

Squarepoint OPS LLC

Form ADV Part 2A

Firm Brochure

250 West 55th Street
25th Floor, Suite B
New York, NY 10019

December 22, 2014

This brochure provides information about the qualifications and business practices of Squarepoint OPS LLC. If you have any questions about the contents of this brochure, please contact us at (646)979-1308. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Squarepoint OPS LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about Squarepoint OPS LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2 - MATERIAL CHANGES

This brochure has been updated throughout to reflect the commencement of operations of Squarepoint OPS LLC in December 2014. There have been a number of changes made to the brochure which are not deemed to be material, as well as material changes to the following items:

Item 4 – Updated to reflect the final structure of the Squarepoint Group at the commencement of operations as well as the current assets under management.

Item 10 – Updated to reflect that Barclays Bank PLC no longer has an equity, controlling or ownership interest in Squarepoint OPS LLC.

Prospective clients and investors are advised to read the entire Form ADV Part 2A to ensure that they are aware of any changes, both material and non-material, which have been made subsequent to the initial brochure.

ITEM 3 - TABLE OF CONTENTS

ITEM 2 - MATERIAL CHANGES	2
ITEM 3 - TABLE OF CONTENTS	3
ITEM 4 - ADVISORY BUSINESS	4
ITEM 5 - FEES AND COMPENSATION	6
ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT.....	7
ITEM 7 - TYPES OF CLIENTS.....	8
ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS.....	10
ITEM 9 - DISCIPLINARY INFORMATION	33
ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	34
ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING	36
ITEM 12 - BROKERAGE PRACTICES	37
ITEM 13 - REVIEW OF ACCOUNTS	39
ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION	40
ITEM 15 - CUSTODY	41
ITEM 16 - INVESTMENT DISCRETION	42
ITEM 17 - VOTING CLIENT SECURITIES	43

ITEM 4 - ADVISORY BUSINESS

Squarepoint OPS LLC (“OPS”) is a Delaware limited liability company that was formed in April 2014. OPS together with its affiliated entities, including Squarepoint Capital LLP (“UK OpCo”) and Squarepoint Operations Private Limited (“Singapore OpCo”) and certain non-advisory affiliates form the Squarepoint Group.

The Squarepoint Group operates an independent asset management business, and provides discretionary investment advisory services to certain privately offered pooled investment vehicles. The Squarepoint Group’s majority owners are Olivier Durantel, Antoine Fillet, Maxime Fortin and Grégoire Schneider. The Squarepoint Group consists of an extensive team of investment (30+) and non-investment (30+) personnel. The Squarepoint Group has its main offices in New York, London and Singapore. There will also be offices in Paris, France; Zug, Switzerland; and Tokyo, Japan. The Squarepoint Group provides services to a family of private funds as described in Item 7 (the “Funds”).

On December 16, 2014, OPS, along with certain affiliated entities, was acquired from Barclays Bank PLC (“Barclays”) by entities owned by key management personnel who previously had operated a systematic global trading business within Barclays. Barclays will receive payments calculated by reference to the revenues generated by the Squarepoint Group for a defined period after closing of the transaction (“Closing”), but do not retain any equity, ownership or controlling interest in any of the entities of the Squarepoint Group nor in the Funds.

Each Fund with respect to which the Squarepoint Group provides investment advisory services as described in Item 7 herein is managed according to the investment objectives and policies set forth in its offering materials using quantitative models, including models that were developed from those originally created by the Squarepoint Group, to trade liquid assets globally. OPS does not tailor the Funds’ investment programs for any particular Fund investor.

The Funds are formed as a master-feeder structure and all investment activities are conducted at the Master Fund level (see Item 7 for a description of the Master Fund). OPS is appointed as the manager of the Master and Feeder Funds and has overall responsibility for the discretionary investment management of the Funds’ portfolio. OPS will appoint UK OpCo (collectively with OPS, “the OpCos”) as sub-manager to conduct discretionary management functions on behalf of the Master Fund during UK business hours, subject to UK OpCo obtaining authorization from the Financial Conduct Authority of the UK. Each of OPS and UK OpCo (when appointed) will perform its functions primarily by placing investment orders with counterparties within the region covered by that advisor (the Americas and Europe, Middle East, and Africa (“EMEA”) respectively). OPS and UK OpCo (when appointed) will together cover the Asia and Pacific (“APAC”) region. Until UK OpCo is appointed, OPS will also cover the EMEA region. Singapore OpCo has applied to the Monetary Authority of Singapore for a Capital Markets Services Licence that would permit it to perform investment advisory services with respect to the Funds. It is anticipated that Singapore OpCo will assume responsibility for advisory services covering the APAC region if and when such licence is obtained.

The resources of the Master Fund form a single pool of collateral available to the OpCos for purposes of their trading activities. Rather than making a defined amount of the collateral pool available to each OpCo, each OpCo will be subject to the global position and risk limits determined by OPS. It is currently expected that, initially, approximately one third of available collateral will cover the positions held by the Master Fund in each of APAC, EMEA and Americas instruments.

The investment activities of UK OpCo (when appointed) will be subject to the overall control and responsibility of OPS. OPS will monitor and will have the right to give directions to UK in relation to its management of the portfolio of the Master Fund. OPS will also monitor the risk profiles of the portfolio against global parameters and will have the power to require UK OpCo (when appointed) to take remedial action if needed.

OPS does not manage any assets on a non-discretionary basis.

As of December 19, 2014, the total regulatory assets under management by OPS are \$320,000,000 including committed but not yet called capital.

Whilst prior to Closing, certain members of the investment team responsible for the Funds were employed, and certain entities (including OPS) involved in the operations of the Funds were owned, by Barclays Group, these individuals and entities have now been separated from Barclays Group and form part of an independent asset management business. Any losses in the Funds will be borne solely by investors in the Funds. It is not expected that any member of the Barclays Group will be an investor in the Funds after Closing. Shares in the Funds are not insured by the U.S. Federal Deposit Insurance Corporation, and are not deposits or obligations of, or endorsed or guaranteed in any way by, any member of the Barclays Group or any banking entity. No member of the Barclays Group has any right or obligation to exercise any oversight over the Squarepoint Group or the Funds.

ITEM 5 - FEES AND COMPENSATION

Expenses Passed Through

As compensation for services provided in respect of the Funds, OPS will be entitled to receive certain advances and reimbursements of Squarepoint Group operating expenses that have been agreed between the Funds and the Squarepoint Group and described in the private placement memorandum for the Funds (the “PPM”). Payments in respect of these amounts will be made by the Funds to OPS (or another member of the Squarepoint Group as directed by OPS) and distributed amongst the Squarepoint Group as determined by OPS.

All expenses incurred by OPS, with the exception of variable remuneration and taxes thereon of full time employees and consultants, shall be borne by the Funds and allocated to each class of shares issued by the Funds, as described in the PPM. For the avoidance of doubt, variable remuneration paid to the Squarepoint Group partners and employees, if any, shall be paid solely by the Squarepoint Group.

These expenses will be paid by the Master Fund or the Squarepoint Group. To the extent that such amounts are paid by the Squarepoint Group they will be reimbursed by the Master Fund as described below. Such reimbursement payment will be made to OPS or such other member(s) of the Squarepoint Group as OPS may direct.

Payments by the Funds in respect of Squarepoint Group expenses will be deducted by OPS out of the assets of the Funds quarterly in advance based on OPS’ budget projections and subject to a true up at the end of each calendar quarter. Certain unanticipated or non-ordinary course Squarepoint Group operating expenses and the full amount of Squarepoint Group capital expenditure attributable to the Funds’ investment-related activities will be advanced by the Funds on request by OPS in advance of becoming due or as soon as practicable after incurrence. Advances by the Funds of amounts in respect of Squarepoint Group capital expenditure will only be deducted from the assets of the Funds as they are amortized by the Squarepoint Group.

As described in the PPM, certain operating expenses are subject to a per annum cap. The Squarepoint Group will be responsible for the payment of operational expenses of the kind covered by the cap, which exceed the cap with no reimbursement or will reimburse the Funds for such amounts to extent the Funds have paid such expenses themselves.

As described in the PPM, Squarepoint Group operating expenses will not be allocated to Class C shares or Management Shares issued by the Funds and therefore will not be indirectly borne by holders of these classes of shares (see also Item 7).

Performance Allocation

In addition to reimbursements of Squarepoint Group operating expenses as described above, members of the Squarepoint Group and other persons associated with the Squarepoint Group business (including persons associated with the activities of OPS) holding Class C shares issued by the Master Fund will be entitled to distributions by the Master Fund to holders of Class C shares in respect of certain performance allocations made to Class C shares in respect of the performance of Class A shares issued by the Master Fund as described in the PPM (see also Item 6).

ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As outlined in Item 5 above, performance allocations will be made to Class C shareholders in the Master Fund in respect of the performance of Class A shares in the Master Fund. Initially Class B shares will not be charged a performance allocation; however OPS may determine to apply a performance allocation to the Class B shares at any time. Since Class C shares will be held by one or more members of the Squarepoint Group and other persons associated with the Squarepoint Group business, such performance-based allocations may incentivize the Squarepoint Group to make riskier investments than would be the case in the absence of such allocation. The Squarepoint Group has adopted policies and procedures to address these conflicts.

As the Funds are the Squarepoint Group's only clients, conflicts of interest do not currently arise in relation to side-by-side management of non-performance based fee accounts. In the event that the Squarepoint Group takes on additional clients which do not pay performance based fees, the Squarepoint Group will implement procedures to ensure that those accounts are not disadvantaged in the investment process.

ITEM 7 - TYPES OF CLIENTS

As discussed above in Item 4, OPS has been appointed to provide investment advisory services with respect to the Squarepoint Master Fund Limited (“the Master Fund”), as manager of the Master Fund. The Master Fund is an exempted company incorporated with limited liability on June 19, 2014 under the provisions of the Companies Law (2013 Revision) of the Cayman Islands. The Master Fund also has two feeder funds, the Squarepoint US Feeder Limited (“US Feeder”), and the Squarepoint International Feeder Limited (“Offshore Feeder”, and together with the US Feeder, the “Feeder Funds”, and collectively with the Master Fund “the Funds”). Each of the US Feeder and the Offshore Feeder is an exempted company incorporated with limited liability under the provisions of the Companies Law (2013 Revision) of the Cayman Islands, which has the investment objective of investing substantially all of its assets into the Master Fund. OPS has also been appointed to provide investment advisory services with respect to the US Feeder and the Offshore Feeder, as manager of the US Feeder and the Offshore Feeder.

The Funds may issue different classes of shares on different terms. The Master Fund issues the following classes of shares and each Feeder Fund issues corresponding classes of shares, as appropriate.

- Class A shares are non-voting participating shares and are (through corresponding shares in the Feeder Funds) held by shareholders other than Squarepoint Investors (as defined below). The Class A shares bear allocations of Squarepoint Group operating expenses and performance allocations as outlined in Items 5 and 6 above.
- Class B shares are non-voting participating shares which initially do not bear performance allocation but which bear allocations of Squarepoint Group operating expenses as outlined in Items 5 and 6 above. Class B shares are (through corresponding shares in the Feeder Funds) held by members of the Squarepoint Group, individuals currently or formerly engaged in the business of the Squarepoint Group and entities established for the benefit of such persons (“Squarepoint Investors”).
- Class C shares are non-voting participating shares which carry the right to receive the performance allocations described in Items 5 and 6, and are held by members of the Squarepoint Group and/or individuals engaged in the business of the Squarepoint Group. Class C shares otherwise do not participate in the profits and losses of the Master Fund and bear neither Squarepoint Group operating expenses nor performance allocations.
- Management Shares are voting non-participating shares which have the right to vote at general meetings of the Funds but have no rights to participate in the profits and losses of the Funds. The Management Shares are all held by one or more members of the Squarepoint Group.

A minimum initial investment of U.S. \$10 million plus (in the case of investors participating in the Fund’s initial commitment after Closing) an additional commitment amount as outlined in the PPM. Class B shares are subject to a minimum investment of U.S. \$100,000. The Feeder Funds may, at the sole discretion of OPS, waive these minimum amounts generally or on specific terms, subject to an absolute minimum subscription amount of U.S. \$100,000, or the equivalent in any other currency (net of subscription expenses).

US investors must be “accredited investors” and “qualified purchasers” and meet other investor qualification criteria set out under applicable securities and commodities laws and regulations. Certain employees of the Squarepoint Group which have been deemed to be “Knowledgeable Employees” under Rule 3c-5 of the U.S. Investment Company Act of 1940 (“Investment Company Act”) may also invest in the Funds.

Class A and Class B shares are subject to monthly liquidity for the purposes of subscriptions and daily for redemptions (subject to a notice period and, potentially, payment of a redemption fee). Class C shares are not redeemable at the option of the holder.

ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

Investment Strategy and Methods of Analysis

The principal objective of the Funds is to provide investors with consistent risk-adjusted returns by means of capital appreciation by making investments in financial instruments. The Master Fund employs a multi-asset systematic global strategy-trading approach combining a collection of independent strategies, each focusing on a limited number of signals having their own risk parameters. The Feeder Funds invest substantially all of their capital in the Master Fund and all trading and investing activity of the Master Fund takes place at the level of the Master Fund. Neither Feeder Fund makes direct investments.

Squarepoint Group will mostly use a quantitative and systematic approach to investment. Squarepoint Group's research team uses statistical techniques to forecast movements in the value of financial instruments at various time horizons. In order to develop these proprietary forecasting tools, Squarepoint Group will leverage on large historical datasets, either compiled in-house over time, or licensed or purchased from third parties. The underlying data can be of various kinds, including, but not limited to, market data (e.g. prices, volumes), accounting data, regulatory filings, economics releases and news items. Various forecasts will then be combined with risk management and trading modules to form a trading strategy. Such a strategy will usually be tested against historical data ("back testing") to optimize its expected future performance which involves striking a balance between expected returns and risk, while taking other considerations such as available liquidity and market impact into account. After the back testing phase, a strategy will be implemented and generates orders on relevant instruments, such as equities, derivatives or foreign exchange. A few strategies will be executed manually by traders. Squarepoint Group investment professionals reserve the right to override model outputs and strategy trading intentions to reflect their perception of prevailing market conditions.

Risk management is performed in real-time. Whilst most risk management procedures are automated and built-in into the system, Squarepoint Group may intervene and alter risk parameters to respond to changing market conditions from time to time.

The strategies cover a wide spectrum of holding periods and boundaries are clearly defined. The portfolio combines low frequency trading with higher frequency trading. Multiple back-testing environments are used to focus on issues key to each category of strategy. Many different datasets are used to design, improve and run strategies that are often cross-validated using different but overlapping datasets. The majority of investments are made on a systematic basis.

The global portfolio of the Master Fund will be spread across three major regions: EMEA, APAC and the Americas, with asset allocation to each region managed by OPS. OPS will be responsible for managing the global portfolio during US business hours and UK OpCo (when appointed) will be responsible for managing the global portfolio during European business hours. The global portfolio itself will consist of a number of strategies with different turnovers. While the Master Fund will not have any fixed guidelines with respect to diversification, to achieve its investment objective, the Master Fund will generally seek to maintain a diversified portfolio of instruments spread across countries, sectors and asset classes. Notwithstanding the foregoing, the Master Fund's portfolio could become significantly concentrated in any one industry, sector, strategy or geographic region.

The investment policies and strategies (but not the investment objective and overall trading approach) of the Master Fund may be changed by the board of directors in consultation with OPS without the consent of the shareholders.

Leverage

The Master Fund will utilize leverage as part of its investment program, and the amount of such leverage is expected to be significant. The Master Fund will use leverage to enhance returns and in

particular may leverage certain debt, equity and convertible securities through entering into credit facilities, engaging in related derivatives transactions and short sales and/or otherwise investing in such securities on margin. The Master Fund will have no specific leverage restrictions but leverage will be monitored in line with internal risk limits.

Investment Restrictions

The Master Fund has not adopted any specific investment restrictions or limitations of any kind and does not currently otherwise voluntarily observe any specific fixed internal investment guidelines or principles, including, without limitation, with respect to diversification, geographic scope or the credit quality of its investments. The Master Fund will generally seek to maintain a diversified portfolio of investments spread across countries, sectors and asset classes.

Potential Risks

Risk of Loss

All investments involve the risk of loss of a part, or all, of the capital invested. Investing in the Funds involves a high degree of risk. There can be no assurance that the Master Fund's investment objective will be achieved. An investment in the Funds is suitable only for sophisticated investors for whom the investment does not represent a complete investment program and who fully understand and are capable of assuming the risks of such investment. The following considerations should be evaluated carefully by any potential investor before making an investment in the Feeder Funds or Master Fund. The below list is not a complete discussion of all the risks and other factors and considerations which relate to or might arise from investing in the Funds or from their investments. Potential investors are advised to read the offering documents of the relevant fund and to consult their own advisors regarding additional potential risks resulting from an investment in the Funds.

There can be no assurance that the Funds will achieve their investment objectives or that they will not incur a loss. Investors should be aware that past performance of the members of the Squarepoint Group is not necessarily indicative of future performance of the Funds.

Investment Risks in General

Investing in the Funds will involve certain considerations in addition to the risks normally associated with making investments in securities. The Funds' net asset value and any income therefrom may go down as well as up and there can be no assurance that upon redemption, sale or otherwise, investors will receive back the amount originally invested or that there will be any return of capital. Investment results will vary on a monthly, quarterly or annual basis.

