involved in or contemplating a particular transaction, as well as to act in a manner that furthers the interests of all participants in the maintenance of a liquid, transparent, and active marketplace. However, the Firm may not always meet the precise expectations of every participant, given the inherent conflict as to outcomes that is referred to above. Instead, the Firm will seek to exercise its judgement in respect of any such conflict and will seek to do so in a consistent and neutral fashion. The Firm is cognisant that to retain customers it will need to ensure that its customers' interests are fairly and consistently balanced.

Unless otherwise explicitly agreed, each customer is considered not to have relied on the Firm to determine the appropriateness of the product and/or service. The Firm is entitled to assume that each customer has the necessary experience and knowledge to understand the risks involved in relation to the particular service or transaction or type of transaction or product that it is providing. Additionally, each customer should independently verify all aspects of the product that it is buying/selling.

Price Discovery and Trading Priority in Voice Brokered Market Places

In voice brokered marketplaces, price discovery is generally carried out by voice over dedicated telephone lines and/or through electronic communications channels. In certain circumstances, the Firm will seek to find the other side to a transaction based on a firm request from a customer that specifies some or all the trade parameters that the customer requires i.e., price, full or partial transaction size. In other situations, the Firm may be asked or expected to work an indicative or contingent order, whereby it is understood and expected that, in facilitating the customer's transaction, the Firm may adjust the indicative order to reflect changes in the price of, or shifts in the curves relating to, the underlying instruments or indices with which the instrument(s) that is subject of the order correlate. In those markets where customers do not submit executable orders, but rather indications of interest, the Firm does not take on any obligation to satisfy a customer's interest in whole or in part, regardless of the time, price, size or other terms of the customer's order or indication and regardless of whether such order or indication could have been satisfied.

Market colour

From time to time, in response to a customer request or on its own initiative, the Firm may provide or publish information expressing a view in relation to an indicative valuation of particular derivative instruments, which is known as market colour. These indicative valuations reflect the Firm's view as to a reasonable indication for that particular instrument, assuming an institutional market, round lot trade sizes, and the absence of unusual market conditions (i.e., distressed selling).

The Firm's brokers may at times use professional judgment to update prices in certain indicative feeds or communication blasts based on the perceived relationships between prices. This may be because there are a lot of data points on the curve, and the ratio of bids, offers or trades to data points is very low. When in doubt and/or when external price movements cannot be evidenced, the Firm may not update its blasts/indicative feeds.

The Firm does not accept liability for the completeness or accuracy of any such indicative valuations, nor does the Firm represent that parties would or will be able to transact at the levels that are indicated. All such valuations are subject to any disclosure and disclaimer language that accompanies them, if any, and the Firm's terms of use for such data, if any, that apply at the relevant time.

The Firm will typically provide such valuations based on prices from internal pricing estimations, the transactional activity in which it participates, and/or transactional activity that takes place away from the Firm if the Firm reasonably believes that it has occurred and activity on the correlated physical markets.

The Firm's views in this context do not represent, and should not be construed as, advice or as an explicit or implicit recommendation.

Quotes not specifying contract quantity

In many cases, the Firm's brokers will quote market prices without specifying a contract quantity and therefore, they may not always represent a quote that has been provided by one of the Firm's customers. If a customer wishes to know whether such a quote is in fact a quote from one of the Firm's customers, rather than being indicative market colour, the customer should explicitly ask the Firm.

Quotes subject to confirmation and exchange clearance

A customer's quote to buy or sell at a certain price level does not mean that the contract is executable at that level. The Firm must still obtain agreement by both customers before a deal is confirmed and it is subject to exchange clearance. Therefore, all customers' quotes are by their nature indicative only, unless explicitly instructed otherwise by a customer.

This is market practice in most of the markets in which the Firm operates. These markets are often illiquid and are predominantly voice-brokered and executed on an OTC basis. They are not screen traded markets and therefore, they do not allow for a customer to "point and click" and immediately accept a quote, which would result in a completed transaction. Indeed, customers will often give the same quotes to the Firm and competitive brokers simultaneously to work these quotes to achieve the best possible executions. Such customers do not provide brokers with quotes with the expectation that brokers will execute transactions without first coming back to them to confirm the quote; if the customers' quotes were understood to be immediately executable, the customers would risk having the same quote filled multiple times.

This means that, even if the Firm were to tell a customer that it had another customer interested in trading at a particular price, the Firm still needs to re-confirm the transaction with the original customer before the transaction can be executed and such transaction also needs to be approved for clearance on an exchange.

Two-way quotes

Markets in derivative transactions rely on voice brokers to facilitate price discovery among sophisticated market participants. The voice brokers will provide their views and estimation of current market prices. To that end, the Firm sends out "blasts" of two-way quotes on multiple contracts to market participants and customers. The Firm also sends updated two-way quotes throughout the day on multiple contracts to the same market participants and customers. Unless otherwise stated, the bid and offer prices that are provided as part of any two-way quote or updated two-way quote are indicative only and do not necessarily represent bids or offers that have been provided by the Firm's customers.

