BOCTRUST CAPITAL LIMITED

OPERATIONAL MANUAL

Section 1: Introduction and Corporate Governance Framework

1.1 Statement of Purpose, Scope, and Applicability

This document serves as the official Operational Manual for Boctrust Capital Limited, a foundational element required for the company's operation as a Corporate Investment Adviser with the Securities and Exchange Commission (SEC) of Nigeria. The manual is designed to serve as a comprehensive, centralized resource that standardizes business practices and provides clear, step-by-step instructions for all routine and critical operations. The overarching purpose is to establish a robust internal control system that mitigates human error, ensures consistent and quality service delivery, and, most importantly, guarantees full compliance with all relevant regulatory and statutory obligations.

The scope of this manual is exhaustive, encompassing every aspect of Boctrust Capital Limited’s operations as a Capital Market Operator. The policies, procedures, and ethical standards detailed herein are binding on all personnel, including directors, sponsored individuals, officers, and general employees. This is a dynamic document, not a static record. It is subject to regular review and formal updates, with responsibility for its adequacy and currency vested in the company’s Board of Directors.

1.2 Company Profile, Vision, and Core Principles

Boctrust Capital Limited's journey into the Nigerian capital market is built upon a solid foundation in the financial services sector. Originating as a Microfinance Bank, the company has provided essential financial services, and financial advisory, to individuals and micro, small, and medium-sized enterprises (MSMEs). This background provides a unique perspective and a deep understanding of the financial needs of a diverse client base. The company's vision is to leverage this experience to become a leading Corporate Investment Adviser, providing expert-level services with a competitive advantage. The commitment to delivering professional, confidential, and integrity-driven services remains central to the company’s mission of "Growing Together with our customers".

1.3 Fiduciary Duty and Commitment to Ethical Conduct

A cornerstone of Boctrust Capital Limited's operational philosophy is its unwavering commitment to its fiduciary duty to clients. This principle dictates that at all times, the company and its personnel must act in the best interest of the client, placing client interests ahead of their own, or the company’s. This commitment extends beyond mere compliance; it forms the ethical foundation of every business decision and client interaction. The manual's provisions are designed to imbibe this principle into the very fabric of the company's operations, from investment advice to conflict management and personal trading rules. The goal is to cultivate an environment where ethical conduct is the natural outcome of every process.

1.4 Organizational Structure and Reporting Hierarchy

The formal organizational structure of Boctrust Capital Limited is a critical component of its internal control system, as required by the SEC. The organizational chart (Organogram) provides a clear, visual outline of the company's hierarchy and reporting lines, ensuring every employee understands their role and who they report to.

Figure 1.4.1: Boctrust Capital Limited Organizational Chart (Organogram)

Role	Department	Reports To
Board of Directors	Executive Management	Shareholders
Managing Director	Executive Management	Board of Directors
Compliance Officer	Compliance	Managing Director
Principal Officers	Various	Managing Director
Sponsored Individuals	Investment Advisory	Head of Investment Advisory
Other Employees	Various	Designated Principal Officers

The structure is designed to promote accountability, with a clear chain of command and non-delegable responsibilities. This framework facilitates effective task delegation and ensures that every action is taken by a qualified individual with the appropriate authority.

1.5 Roles, Responsibilities, and Reporting Lines

Clear definitions of roles and responsibilities are essential for effective governance and compliance. This manual outlines the specific duties of key personnel to prevent discrepancies and ambiguities regarding professional conduct.

- **Board of Directors:** Responsible for the overall adequacy of the company's internal control system and for the regular review and update of this Operational Manual.
- **Managing Director/Managing Partner:** Designated as one of the sponsored individuals, the Managing Director is responsible for the company's overall operations and is accountable for the effective implementation of the policies in this manual.
- **Sponsored Individuals:** A minimum of three sponsored officers are required, including the Managing Director and a designated Compliance Officer. These individuals are directly responsible for the specific functions for which they are sponsored, and their duties are outlined in their respective employment letters.
- **Compliance Officer:** This role is central to the company's regulatory compliance. The Compliance Officer is responsible for monitoring adherence to the Investments and Securities Act (ISA) 2025, SEC Rules and Regulations, and all other relevant guidelines. The duties of the Compliance Officer are further elaborated in Sections 4 and 5 of this manual.
- **All Employees:** Every employee is expected to uphold the company’s code of ethics and professional conduct, maintain confidentiality, and report any behavior inconsistent with documented internal control processes. The separation of financial duties and responsibilities, where no single employee has sole control over critical financial functions like cash receipts or payroll, is a core internal control to prevent fraud and ensure accountability.