Any investment in the Funds is at risk of a total loss of invested capital. Squarepoint cannot predict, measure, or hedge all market or other risks linked to the Funds' investment strategy. Squarepoint may choose, or may determine that it is economically appropriate, to not hedge certain risks, instead relying on diversification in an attempt to mitigate the risks. However, the Funds are not limited by any specific policies or requirements for diversification or risk mitigation. As a result, the Master Fund may become concentrated in a single issuer, industry, market or sector and the concentration of risk may increase losses suffered by the Funds. Limited diversification may cause greater volatility than would otherwise be the case, and could expose the Funds to losses disproportionate to market movements in general. Risks associated with different assets held by the Funds may become correlated in unexpected ways, with the result that the Funds become exposed to unforeseen risks.

Bid and Offer Spread of Investments

The bid and offer spread of financial instruments, including those in which the Master Fund invests, usually widens during periods of market decline or reduced liquidity, and this may adversely impact

the valuation of investments held by the Master Fund or the ability of the Master Fund to dispose of financial instruments at a previously quoted price or at the currently quoted price.

Compulsory Redemption

The Master Fund and/or the Feeder Funds may compulsorily redeem the shares of a shareholder in certain circumstances. Such compulsory redemption may create adverse economic or other consequences to the shareholder depending on the timing thereof and the shareholder's personal circumstances.

Suspensions of Redemptions

The directors of the Funds may suspend the calculation of the net asset value of the Funds and the net asset value per share of each class in certain circumstances. No issue or redemption of shares at the option of the shareholders will take place during any period when such calculations are suspended and the Funds reserve the right to withhold payments of redemption proceeds to persons whose shares have been redeemed prior to such suspension until after the suspension is lifted. This could materially extend the period required for shareholders to realize their investments in the Funds.

In-specie Distributions

The Board of Directors may distribute assets of the Funds in-specie to a shareholder upon a redemption of such shareholder's shares. Assets distributed in kind may be illiquid or difficult to value, may not be readily marketable or saleable and may have to be held by such shareholder for an indefinite period of time. Such assets will continue to be subject to market conditions and may fluctuate in value following the relevant redemption day. There can be no assurance that the redeeming shareholder will be able to liquidate such assets at a price equal to or greater than the value of the assets determined as of the relevant redemption day.

Absence of Regulatory Oversight and Other Regulatory Risks

None of the US Feeder, the Offshore Feeder or the Master Fund are registered investment companies under the Investment Company Act or otherwise registered under the securities laws, or with the securities regulatory authority or commission, of any other jurisdiction other than to the limited extent described in the PPM, and none of the US Feeder, the Offshore Feeder or the Master Fund has any current intention of being so registered. Accordingly, the provisions of the Investment Company Act and legislation in other jurisdictions regulating the relationship between an investment fund and its asset manager and otherwise protecting the interests of investors in an investment fund are generally not applicable to an investment in the Funds. The Alternative Investment Fund Managers Directive ("AIFMD") has imposed new requirements in relation to funds managed or established in the European Economic Area ("EEA") and in certain circumstances to other funds which are marketed in the EEA, as well as funds managed by managers located in the EEA which result in increased requirements, including in relation to transparency and disclosure. The provisions of AIFMD will only apply to the Funds if the Funds are marketed in the EEA or to investors domiciled or with a registered office in the EEA, and even then only certain provisions will be applicable to the Funds as non-EEA alternative investment funds ("AIFs") with a non-EEA alternative investment fund manager ("AIFM").

Changes in Law or Regulations may Adversely Affect the Fund's Ability to Carry on its Business

Home Regulator Considerations: The Funds and each member of the Squarepoint Group are each subject to laws and regulations of national and local governments. Changes in such laws or regulations or their interpretation, or a failure to comply with any such laws or regulations, may adversely affect the Funds' performance and returns to their shareholders.

Hedge Fund Regulation Considerations: The regulatory environment for hedge funds and the managers of hedge funds is evolving. Any change in the laws and regulations affecting the Fund or any change in the regulations affecting hedge funds, funds of hedge funds or hedge fund managers generally may have a material adverse effect on the Master Fund's ability to obtain leverage or carry on its business, which in turn could have a material adverse effect on the performance and returns to shareholders. Changes in law, regulations or their interpretation may result in legal uncertainty, compliance becoming increasingly burdensome and may even result in restructuring.

Investment Product Considerations: The regulatory or tax environment for derivative and related instruments is evolving and may be subject to government or judicial action, which may adversely affect the value or liquidity of investments held by the Funds or its ability to obtain the leverage it might otherwise obtain. In such event, the investment returns of the Funds may be materially and adversely affected. The effect of any future regulatory or tax change on the Funds is impossible to predict.

Quantitative Strategies; Model Risk

The quantitative research and modeling process is extremely complex. While Squarepoint Group utilizes back-testing and other statistical tests to evaluate research results, such tests will not insulate the Master Fund from all design and conceptual flaws. The complexity of the components of Squarepoint Group's strategies, and the interactions among such components, may make it difficult or impossible to detect the source of any weakness or failure in such strategies before material losses are incurred. Investors in the Funds are usually not made aware of any weaknesses or errors in models discovered by Squarepoint Group (regardless of whether or not such weaknesses or errors are corrected by the Funds or Squarepoint Group).

Even if all of the assumptions underlying the models used by Squarepoint Group are correct, there is no assurance that prices will move in line with the forecasts generated by the models. The models used by Squarepoint Group use historical data to make future predictions about the instruments in their respective portfolios, and the actual performance of those securities may not match the model's predictions. Financial markets are complicated and can act in unpredictable ways. The models utilized by Squarepoint Group are not able to take into account all of the complexities of the financial markets, including events or circumstances that are not readily foreseeable, such as natural disasters, accounting fraud, litigation or regulatory developments. In unforeseen or low-probability scenarios, predictive models may produce unexpected results. As a result, Squarepoint Group's models may perform substantially worse than expected, resulting in losses.

The performance of quantitative models generally decays over time. Models must be constantly re-evaluated in light of, and, in some cases, adjusted to account for, rapidly changing market conditions. All changes to models (including incremental improvements to current models) expose the Master Fund to the possibility of unforeseen losses from a variety of factors, including conceptual failures and implementation failures. The determination as to when to turn over a model change is complicated and involves balancing the implementation and modeling risks associated with turning over new code with the expected benefits of the change. If Squarepoint Group turns over a new model too quickly or too slowly, the performance of the Master Fund may be negatively impacted, and the Funds could incur material losses.

The successful operation of the models is also reliant upon the information technology systems used by the Master Fund and its ability to ensure those systems remain operational and that appropriate disaster recovery procedures are in place. There can be no assurance that the effectiveness of mathematical models used by Squarepoint Group will be successfully maintained.

Dependence on Technology

Squarepoint Group's investment processes, including research, production trading, risk

management, and trade aggregation and allocation, are highly automated and rely heavily on technology, including proprietary and third-party hardware and software. Squarepoint Group uses computer systems in substantially all phases of its operations, including research, valuation, trade identification and construction, trade execution, clearing, risk management, back office functions and reporting. Squarepoint Group believes that technology is critical to its success, and any failure on the part of Squarepoint Group to anticipate or respond adequately to applicable technological advancements could consequently have a material adverse effect on the Master Fund. In addition, the performance of the Master Fund, as well as various critical processes of the Master Fund, could be severely compromised by coding errors (including design and implementation errors), computer viruses, telecommunications failures, natural disasters, security breaches, software related “system crashes”, disruption or deterioration of services of third-party providers, terrorist attacks and similar events. Such events might even cause computerized trading programs to generate orders or to execute trades many times the magnitude of, as well in the opposite market direction to, the transactions which were intended. Any event that interrupts Squarepoint Group’s computer and telecommunications operations could result in, among other things, the inability of Squarepoint Group to establish, modify, liquidate, hedge or monitor the Master Fund’s investments and therefore could have a material adverse effect on the operating results of the Funds.

The Master Fund could also be negatively impacted by power outages, hardware failures, disk failures and other similar circumstances, some of which are within Squarepoint Group’s control to prevent, and others of which are not. While Squarepoint Group has business continuity procedures and regularly monitors its trading equipment, its procedures and monitoring may not be as robust as they could be and unexpected or double failures have been known to occur. In the case of severe business disruptions, Squarepoint Group may not be able to resume its activities for multiple hours or longer, depending on the severity of the outage and the systems impacted. Because Squarepoint Group’s investment strategies generally trade on a frequent basis (as opposed to holding positions for long periods of time), failures in the trading or other systems, even for a short period of time, could have significant adverse effects on the performance of the Master Fund.

While Squarepoint Group takes precautions to secure its technology infrastructure, there can be no assurance that security will not be breached. In such event, some of the Squarepoint Group’s critical data and systems could become corrupted, which could cause the loss of trading connectivity or trading in unintended ways.