Negotiating customer's bids or offers for a better market price

Subject to the applicable market conditions, the nature of the transaction, the customer and the customer's initial instruction, brokers may start the negotiation of an initiator customer's bid or offer at a better price to allow for a better chance of executing at such customer's stated price. The Firm will not seek consent from the customer in these circumstances.

Subject to the applicable market conditions, the nature of the transaction, the customer and the customer's instruction, brokers may obtain a better price than the initiator customer's initial bid or offer or a better market price. The Firm will not seek consent from such customer in these circumstances.

Volume allocation/Execution order

On many trades, the Firm is necessarily working with multiple customers whose interests may differ as to price and volume, and there may be more interest in a particular transaction than can be satisfied by the volume of interest on the other side of that transaction.

Consequently, the circumstances around a particular trade may occasionally make the Firm unable to accommodate the interests of each of its customers to their full satisfaction. Subject to applicable Regulatory Requirements, the Firm reserves the right in its discretion to determine how to prioritize allocations of executions.

The Firm is cognisant that to retain customers it will need to ensure that its customers remain confident that the prioritization and satisfaction of orders occur in a manner that is efficient, fair and predictable. As such, the Firm's voice brokered marketplaces operate pursuant to general market practices that address issues such as the entitlements of the "price taker" with regard to counteroffers, the prioritization of customers responding to a price taker, the ability of customers to join existing bids or offers, time/price/size prioritization, and the ability of customers to participate in a trade. These practices may vary from product to product, and they have been developed and refined over time based on the expectations and preferences of the customers who participate in a particular marketplace. While the Firm reserves the right without prior notice to depart from typical practices in any and all situations, its general intention is to employ those practices on a regular and consistent basis.

The Firm encourages its customers to familiarize themselves with these practices and to raise any questions they may have in that regard.

Disclosing trade information to the market prior to publication on SGX and EEX

The Firm relies on market practice and implied consent to allow its brokers to disclose customer trade information to the market (prices, routes and volumes only) once concluded and prior to publication on SGX or EEX. If a customer does not want its trade data disclosed to the market prior to publication on SGX and EEX, the customer should explicitly ask the Firm.

PART 2: GENERAL DISCLOSURES

How the Firm is Compensated

The Firm is primarily compensated for its brokerage services by charging a brokerage fee. The fee will typically take the form of an invoiced commission.

For certain products, a brokerage fee is paid by both participants in the trade. For other products, the brokerage fee is paid by one of the participants in the trade.

In certain cases, the brokerage fee paid to the Firm may, with customer consent, deviate from the normal rate due to the level of service provided (e.g., facilitating a particularly difficult trade) or the volume brokered through the Firm.

The Firm typically acts on instructions from its customers regarding the exchanges over which transactions are executed. From time to time, the Firm may participate in incentive and rebate schemes and may receive compensation from an exchange that is linked to the volume of trades that are cleared through that exchange's clearing house, including trades where the customer has not given a specific instruction as to which exchange should be used to execute the transaction.

Customer Entertainment

The Firm competes in the marketplace based on the quality and price of the services it provides and expects its customers to judge it by those criteria. The Firm views business entertainment with its customers as an opportunity, outside of the regular office setting, to discuss business and how to improve its services, to strengthen its business relationships with customers and the Firm's and its customers' mutual understanding of each other's business needs and concerns.

The Firm is subject to an entertainment policy that is designed to facilitate compliance with applicable Regulatory Requirements as well as internal Firm requirements. This policy includes requirements that Firm representatives be present for all customer entertainment, that entertainment not be excessive, overly frequent, lavish or inappropriate, and that the provision of entertainment may not serve as a quid pro quo for a customer to transact with the Firm at all and/or on particular terms.

To the extent customers that maintain internal entertainment policies and requirements, the Firm is not responsible for ensuring that customers' employees are in compliance with those policies and requirements when participating in an entertainment event with the Firm employees.

Communication Recording

The Firm, in its sole and absolute discretion and in line with applicable Regulatory Requirements, records, on tape or otherwise, all conversations and communications between the Firm and customers and their respective agents and employees. Please note that these recordings may be made with or without the use of a spoken warning, tone, or similar notification.

Regulatory Compliance

The Firm would also like to remind customers of the importance of adhering to applicable laws, regulations, and rules when transacting through the Firm, including but not limited to, prohibitions on abusive, manipulative and anti-competitive activity, bribery and corruption, money laundering, conduct in violation of sanctions programmes, and other illegal conduct. While the Firm welcomes constructive feedback on these Broking Practices, they reflect the reasoned judgment of the Firm and may not be changed or departed from without prior careful consideration. Any efforts to pressure or coerce the Firm's personnel, customers, or third parties to depart from the Broking Practices, or otherwise engage in inappropriate conduct, should be immediately reported to futurescompliance@clarksons.com.