Section 2: Client Management and Operational Procedures

2.1 Client Onboarding and Due Diligence

2.1.1 Know-Your-Customer (KYC) & Customer Due Diligence (CDD) Procedures

A robust client onboarding process is critical for establishing a strong foundation for long-term relationships and for ensuring regulatory compliance. The process begins with meticulous Know-

Your-Customer (KYC) and Customer Due Diligence (CDD) procedures. This involves a risk-based approach to verify a client's identity, assess their risk profile, and ensure all transactions are legitimate and free from financial crime.

A. Identification and Verification: The company will collect and verify identification evidence from all clients, both individuals and corporate entities. The minimum information required includes:

- **Individuals:**
  - Full Name, Address, and Date of Birth
  - Bank Verification Number (BVN)
  - Valid government-issued ID (e.g., National Identity Number (NIN), International Passport, Driver's License)
  - Proof of residential address (e.g., recent utility bill)
- **Corporate Customers:**
  - Certificate of Incorporation certified by the Corporate Affairs Commission (CAC)
  - Tax Identification Number (TIN)
  - CAC Form CO2 and CO7 (or Form 1.1) listing directors and shareholders
  - Valid ID for company directors and authorized signatories
  - Board Resolution authorizing the account opening

B. Risk Assessment and Ongoing Due Diligence: Every client will be assigned a risk profile (low, medium, or high-risk) based on factors such as their business activities, source of funds, and geographic location. For high-risk clients, such as Politically Exposed Persons (PEPs), an Enhanced Due Diligence (EDD) process will be applied. This includes more stringent scrutiny and a deeper investigation into the source of their funds and the purpose of their transactions. The firm will conduct ongoing due diligence on all clients, with a mandate to review and update records regularly, specifically: high-risk clients annually, medium-risk clients every two years, and low-risk clients every three years.

2.1.2 Client Risk Profiling and Suitability Assessment

Boctrust Capital Limited recognizes that suitability is a core component of its fiduciary duty. The firm will assess each client's risk profile to ensure that all investment advice is consistent with their financial status and objectives. This process involves the use of a formal, written risk profiling questionnaire that is separate and distinct from the account opening form. This questionnaire will be designed to capture the following essential information in a clear and understandable manner, without containing leading questions:

- Age and financial status
- Investment objectives
- Risk appetite
- Unique circumstances and legal constraints
- Time horizon

This requirement for a separate questionnaire is a powerful regulatory tool. By independently capturing a client's risk profile, the SEC ensures that the firm’s investment recommendations can be objectively evaluated against the client's stated goals. This places the onus on the adviser to demonstrate that their advice was genuinely suitable, thereby making the fiduciary duty a tangible and verifiable obligation.

2.1.3 Investment Policy Statement (IPS) Documentation and Review

Upon completion of the risk assessment, an Investment Policy Statement (IPS) will be documented for each client. The IPS will serve as the guiding document for all investment decisions and will be consistent with the client's risk profile and financial goals. The information in the IPS and the client's profile will be reviewed and updated at a minimum of once a year to ensure it remains current and relevant to the client's circumstances.

2.2 Investment Advisory and Portfolio Management

2.2.1 Investment Philosophy and Selection Process

The firm's investment philosophy is centered on a disciplined approach that prioritizes diversification and alignment with client risk tolerance and financial goals. The advisory process involves constructing portfolios across a range of asset classes, including equities, fixed income, and alternatives, to effectively mitigate risk and target sustainable growth. The firm will leverage historical data and market analysis to inform investment decisions and ensure a well-reasoned basis for all recommendations.

2.2.2 Due Diligence Procedures for Securities and Asset Classes

Before making any investment recommendation, Boctrust Capital Limited will conduct a multi-disciplinary due diligence review. This process is designed to identify and assess potential risks, verify financial health, and evaluate the operational efficiency and management competence of the target investment. The due diligence process will be comprehensive and will include the following steps:

1. **Initial Research and Data Collection:** Gathering all pertinent documents, including financial statements and regulatory filings.
2. **Comprehensive Financial Analysis:** Scrutinizing financial health by analyzing balance sheets, income statements, and cash flow statements, along with key financial ratios.
3. **Operational and Management Evaluation:** Reviewing core business processes, assessing the competence of the leadership team, and evaluating corporate governance practices.
4. **Legal and Compliance Review:** Ensuring the target investment complies with all relevant industry regulations, holds necessary licenses, and has no pending legal issues.