While Squarepoint Group devotes considerable resources to preventing, identifying and containing the effects of computer systems errors, Squarepoint Group considers these errors to be an intrinsic aspect (and, therefore, a basic element) of its sophisticated and highly technological trading and execution strategies. Squarepoint Group will not be responsible for such errors except where such errors are the result of Squarepoint Group’s gross negligence, bad faith, actual fraud or willful default. Such errors are complex and difficult to prevent and detect and prospective investors in the Master Fund should assume that such errors will occur. These errors will be for the account of the Master Fund and, potentially would be material to its performance.

Operational Risks

Squarepoint Group’s strategies are highly dependent on information systems and technology. Any failure or deterioration of these systems or technology due to human error, data transmission failures or other causes could materially disrupt its operations. A disaster or a disruption in the infrastructure that supports Squarepoint Group’s business, including a disruption involving electronic communications or other services that Squarepoint Group, or third parties that it does business with, use or affecting one of Squarepoint Group’s offices or facilities, may affect its ability to continue to operate its business without interruption. Although Squarepoint Group has back-up facilities for its information systems as well as technology and business continuity programs in place, there can be no assurance that these will be sufficient to mitigate the harm that may result from such infrastructure disaster or disruption. In addition, insurance and other safeguards might only partially mitigate the effects of such disaster or disruption.

Squarepoint Group relies on third-party service providers for certain aspects of its business, including, but not limited to, position reconciliation, trade processing, NAV calculation and counterparty risk monitoring. It also relies on market data providers, analytics vendors and software companies. Any interruption or deterioration in the performance of these third parties could impair the quality of the Funds' operations and negatively impact Squarepoint Group's investment strategies.

Coding Errors

Software is prone to coding errors, and given the manner in which the Master Fund trades, a single software coding error can result in the execution of many unwanted trades (or, alternatively, the failure to place intended trades). While Squarepoint Group seeks to mitigate the incidence and impact of software errors with testing, change management procedures, monitoring and automated risk checks, the decision as to when to turn over new software involves balancing the expected benefits of any change (which would call for turning over the change quickly) with the risks that the software will contain errors (which would call for exhaustive testing). While Squarepoint Group seeks to strike the right balance, it may turn over new software too quickly or too slowly, which could negatively impact the Master Fund. From time to time, Squarepoint Group may deploy new code with errors that could have been detected with more exhaustive or independent testing, although in such cases Squarepoint Group may nevertheless continue to believe that turning over the new code was the right decision given the risk-reward trade-off associated with the change. In addition, where Squarepoint Group believes that the benefit of rolling out a change outweighs the risk of not addressing (or even diagnosing the precise cause of) a known weakness, Squarepoint Group may deploy new code with known weaknesses. In such cases, it is possible that Squarepoint Group's decision to deploy the change without addressing the known weakness will prove wrong in hindsight, and the Master Fund could be negatively impacted.

Detecting coding errors is often extremely difficult, particularly where, as is the case with some of Squarepoint Group's proprietary software, there are no design specifications or documents for the software. Given the difficulty of detecting coding errors, some errors will go undetected for long periods of time and some will never be detected. Moreover, some coding errors will be detected but not fixed by Squarepoint Group immediately, or, possibly, at all, due to competing priorities and/or the perception that the impact of the error is not material. Although Squarepoint Group will make judgments about the perceived impact of discovered errors so as to appropriately prioritize the remediation of the errors with other business demands, in the vast majority of cases, Squarepoint Group will not perform a quantitative impact analysis on discovered coding errors. Squarepoint Group's judgment could prove to be wrong, and a software error that Squarepoint Group chooses not to fix immediately, or chooses to fix at different times for different funds, could have a material impact on the Master Fund. In addition, as a mathematical model can be expressed in computer code in multiple ways, the choice of code ultimately used may not result in the best representation of the model.

The occurrence of coding errors is inevitable given the Master Fund's sophisticated and highly complex trading processes, and coding errors will not constitute trade errors under the Master Fund's policies. Investors should understand that they are assuming the risks (including any losses) associated with these errors when investing in the Funds. The Funds do not expect to disclose discovered coding errors to investors, and losses arising from coding errors will be borne by the Master Fund.

Reliance on Data Availability and Accuracy

The quantitative models that are utilized by Squarepoint Group to trade the Master Fund's portfolios rely on historical and current market and other data provided by third parties. Any interruption in the flow of data, or an inability to appropriately process, clean or analyze such data is likely to disrupt the Master Fund's ability to effectively trade and Squarepoint Group's ability to manage the portfolios. In addition, while the investment system is dependent on accurate data, no assurance

can be provided that the data supplied by third parties is accurate. There may be inaccuracies in such data and the Squarepoint Group may make errors in incorporating such data into the investment system. Investment decisions (including hedging decisions) made, or programming code developed, on the basis of inaccurate or incomplete information could have a material adverse impact on the Master Fund's portfolios, including causing the Master Fund to liquidate positions it would not have sought to liquidate with accurate data and/or to accumulate positions it would not have sought to accumulate with accurate data. It is not expected that investors will be notified when such issues occur.

Furthermore, it is not possible for Squarepoint Group to integrate all relevant data into the quantitative models it develops. Squarepoint Group makes subjective decisions regarding what data to integrate into its models. In making such determinations, Squarepoint Group may consider such factors as it deems relevant in its sole discretion, which may include the cost of obtaining such data, the technology cost of incorporating such data into the Master Fund's research and trading infrastructure, and the reliability of the third party providing such data. No assurance can be provided that Squarepoint Group's selections will result in the Funds achieving their investment objective. The acquisition and/or processing of data from third parties are significant components of the modeling utilized by Squarepoint Group and Squarepoint Group has limited experience in these activities as investment advisers.

Reliance on the Integrity of Financial and Economic Reporting

A number of the investment strategies employed on behalf of the Funds rely on financial, economic and economic policy information made available by companies, governmental agencies, exchanges, consulting and research firms and central banks. Data such as financial performance and prospects for individual companies, unemployment rates, inflation and expectations of inflation, consumer confidence measures, the determination of the London Interbank Offered Rate, sovereign debt issuance calendars and numerous other factors can have a material effect on the investment positions taken on behalf of the Master Fund. However, the Squarepoint Group has limited ability, if any, to verify such financial, economic and/or economic policy information. The Squarepoint Group is dependent in this regard upon the integrity of both the individuals and the processes by which the entities that publish such data produce their results. The Funds could incur material losses as a result of the misconduct or negligence of such individuals and/or a failure of or substantial inaccuracy in such processes.

Differential Access to Information

The Squarepoint Group will execute transactions on behalf of the Master Fund with other market participants who may have superior information and market intelligence to the Squarepoint Group. From time to time, the Funds may incur substantial losses caused by an information disadvantage.

Human Error

While the Master Fund's trading strategies primarily utilise quantitative models and automated processes, the activities and decisions of the Squarepoint Group's personnel play a vital role in the Master Fund's investment approach.

The Squarepoint Group's personnel make subjective decisions in designing, implementing, monitoring and executing trading strategies, including determinations in connection with developing and making changes to quantitative models (e.g., the timing of implementation, the level of testing required and the setting of various parameters or other settings), implementing risk limits, monitoring the Master Fund's trading and infrastructure, and trading orders manually. Subjective decisions by individuals could prove to be wrong, which could result in losses. For example, a decision to increase a risk limit or not to turn off trading in response to an automated alert could cause a strategy to trade more than intended. Because trade orders are typically placed through automated systems, there is a heightened risk of human error occurring in connection with any trades that are placed manually.

The research and modelling processes utilized by the Master Fund rely on theories, research and models being translated into computer code. Any errors made by individuals in such translation to computer code or with respect to the input of data may be difficult to detect and could result in errors in the models that result in losses. Given the manner in which the Master Fund trades, a single software coding error could result in the execution of many of unwanted trades. Similarly, the Master Fund may incur gains or losses because of a “trade error”— i.e., any human error involving a transaction in any Master Fund account, such as a keystroke error (“fat finger”) resulting in a manual trade being entered incorrectly (for instance, incorrect instrument, quantity, direction, price etc.) into a trading system.

It is not expected that investors will be made aware of human errors, and losses arising from human error will be borne by the Funds.

Electronic Trading

The Master Fund trades on electronic exchanges and other trading venues. Each venue entails its own inherent risks relating to system access, security, response times and its use of service providers. As evidenced by recent events, exchanges and other trading venues are not immune from software failures and system outages. Any software failure or system outage in a venue on which the Master Fund trades could impede the ability of the Master Fund to trade in a timely fashion or hedge its risk, which could have a material adverse effect on the Funds’ performance.

In addition, various market structure changes are being discussed globally that could impact electronic trading. Any such changes would likely materially negatively impact quantitative investment strategies like the Master Fund’s strategies.

Frequent Trading

The Master Fund trades frequently. Consequently, it bears significant brokerage, clearing and trading fees. In addition, new financial transaction taxes and higher exchange fees (for placing and/or cancelling orders) have been proposed. Even *de minimis* taxes or a small increase in exchange fees could have a negative impact on the returns of investment funds that trade frequently, like the Master Fund.

Trade Execution

Certain of the investment techniques used by Squarepoint Group require the rapid and efficient execution of transactions, or the ability to accumulate or liquidate large positions. Inefficient execution can eliminate the market opportunities that such techniques seek to capture.

Transactions may be executed on terms other than those intended by Squarepoint Group. For example, a transaction may be executed in the wrong investment instrument, for the wrong quantity or price, to buy when Squarepoint Group meant to sell or to sell when Squarepoint Group meant to buy. The Master Fund will generally bear the losses or costs of any such errors.

There is also risk that a counterparty will fail to settle a transaction in accordance with its terms and conditions, thereby causing the Master Fund to suffer a loss.

Competition among Quantitative Managers; Correlated Trading

There are a large number of investment managers that utilize quantitative models in their trading strategies. There may be attempts by other participants in the market to duplicate the Master Fund’s models or trading strategies. To the extent that such persons are utilizing models that are similar to those used by the Master Fund, the Master Fund may be competing for investment or arbitrage opportunities with such participants and the trading by such other persons may impact the opportunities and profitability of the Master Fund. To the extent that such participants take the same action with respect to a particular position as the Master Fund, the ability of the Master Fund to

purchase or dispose of its investments at attractive prices may be adversely affected.

In addition, the liquidation of a large number of positions in a short period of time by market participants that utilize quantitative models in their trading strategies could have a material adverse effect on the value of the Master Fund's portfolio. Such liquidation crises are independent of any fundamentals and might be similar to the crises that occurred in September 1998 and August 2007.

Disclosure of Intellectual Property

The intellectual property developed by the Funds for their trading activities could be copied or stolen by third parties (including, potentially, by rogue employees or through failures in the Funds' security systems or processes) who may provide such intellectual property to competitors of the Funds. Even absent a security breach, the Funds or the Squarepoint Group could inadvertently disclose confidential information to third parties. In addition, new regulations or additional scrutiny by regulators may require additional transparency with respect to the trading strategies used by firms deploying quantitative or algorithmic strategies, such as the Funds. For example, additional position-level disclosure obligations have been proposed, as has the tagging of model-driven orders. Even if the regulations often only require reporting to governmental agencies, it is possible that the information will leak out to the public.

In each case, disclosure of the Funds' intellectual property would make it more likely that the Squarepoint Group's investment strategies could become known by competitors and could lead to opportunities for competitors to reverse-engineer all or part of the Squarepoint Group's strategies. As a result, the Master Fund may have correlated trading with funds that trade on the basis of such intellectual property, which could have a materially adverse impact on the Master Fund's trading results.

Recent Developments in Financial Markets

Recent developments in the global financial markets illustrate that the current environment is one of extraordinary and possibly unprecedented uncertainty. In light of recent changes in the financial services industry, the Funds, the Squarepoint Group, the Master Fund's prime brokers (and their respective affiliates) and other financial institutions' financial condition may be adversely affected and they may become subject to legal, regulatory, reputational and other unforeseen risks that could have a material adverse effect on the Squarepoint Group's or the Funds' business and operations.

Eurozone Economic Risk

European financial markets have recently experienced volatility as a result of being adversely affected by concerns about high government debt levels and further default on or restructuring of government debt. Holders of such sovereign debt, including banks and other financial institutions, could be adversely affected by events such as defaults, restructuring and/or downgrades on these holdings. Furthermore, the ability of governments to support their domestic financial systems would likely be impeded.

It is possible that EU member countries that have already adopted the Euro could abandon the Euro and return to a national currency and/or that the Euro will cease to exist as a single currency in its current form. The effects of voluntary or involuntary abandonment of the Euro on that country, the rest of the European Union, and global markets are impossible to predict but are likely to be negative. The exit of any country out of the Euro may create significant legal, operational, and other uncertainties that may not be resolved for many years, and would potentially have a destabilising effect on all Eurozone countries and their economies and a negative impact on the global economy as a whole.

Evolving Regulatory Risks

Market disruptions and the dramatic increase in the capital allocated to alternative investment strategies during recent years have led to increased governmental as well as self-regulatory scrutiny of the “hedge fund” industry in general. The laws and regulations affecting businesses continue to evolve in an unpredictable manner. Laws and regulations, particularly those involving taxation, investment and trade, applicable to the Funds’ activities can change quickly and unpredictably, and may at any time be amended, modified, repealed or replaced in a manner adverse to the interests of the Funds. It is impossible to predict what, if any, changes in regulation applicable to the Funds or the Squarepoint Group, the markets in which they trade and invest or the counterparties with which they do business may be instituted in the future.

The AIFMD regulates AIFMs based in the European Union and prohibits such AIFMs from managing any AIF based in the European Union or marketing shares in any E.U.-based AIF to investors in the EEA unless authorization is granted to the AIFM. The AIFMD also severely restricts the ability of AIFs based outside of the European Union, such as the Funds, to access investors in the EEA. Such restrictions may adversely impact the Funds’ ability to raise capital in the future. It is anticipated that the AIFMD otherwise will apply to the Funds and OPS only to a limited extent. However, it is difficult to predict the precise impact that the AIFMD may have on the Funds and OPS in the future. Both the Funds and OPS will monitor its respective position with respect to the AIFMD and reserve the right to adopt such arrangements as each of them deems necessary or desirable to comply with the applicable requirements of the AIFMD. In addition, any regulatory changes arising from transposition of the AIFMD into national law that impairs the ability of OPS to manage the investments of the Funds (or limits the ability to market shares of the Funds in the future may materially adversely affect the Funds’ ability to implement their investment approach and achieve their investment objective.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) seeks to regulate certain markets, market participants and financial instruments that previously have been unregulated and seeks to substantially alter the regulation of many other markets, market participants and financial instruments. Because regulations implementing many provisions of the Dodd-Frank Act have only recently been adopted and some are still only proposed, it is difficult to predict the impact of the Dodd-Frank Act on the Funds, the Squarepoint Group and the markets in which they trade and invest. The Dodd-Frank Act could adversely impact strategies in which the Squarepoint Group engages or intends to engage and could increase operating costs of the Funds and thereby have an adverse impact on the Funds.

The Dodd-Frank Act requires the U.S. Commodity Futures Trading Commission (“CFTC”), the SEC and other regulatory authorities to promulgate certain rules relating to the regulation of the derivatives market. These rules require or will require the registration of certain market participants, the clearing of certain derivatives contracts through central counterparties, the execution of certain derivatives contracts on electronic platforms, as well as reporting and recordkeeping of derivatives transactions. The Dodd-Frank Act also provides expanded enforcement authority to the CFTC and SEC. While certain rules have been promulgated and are already in effect, the rulemaking and implementation process is still ongoing. In particular, the CFTC has finalized most of its rules under the Dodd-Frank Act, and the SEC has proposed several rules regarding security-based swaps but has only finalized a small number of these rules, therefore the ultimate effect of the rules and regulations on the Funds cannot yet be predicted.

The Dodd-Frank Act includes provisions that comprehensively regulate the OTC derivatives markets for the first time. The Dodd-Frank Act will require that a substantial portion of OTC derivatives be executed in regulated markets and submitted for clearing to regulated clearing houses. OTC trades submitted for clearing will be subject to minimum initial and variation margin requirements set by the relevant clearing house, as well as possible SEC or CFTC-mandated margin requirements. The regulators also have broad discretion to impose margin requirements on non-cleared OTC derivatives. Although the Dodd-Frank Act includes limited exemptions from the

clearing and margin requirements for so-called “end-users”, the Master Fund does not expect to be able to rely on such exemptions

Under CFTC rules, the Master Fund may be required to register as a major swap participant (“MSP”) depending upon the size of its swaps positions or whether it has substantial counterparty exposure from its swaps positions. If the Master Fund were required to register as an MSP, it could make compliance more expensive, affect the manner in which the Squarepoint Group conducts business and adversely affect returns. Additionally, if the Master Fund were to qualify as a “special entity” under CFTC rules, it could make it more difficult for it to enter into derivatives transactions or make such transactions more expensive.

The CFTC has issued final rules imposing reporting and recordkeeping requirements on swaps market participants. Such rules are currently effective and could increase operating costs. These additional recordkeeping and reporting requirements may require additional compliance resources and may also have a negative effect on market liquidity, which could negatively impact commodity prices and the ability to hedge price risks.

Pursuant to a rule finalized by the CFTC in December 2012, certain classes of interest rate swaps and certain classes of index credit default swaps are now subject to mandatory clearing, unless an exemption applies. As of February 2014, many of these interest rate swaps and index credit default swaps are also now subject to mandatory trading on designated contract markets or swap execution facilities. At this time, the CFTC has not proposed any rules designating other classes of swaps for mandatory clearing, but it may do so in the future. Mandatory clearing and trade execution requirements may change the cost and availability of the swaps that the Master Fund enters into, and expose it to the credit risk of the clearing house through which any cleared swap is cleared. In addition, with respect to any uncleared swaps the Master Fund enters into, the CFTC or applicable federal banking regulatory authorities may impose credit support documentation and margin requirements. At this time, rules with respect to the margining of uncleared swaps are in proposed form and therefore the effect of those rules is uncertain.