Continuous due diligence and risk assessment of all assets will be undertaken on an ongoing basis to ensure that the initial investment thesis remains valid and that all assets are valued in line with internationally acceptable standards.

2.2.3 Guidelines for Portfolio Construction and Diversification

The firm will follow clear guidelines for portfolio construction to ensure appropriate risk diversification. The company will adhere to SEC's proposed exposure limits, which dictate that not more than 20% of a fund's total asset value shall be invested in the securities of the same issuer, nor more than 20% in eligible foreign jurisdictions. These limitations serve as a strategic control to prevent overexposure to a single security or market, thereby protecting client portfolios from significant, concentrated losses.

2.3 Financial Operations and Client Asset Segregation

2.3.1 Policies on Handling and Segregation of Client Funds and Securities

A fundamental tenet of client protection and market integrity is the strict segregation of client assets from the firm’s own assets. Boctrust Capital Limited maintains an explicit policy that prohibits the co-mingling of client monies with the company’s own funds. All client funds will be deposited into designated accounts, and the firm will only deal with these funds in accordance with written client instructions.

Client securities will be held in safe and secure custody in the name of a nominee company or in the name of the nominee and the client, as required by the SEC. This policy ensures that client assets are protected from foreclosure, appropriation, or attachment by the firm’s creditors or liquidators. In the event of the firm's registration being revoked or suspended, this segregation protocol ensures that client assets can be seamlessly transferred to another nominee, thus preserving investor confidence and maintaining market stability. The firm will obtain a written authority from the client before holding any assets on their behalf and will provide quarterly reports on assets held.

2.3.2 Procedures for Billing, Invoicing, and Fee Reconciliation

The manual provides detailed, step-by-step procedures for the billing, invoicing, and fee reconciliation processes to ensure transparency and accountability.

- **Allowed Expenses:** All billable expenses must be clearly defined and directly related to the provision of advisory services.
- **Invoice Requirements:** Invoices will specify all charges, including any fees, commissions, or other compensation earned from referrals.
- **Approval Workflow:** A clear workflow will be in place for invoice approval before any payment is made, ensuring financial accountability.

2.3.3 Internal Financial Controls and Auditing

The firm will implement a robust internal control framework over financial reporting (ICFR) to provide reasonable assurance regarding the accuracy and reliability of its financial statements. This framework is designed to safeguard against financial misstatements, whether due to error or fraud, and to ensure compliance with financial reporting standards. The firm's leadership is responsible for setting the tone at the top, prioritizing financial discipline and accountability. A system of periodic internal and external audits will be conducted to independently review the effectiveness of these controls and proactively address any deficiencies.

Section 3: Risk Management and Internal Control Framework

3.1 Anti-Money Laundering (AML) & Combating the Financing of Terrorism (CFT)

The firm's commitment to combating financial crime is a top priority, as detailed in the SEC (Capital Market Operators Anti-Money Laundering and Combating the Financing of Terrorism) Regulations 2022.

3.1.1 AML/CFT Institutional Policy and Governance

Boctrust Capital Limited will formulate and implement internal controls and procedures to deter the use of its facilities for money laundering or terrorism financing. The firm's AML/CFT policy will address client due diligence, suspicious transaction monitoring, record-keeping, and employee training. The Board of Directors is responsible for approving the AML/CFT Compliance Manual.

3.1.2 Duties of the AML/CFT Compliance Officer

The designated Compliance Officer will lead the firm's AML/CFT program. Their specific duties include:

- Developing and implementing the AML/CFT compliance program.
- Rendering mandatory weekly disclosure and cash transaction returns (CTRs).
- Reporting suspicious transactions to the Nigerian Financial Intelligence Unit (NFIU) within seven days of identification.
- Coordinating comprehensive training for all staff on AML/CFT awareness, detection methods, and reporting requirements.
- Serving as the primary liaison with the SEC and the NFIU.

3.1.3 Suspicious Transaction Reporting (STR) and Monitoring

The firm will implement a system to monitor transactions for unusual patterns, such as large deposits or withdrawals from high-risk jurisdictions. A clear protocol for reporting suspicious transactions (STRs) to the NFIU will be established. The Compliance Officer will receive and vet all suspicious transaction reports from staff and will be empowered to file "nil" reports to the NFIU where necessary to ensure compliance.