The CFTC has finalized rules requiring collateral used to margin cleared swaps to be segregated in a manner different from that applicable to the futures market and has finalized other rules allowing parties to an uncleared swap to require that any collateral posted as initial margin be segregated with a third-party custodian. Collateral segregation may impose greater costs when entering into swaps.

Finally, the Dodd-Frank Act gave the CFTC expanded anti-fraud and anti-manipulation authority, including authority over disruptive trading practices and insider trading. Several investigations have commenced in the United States related to manipulation of the foreign exchange, LIBOR and indices markets. It is likely that new standards will emerge from these proceedings that could impact the manner in which the Squarepoint Group trades.

In March 2012, Regulation (EU) No 236/2012 on short selling and certain aspects of credit default swaps (the “Short Selling Regulation”) came into force. The Short Selling Regulation took effect on 1 November 2012 and applies to (i) financial instruments including the issued shares of companies admitted to trading on certain European trading venues, (ii) certain EU sovereign debt and (iii) uncovered credit default swaps referencing EU sovereign debt. The European Securities and Markets Authority has confirmed that the Short Selling Regulation has extra-territorial effect such that the location of a transaction and the domicile or location of the parties to the transaction are irrelevant when assessing whether or not the Short Selling Regulation applies.

The Short Selling Regulation may restrict the types of trading activity that the Master Fund is able to undertake, and any non-compliance with the Short Selling Regulation may result in sanctions being applied. See “Short Sale Transactions” below for further risks relating to short selling.

In August 2012, Regulation (EU) No 648/2012 on OTC derivatives, central counterparties and trade repositories (also known as the European Market Infrastructure Regulation) (“EMIR”) came into

force. The requirements of EMIR are being phased in over a number of years, beginning in early 2013. Under EMIR, certain counterparties will be required to clear “standardized” contracts that have been declared subject to a clearing obligation through central counterparties. Where transactions are not centrally cleared, counterparties must ensure that appropriate procedures are put in place to measure, monitor and mitigate operational and counterparty credit risk arising from the relevant transactions. Risk mitigation requirements apply to EU based investment firms, credit institutions and insurance companies, and AIFs that are managed by an EU AIFM. Entities within the scope of the risk mitigation requirements must establish appropriate procedures and arrangements to measure, monitor and mitigate operational and counterparty risk in respect of derivative contracts which are not subject to mandatory clearing. These risk mitigation techniques include trade confirmation, robust portfolio reconciliation and portfolio compression processes, exchange of margin, and the daily mark-to-market of trades. While the Master Fund and OPS are not within the scope of these requirements, they may nevertheless be impacted by the clearing obligation and the risk mitigation requirements when they enter into over the counter derivative contracts with counterparties who must comply with these obligations.

The foregoing clearing obligation has yet to come into force. While some of the risk mitigation requirements under EMIR have come into force, certain of these requirements remain subject to phase-in periods. Certain key issues relating to both the clearing obligation and the risk mitigation obligations have yet to be finalized. As such, it remains unclear how the over-the-counter derivatives markets will adapt to the new regulatory regime. Accordingly, it is difficult to predict the full impact of EMIR on the Funds and the Squarepoint Group.

EMIR also requires market participants to report details of their derivatives transactions to trade repositories. The imposition of these requirements could increase the cost of trading in the derivative markets, which could in turn make it more expensive and difficult for the Master Fund to enter into swaps and other derivatives in the normal course of its business. Moreover, these increased regulatory responsibilities and increased costs could reduce trading levels in the derivative markets by a number of market participants, which could in turn adversely impact liquidity in the markets and expose the Master Fund to greater risks in connection with its trading activities. Both the Master Fund and OPS will monitor its respective position with respect to EMIR. However, prospective investors and shareholders should be aware that the regulatory changes arising from EMIR may in due course adversely affect the ability the Master Fund to adhere to its investment approach and achieve its investment objective.

On 14 January 2014, the European Commission, European Parliament and European Council reached a political agreement on the directive of the European Parliament and of the Council on markets in financial instruments repealing Directive 2004/39/EC (“MiFID II”) and the regulation of the European Parliament and the Council on markets in financial instruments and amending Regulation (EU) No 648/2012 (“MiFIR”), which are expected to enter into force in June 2014. The provisions of MiFID II and MiFIR must be implemented in the member states of the European Union by June 2016 and will come into force from December 2016.

The reforms to be enacted by MiFID II and MiFIR are designed to extend and strengthen the EU regulatory framework for the provision of investment services and trading in financial instruments. The new legislation will extend and enhance requirements relating to transaction reporting, market structure, securities trading and conduct of business rules. In addition, they will introduce a requirement to trade “standardized” contracts derivatives that are subject to clearing under EMIR and are determined to be sufficiently liquid, on regulated markets and other trading venues. These requirements could increase the cost of compliance generally, and may also impact and increase the cost of trading in the derivative markets in a similar manner to that discussed in relation to EMIR.

Regulatory Focus on Algorithmic Trading

Algorithmic trading is the subject of ongoing regulatory attention. The SEC, the CFTC, the United Kingdom Financial Conduct Authority, the Monetary Authority of Singapore and the European

Securities and Markets Authority (“ESMA”), among other regulators and exchanges, have undertaken efforts to review the impact of algorithmic trading on the functioning of markets and to suggest systems and controls for trading participants to ameliorate any adverse impact. For example, in September 2013, the CFTC published a Concept Release on Risk Controls and System Safeguards for Automated Trading Environments. In October 2012, in response to recent algorithmic trading mishaps, the SEC hosted a technology roundtable to discuss potential measures to promote stability in markets that rely on highly automated systems. Furthermore, in December of 2011, ESMA published Guidelines on Systems and Controls in an Automated Trading Environment for Trading Platforms and Investment Firms. While the impact of such regulatory focus on the Funds and the Squarepoint Group is not yet clear, it is possible that new regulations may require the Funds to implement additional technology and other controls, which could consume limited internal resources, and thereby impede the Squarepoint Group’s ability to pursue other initiatives, including improvements to its strategies.

High-frequency trading, in particular, is subject to intense regulatory focus. Minimum resting periods, higher fees for cancelled trades and circuit breakers have been proposed. Germany has imposed a specific identifier to each algorithm.

Moreover, it is possible that the Funds may be subject to inquiries and/or examinations by regulators in connection with any investigation of the practices of trading firms that employ algorithmic or high-frequency trading strategies. Any such inquiry or examination is likely to be distracting for the Funds and the Squarepoint Group and consume limited internal resources, and could result in additional expenses that would impact the performance of the Funds.

Capacity Constraints

The Funds may be capacity constrained, meaning that performance may degrade if assets under management become too large. As a result, the Squarepoint Group may seek to reduce the amount of capital invested in the Funds in order to create a portfolio size that it considers optimal to trade, including by distributions and compulsory redemptions as set out in the PPM. Any such compulsory redemptions may not be made on a pro rata basis, with certain investors being mandatorily redeemed before other investors (for example, certain Squarepoint Investors). In addition, if OPS decides not to effect compulsory redemptions and/or chooses to accept additional subscriptions into the capacity constrained Fund, performance of the Funds may be materially adversely impacted.

Leverage

The Master Fund utilizes leverage as part of its investment program, and the amount of such leverage is expected to be significant. The Master Fund obtains leverage by trading on margin and by trading derivative instruments that are inherently leveraged (including, among other things, futures contracts and swaps). Leverage exaggerates the effect on the value of interests in the Master Fund of any increase or decrease in the market value of its securities, thus increasing the volatility of the Master Fund. In addition, monies borrowed are subject to interest costs that may or may not be recovered through appreciation of the securities purchased or the yield from such securities. As a result of recent proposals that may require banking entities to hold higher levels of capital (e.g., Basel III capital ratio rules), the financing costs to which the Master Fund is subject will likely increase. Any material increase in financing costs would have a material adverse effect on the performance of the Master Fund. To raise cash to meet a margin call or other payment requirement (including as a result of a sudden precipitous drop in the value of the Master Fund’s portfolio), the Master Fund may be required to liquidate assets in its portfolio that it otherwise would not liquidate or at a sub-optimal time. In addition, the Master Fund may be required or Squarepoint Group may decide to de-lever the Master Fund’s portfolio, which may result in the liquidation of portfolio positions at a different time than would otherwise be the case. In the absence of specific agreements, securities margin arrangements are generally subject to change or revocation by the lender upon very limited notice and for any or no reason. The lender may demand an increase in the collateral, including requiring collateral equal to the full amount of the borrowings, and, if the Master

Fund is unable to provide additional collateral, the lender could liquidate assets held by the lender to satisfy the Master Fund's obligations. Liquidation in that manner could have extremely adverse consequences, which may be exacerbated in the event that these changes or revocations are imposed suddenly or by multiple lenders. In periods of market stress, and particularly in periods of stress specific to the Master Fund, lenders or counterparties may attempt to increase margin levels. Additionally, a simultaneous, broad-based increase in margin among hedge funds generally would likely adversely impact the investments held by the Master Fund by decreasing demand and increasing supply of those or similar investments.

Loss or Insufficiency of Margin on Derivatives

The Master Fund engages in derivative transactions pursuant to ISDA master agreements ("ISDAs") with counterparties that are usually major banks or their affiliates. Under the Master Fund's ISDAs, counterparties may require the Master Fund to post initial margin at the time of entry into a derivatives transaction, and the initial margin represents an uncollateralized credit risk to the counterparty. Also, the ISDAs provide for two-way variation margin pursuant to which the Master Fund and the Master Fund's counterparty post margin to one another to reflect fluctuations in the market value of the derivative. Generally, the dealer bank is responsible for calculating the daily change in margin requirements to be paid by either party due to changes in market prices. However, the dealer bank's calculation, due to error or lack of timely data, may not accurately reflect such market price changes. Although the Master Fund has the right to dispute the dealer bank's calculation, there can be no guarantee that these dispute mechanisms would work effectively leaving the Master Fund materially under-collateralized. Further, since the variation margin amount is calculated on the day preceding any dealer default, it is unlikely to reflect fully the cost to the Master Fund of entering into a replacement transaction on the date of the default, particularly because any default by a dealer bank can have a significant effect on the markets and value of such transactions. As a result, any margin held by the Master Fund will likely prove insufficient in the case of a major dealer default.

Net Asset Value Triggers

The trading agreements, such as ISDAs, to which the Master Fund is a party, typically include terms relating to declines in the Master Fund's net asset value, measured as decrease in the Master Fund's net asset value by a specified percentage on a monthly, quarterly and/or annual basis ("NAV Triggers"). While a decline in the Master Fund's net asset value may be the result of a number of factors, including market conditions, withdrawals and/or diminishing performance, NAV Triggers provide a mechanism for the Master Fund's counterparties and prime brokers to take protective measures to limit exposure to the Master Fund during a period of decline or volatility. Such protective measures may include requesting additional collateral, imposing other limitations on the Master Fund's ability to effect trades, closing out the Master Fund's positions under the relevant agreement on the counterparty's side of the market and at prices determined by the counterparty, setting off other amounts owed by the counterparty or terminating the relevant trading agreement(s). Further, a termination of an ISDA or a declaration of default by a counterparty also may permit other counterparties to exercise similar rights against the Master Fund under the cross-default and/or cross-acceleration provisions of other ISDAs and financing agreements. Any of these events could result in substantial losses to the Master Fund or have an adverse effect on the Master Fund's ability to trade and carry out its investment strategy.

Counterparty Risk

The Master Fund is exposed to the credit risk of the banks, brokers, dealers, exchanges and other counterparties through which it deals, particularly its prime brokers, which currently provide a significant portion of the Master Fund's financing. The Master Fund's prime brokers or other financing counterparties hold Master Fund assets, including assets held as collateral for margin loans or other financing provided to the Master Fund. If a prime broker or counterparty becomes insolvent, the assets and/or collateral of the Master Fund held by such prime broker or counterparty

may not be recoverable by the Master Fund. Further, even if the Master Fund is able to recover a portion of such assets or amounts, such recovery could take a significant period of time.

The Master Fund is also subject to risk of loss of its assets on deposit with a sub-custodian in the event of the sub-custodian's bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions on behalf of the Master Fund, or the bankruptcy of an exchange clearing house. The Master Fund is also subject to risk of loss of its assets on deposit with non-U.S. counterparties because non-U.S. regulatory bodies do not uniformly require such brokers to segregate customer funds. The local counterparties are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Funds' assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of their insolvency on the Funds' assets. Investors should assume that the insolvency of any significant counterparty would result in a loss to the Funds, which could be material.

In the case of the bankruptcy of a broker-dealer through which the Master Fund deals, the Master Fund may not be able to fully resume trading for some period of time due to its reliance on the insolvent broker-dealer for exchange connectivity and other services. The Master Fund's potential reliance on a few counterparties is likely to be heightened in any new markets where the Master Fund trades, at least for some period of time following the Master Fund's expansion of trading into those markets.

If the Master Fund's derivatives transactions are cleared through a derivatives clearing organization, the CFTC has issued final rules regulating the segregation and protection of collateral posted by customers of cleared and uncleared swaps. These rules are intended to provide greater protection to customer funds in the event of the insolvency of the customer's clearing firm. However, these rules are new and their operation has not yet been tested during an insolvency event or addressed by a bankruptcy court. The CFTC is also working to provide new guidance regarding prime broker arrangements and intermediation generally with regard to trading on swap execution facilities. If adopted, such guidance is expected to facilitate a greater efficiency in arrangements for execution of such transactions.

Even if a counterparty remains solvent, the Master Fund may be materially adversely impacted if the counterparty fails to adequately perform its duties and obligations. The Master Fund relies on service providers for certain key activities (including, without limitation, trading, market data, and reconciliation). Failure of one of these key service providers to perform as expected could negatively impact the Master Fund.

Short Sale Transactions

Short selling is critical to Squarepoint Group's strategies which typically aim at maintaining a long-short portfolio. Short selling involves selling securities that may or may not be owned by the seller and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in the value of securities. In addition, positions that are economically similar to short sales may be established through derivatives trading.

In many jurisdictions, a party is required to borrow or locate shares before selling securities short. From time to time, shares will be unavailable for borrowing and, consequently, the Master Fund will be unable to carry out intended trades.

Where Squarepoint Group is able to execute a short sale on behalf of the Master Fund, the Master Fund faces the risk of an unlimited loss, in that the price of the underlying security could increase without limit, exposing the short seller to the unlimited cost of buying those securities to cover the short position. There can be no assurance that the security necessary to cover a short position will

be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Similarly, a short position established synthetically through a derivative could also result in a substantial and possibly unlimited loss if the value of the underlying asset or index actually increases rather than decreases.

In recent history, many jurisdictions have imposed restrictions and reporting requirements on short selling. For example, in 2008, the SEC suspended short selling on over 900 public companies (including issuers in the financial services industry) and, in 2010, the SEC adopted a short sale price test rule, which limited short selling a security following a 10% decline in its trading price. In Europe, in September 2008, the Italian regulator banned the short selling of Italian banks and insurance companies. In October of the same year, it extended the short selling ban to all Italian stocks, regardless of their sector. In the same month, the UK, Dutch and Norwegian regulators banned the short selling of financial equities. Some new reporting requirements on short positions were also introduced at that time. Spain made it mandatory for investors to disclose at T+1 their short positions exceeding 0.25% of the total shares outstanding on financial stocks. These restrictions and reporting requirements, and any restrictions and reporting requirements enacted in the future, may change the manner in which the Master Fund trades and may prevent Squarepoint Group from successfully implementing its investment strategies. In addition, reporting requirements relating to short selling may provide transparency to the Master Fund's competitors as to its short positions, which may have a detrimental impact on the Master Fund's returns.

Hedging Transactions

Squarepoint Group may seek to limit the Master Fund's exposure to certain risks by employing hedging techniques, including by using a variety of derivative transactions. There can be no assurance regarding the effectiveness of these techniques or that they will result in increased or more stable returns than would have been achieved had they not been employed. Hedging techniques involve risks different from those of underlying investments. In particular, the variable degree of correlation between price movements of hedging instruments and price movements of the position being hedged creates the possibility that losses on the hedge may be greater than gains in the value of the Master Fund's positions. If Squarepoint Group incorrectly assesses the degree of correlation between the positions it aims at hedging and the instruments used to hedge such positions or fails to recalculate or readjust the hedges as markets change or time passes and the characteristics of the Master Fund's positions change, the Master Fund may suffer losses.

Hedging techniques may also increase risk through the unintended market impact of hedging transactions, leverage effects associated with hedging positions, the general risks related to the use of derivative instruments, lower liquidity of the hedged and hedging positions relative to an unhedged position, or other factors. In addition, even where Squarepoint Group seeks to hedge a particular risk, a suitable hedging instrument might not be available, might not be identified by Squarepoint Group and/or might not be successfully executed. Hedging instruments are intended only to reduce exposure to certain risks and not to reduce all forms of investment risks.

Although the contemplated use of hedging instruments is intended to minimize the risk of loss resulting from a decline in the value of the hedged position, the use of such instruments may limit any potential gain which might result from an increase in the value of such position. In addition, Squarepoint Group is not obliged to hedge any particular form of risk in any particular situation and may change its investment policies and practices in any manner without notice to or the consent of investors.