3.2 Code of Ethics and Professional Conduct

Boctrust Capital Limited has adopted a formal Code of Ethics for all employees and supervised persons, in line with SEC regulations and the fiduciary duty owed to clients.

3.2.1 Conflict of Interest Management and Disclosure Policy

A formal policy will be in place to identify, mitigate, and manage conflicts of interest. The firm is committed to avoiding conflicts of interest and will not take unfair advantage of a client's trust. The dual business model with Boctrust Microfinance Bank presents a potential for conflicts, and the manual explicitly addresses this. All personnel are mandated to promptly disclose any material conflicts of interest to the CEO and the Compliance Officer. The firm will maintain a policy of complete transparency, disclosing all material information about itself, including related parties and any compensation received from referrals, to prospective and existing clients.

3.2.2 Rules on Personal Trading and Insider Information

The Code of Ethics strictly prohibits all forms of insider trading, front-running, and scalping. All personal securities transactions must be conducted in a manner that avoids any actual or potential conflict of interest. The firm will enforce the SEC's rule that prohibits it from entering into proprietary transactions that are contrary to advice given to clients for a period of fifteen days from the day the advice was given. This rule is a powerful regulatory mechanism designed to enforce ethical conduct. It prevents an adviser from deliberately manipulating a security's price by giving negative advice to clients and then trading on their own account. By adhering to this rule, the firm demonstrates its commitment to the primacy of client interests.

3.2.3 Confidentiality, Data Privacy, and Information Security

The firm is committed to keeping all client information confidential and will only divulge such information with the client's prior consent, except in cases where disclosure is mandated by law or a statutory order. All data processing activities will comply with the Nigeria Data Protection Act (NDPA) 2023 and the Cybercrimes Act 2015. This ensures personal data is processed lawfully and protected against unauthorized access or breaches.

3.3 Information Technology and Cybersecurity

Boctrust Capital Limited recognizes the critical importance of a robust IT and cybersecurity infrastructure to protect client data and ensure operational resilience.

3.3.1 Compliance with NDPA 2023

As a Data Controller, Boctrust Capital Limited is subject to the provisions of the NDPA 2023. The firm will only collect personal data that is adequate, relevant, and limited to the minimum necessary for the stated purpose. The firm will also ensure a lawful basis for all data processing, which may include explicit consent from the data subject. Depending on the number of data subjects it processes data for, the firm may be required to designate a Data Protection Officer (DPO) with expert knowledge of data protection law, who will serve as a point of contact with the Nigeria Data Protection Commission (NDPC).

3.3.2 Cybersecurity Policies and Infrastructure

The firm will implement appropriate technical and organizational measures to ensure the security, integrity, and confidentiality of all personal data under its possession. These measures include:

- **Access Controls:** Limiting data access to authorized personnel only.
- **Data Encryption:** Protecting client data both in transit and at rest.
- **Automated Monitoring:** Utilizing systems to monitor for unusual patterns and flag suspicious activities for further investigation.

3.3.3 Data Breach Notification and Incident Response Protocol

In the event of a data breach, a clear incident response protocol will be activated. The firm is legally obligated to notify the Nigeria Data Protection Commission and the affected individuals in clear language without undue delay. The protocol will outline the steps to mitigate the adverse effects of the breach and ensure accountability. This coordinated approach to data and financial crime incidents demonstrates a holistic understanding of risk management, which is essential for a modern financial institution.

Section 4: Reporting, Auditing, and Record-Keeping

4.1 Statutory and Regulatory Reporting

As a registered Capital Market Operator, Boctrust Capital Limited will adhere to all statutory and regulatory reporting requirements. This includes, but is not limited to, the submission of quarterly and annual reports to the SEC for all discretionary or non-discretionary portfolios/funds under management. The firm will also render returns as specified by the SEC and the Nigerian Financial Intelligence Unit (NFIU).

4.2 Internal Record-Keeping and Document Retention Policies

Boctrust Capital Limited will maintain true, accurate, and current books and records as per its sworn undertaking to the SEC. These records are not just for internal reference; they are the primary source of truth for the regulator in any future inspection or compliance check. The firm will preserve these records for a minimum of five years from the end of the fiscal year in which the last entry was made.

The records to be maintained include, but are not limited to:

- All client agreements, powers of attorney, and other evidence of discretionary authority.
- A file containing all written client complaints and their disposition.
- Documentation of all advertising disseminated to the public.
- Financial statements, audited accounts, and transaction records.
- A list of all client accounts and discretionary power granted.
- Curriculum vitae and credentials of all sponsored individuals.

4.3 Internal and External Audit Procedures

The firm's governance framework includes a system of regular internal and external audits to assess compliance and internal controls. The Audit and Compliance Department will operate with the authority to access all necessary information to perform effective audits, free from influence. The audits will focus on whether the firm’s policies and procedures comply with all applicable laws and regulations. External auditors will evaluate the effectiveness of the Internal Controls Over Financial Reporting (ICFR) framework. The audit function will report directly to the Managing Director and will provide regular updates on all findings, recommendations, and action plans for non-compliance.

4.4 Business Continuity and Disaster Recovery Plan

To ensure operational resilience, Boctrust Capital Limited maintains a Business Continuity and Disaster Recovery Plan. The plan provides a framework for addressing occasional scenarios where a playbook is especially useful, such as volatile markets or a physical disaster. This includes protocols for data backup, system restoration, and continuous client communication to ensure uninterrupted service and to maintain trust. The plan is designed to ensure business continuity and minimize disruptions, demonstrating the firm's preparedness to handle unforeseen events.

Section 5: Appendices

Appendix A: Sample Client Risk Profiling Questionnaire

Table 6.B.1: Client Risk Profiling Questionnaire

Section	Question	Response
A. Personal & Financial	1. What is your approximate annual income?	$<10M, $10M-$50M, >50M
	2. What is your approximate net worth (excl. home)?	$<5M, $5M-$20M, >20M
	3. How old are you?	<30, 30-50, 50-70, >70
B. Investment Objectives	4. What is the primary goal of	Capital preservation, Income

Section	Question	Response
	your investment?	generation, Capital growth
	5. What is your investment time horizon?	$<1 year, 1-3 years, 3-5 years, >5 years
C. Risk Appetite	6. How would you describe your comfort level with investment risk?	Conservative, Moderate, Aggressive
	7. On a scale of 1-10, how would you rate your tolerance for a potential loss of principal?	1-3, 4-6, 7-10
D. Experience	8. Do you have prior investment experience?	Yes / No
	9. What is your level of knowledge about investment products?	Novice, Intermediate, Expert

Appendix B: Investment Due Diligence Checklist

Table 6.C.1: Investment Due Diligence Checklist

Area of Evaluation	Actionable Task	Source ID
Financial Analysis	Analyze balance sheet for liquidity and capital structure.	
	Examine income statements for revenue trends and profitability.	
	Evaluate cash flow statements for operational profitability.	
Operational Analysis	Review core business processes and supply chain efficiency.	
	Assess the competence and track record of the management team.	
Legal & Compliance	Review all contracts, agreements, and intellectual property rights.	
	Verify adherence to all industry regulations and licensing requirements.	

Appendix C: Organizational Chart and Job Descriptions

This appendix provides the formal organogram (Figure 1.4.1) and detailed job descriptions for key roles within Boctrust Capital Limited.

- **Compliance Officer:** Responsible for the implementation of the company's compliance program, including AML/CFT policies. The Compliance Officer monitors all business activities to ensure strict adherence to SEC rules and regulations, and serves as the primary point of contact for the Commission and the NFIU.

- **Managing Director:** As a sponsored individual, the Managing Director oversees all operations and is accountable for the company's overall performance and compliance with this manual.

Appendix D: Code of Ethics and Conduct for Employees

The Code of Ethics for Boctrust Capital Limited is a formal document that sets forth the standards of business conduct for all supervised persons, in line with the fiduciary obligations to clients. The Code requires personnel to report their personal securities transactions and holdings periodically. It explicitly prohibits:

- **Fiduciary Violations:** All employees must place the interests of clients ahead of their own.
- **Personal Trading:** All personal securities transactions in covered securities are subject to reporting.
- **Insider Information:** The use of material non-public information for personal gain is strictly prohibited.
- **Front-Running & Scalping:** Trading while in possession of information concerning the firm's trades is forbidden.
- **Conflicts of Interest:** All employees are compelled to disclose material conflicts of interest and are prohibited from accepting excessive gifts or entertainment that could influence their independence.

This Code is not merely a list of rules; it is a declaration of the firm's commitment to openness, integrity, honesty, and trust. Every employee is required to attest that they have read, understood, and will abide by its contents on an annual basis.