Directional Strategies

Some, but not all, of the strategies used by the Squarepoint Group are directional. Directional investing is subject to all the risks inherent in incorrectly predicting future price movements. Price movements may be influenced by unanticipated factors or Squarepoint Group's analysis of known factors may prove inaccurate, in either case potentially leading to substantial losses.

Relative Value Strategies

Some, but not all, of the strategies deployed by the Squarepoint Group are relative value. While relative value strategies aim at being neutral to directional market moves, this does not mean that the Master Fund will not be affected by adverse market conditions. There can be no assurances that the strategies pursued will be profitable and various market conditions may be materially less favorable to certain strategies than others. Mispricings, even if correctly identified, may not be corrected by the market, at least within a time frame over which it is feasible for the Master Fund to maintain a position. In the event that the perceived mispricings underlying the Squarepoint Group's relative value trading positions were to fail to converge toward, or were to diverge further from, relationships expected by Squarepoint Group, the Master Fund may incur a loss.

Use of Discretion

While Squarepoint's trading systems are predominantly algorithmic and mechanical, Squarepoint reserves the right to exercise discretion. No assurance can be given that such use of discretion will enable the Funds to avoid losses and in fact such use of discretion may cause the Funds to forego profits which it may have otherwise earned had such discretion not been used.

Equity Securities and Equity-Related Securities

The Master Fund invests in equity securities and may also invest in equity-related instruments, such as stock options and individual stock futures. The value of equity securities varies in response to many factors. Factors specific to an issuer, such as certain decisions by management, lower demand for the issuer's products or services or even the loss of a key executive, could result in a decrease in the value of the issuer's securities. Factors specific to the industry in which an issuer participates, such as increased competition or costs of production or negative consumer or investor perception, can have a similar effect. The value of an issuer's stock can also be adversely affected by changes in financial markets generally, such as an increase in interest rates or decrease in consumer confidence. These factors and others can cause significant fluctuations in the prices of the securities in which the Master Fund invests and can result in significant losses.

Squarepoint Group does not perform due diligence on the fundamental soundness of the business model or management of the issuers in which the Master Fund invests. Squarepoint Group's models do not take into account all, or potentially any, of the factors that contribute to the value of a particular company's equity securities.

Non-U.S. Investments

The Master Fund will invest in non-U.S. securities and derivatives. Such investing and trading involve special risks not typically associated with investing in and trading U.S. securities and derivatives, including changes in exchange rate and exchange control regulation; the imposition of non-U.S. withholding or other taxes; political, social or economic instability; the possibility of government intervention; less liquid markets; less rigorous (or no) accounting and financial reporting standards; higher transaction costs; greater difficulty in enforcing contractual rights; and more uncertain procedures (if any) for bankruptcy or other reorganization or liquidation proceedings. In addition, in many non-U.S. markets, there is less government supervision of exchanges, brokers, dealers and issuers than in the United States, which may make such entities more likely to fail or experience substantial outages than their U.S. counterparts. In the case of emerging market securities and derivatives, the foregoing risks are likely to be more pronounced. More specifically, the following risks are heightened in the case of emerging markets:

Access to Markets: Some emerging markets have securities markets to which foreign investors have only limited direct or indirect access, or which may require approvals or consents. In addition, there is in some countries a higher possibility of nationalization, expropriation or confiscatory taxation, political changes, government regulation, social instability or diplomatic developments (including war) or terrorism which could adversely affect the economies of such countries or the

Master Fund's investments in those countries. These limitations and events may interfere with and/or delay the pricing or trading of securities in emerging market countries for significant periods of time.

Currency Risk: The economies, the currencies and the financial markets of a number of the emerging markets to which the Funds may be exposed have historically experienced extreme volatility, exposing investments in the markets of those countries to greater than usual risk.

Trading Volume; Transparency: Trading volumes on the securities exchanges of emerging markets can be substantially less than in the developed world, so that executing trades may be slow and cumbersome, and may result in transactions at unfavorable prices. There may be no approved settlement procedure, and trades may be settled by a free delivery of stock with payment of cash in an uncollateralized manner, potentially exposing the Funds to counterparty credit risk. In general there may be an increased risk of defaults and delays in settlement compared to the markets in more developed economies. Volatility of prices can be greater than in the developed world

Emerging Markets Banking and Financial Systems; Inflation: The banking and other financial systems of many emerging markets are not all well developed or well regulated. Bank transfer delays, liquidity crises and other problems may arise as a result of the under-capitalization of the banking sector as a whole. Some emerging markets countries in which the Master Fund may invest have experienced substantial rates of inflation in recent years. Inflation and rapid fluctuations in inflation rates have had, and may in the future have, negative effects on the economies and securities markets of certain emerging economies.

Legal and Tax Systems: The legal and tax systems of many emerging markets are less predictable than most legal systems in countries with fully developed capital markets. Currently, the tax rules and regulations prevailing in many emerging markets are, as a general matter, either new or under varying stages of review and revision, and there is considerable uncertainty as to whether new tax laws will be enacted and, if enacted, the scope and content of such laws. Reliance on oral administrative guidance from regulators and procedural inefficiencies hinder legal remedies in many areas, including bankruptcy and the enforcement of creditors' rights. There can be no assurance that current taxes will not be increased or that additional sources of revenue or income, or other activities, will not be subject to new taxes, charges or similar fees in the future. In addition, changes to tax treaties (or their interpretation) with countries in which the Master Fund invests may have significant adverse effects on the Master Fund's ability to efficiently realize income or capital gains. With respect to certain countries, there is a possibility of expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, limitations on the removal of funds or other assets of the Master Fund, and political or social instability or diplomatic developments that could affect investments in those countries.

Derivative Instruments Generally

The Master Fund will make extensive use of derivatives. Derivatives are financial instruments that derive their value from, and are valued in relation to, one or more underlying securities, assets, financial benchmarks, indices or interest rates. Examples include swaps (including equity swaps), futures contracts, index futures, forward contracts, options and contract for differences. Many of the risks applicable to trading the underlying asset are also applicable to derivatives trading. However, there are a number of additional risks associated with derivatives trading. Transactions in certain derivatives are subject to clearance on a U.S. national exchange and to regulatory oversight, while other derivatives are subject to risks of trading in the over-the-counter markets or on non-U.S. exchanges. Derivatives may entail investment exposures that are greater than their initial margins or option premiums would suggest, meaning that a small investment in derivatives could have a large potential impact on a Master Fund's performance. Derivatives are also subject to various other types of risk, including market risk, liquidity risk, structuring risk, counterparty financial soundness, credit worthiness and performance risk, legal risk and operational risk. For example, the Master Fund could experience losses if the market for a derivative in its portfolio is, or suddenly becomes,

illiquid or if there is legal uncertainty regarding its rights under the agreement governing the derivative instrument.

The regulation of derivatives is evolving globally, and significant changes in such regulation have been enacted or proposed. While there may be benefits to such increased regulation, it may also result in increased costs or margin requirements for transacting in derivatives and could make derivative markets less liquid and more volatile, particularly in the short term while there is uncertainty regarding the impact of the regulation.

Rights and Warrants

The Master Fund may make investments in rights and warrants. Rights and warrants entitle the holder to buy equity securities at a specific price for a specific period of time. Rights and warrants may be considered more speculative than certain other types of investments in that they do not entitle a holder to dividends or voting rights with respect to the underlying securities that may be purchased nor do they represent any rights in the assets of the issuing company. Also, the value of a right or warrant does not necessarily change with the value of the underlying securities and a right or warrant ceases to have value if it is not exercised prior to the expiration date.

Swap Agreements

Squarepoint Group may enter into swap agreements on behalf of the Master Fund. Swap agreements are privately negotiated over-the-counter derivative products in which two parties agree to exchange payment streams that may be calculated in relation to a rate, index, instrument or certain securities and a particular “notional amount”.

While there are many benefits to trading via swap, there are also costs. In some markets, including the US where directed orders are not permitted via swaps, there may be more latency associated with trading equity securities via swap since the Master Fund cannot directly access certain trading venues when trading via swap. In such cases, the reference price for a swap may be less favorable than it would have been had the Master Fund been able to access the trading venue directly. In addition, because swap counterparties may be unwilling to provide exposure to specific securities when unable to hedge their resulting exposure, the Master Fund may not be able to gain exposure to certain issuers when trading via swap. Further, in many markets, swap counterparties will not accept “give up” hedges executed by other counterparties. In those markets (which include the United States), the Master Fund will not be able to execute positions with a different broker than the broker that provides financing to the Master Fund.

Swaps may be subject to various types of risks, including market risk, liquidity risk, structuring risk, tax risk and the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty. Swaps can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swaps may increase or decrease the Master Fund's exposure to equity securities, long-term or short-term interest rates, non-U.S. currency values, corporate borrowing rates, or other factors such as security prices, baskets of securities or inflation rates and may increase or decrease the overall volatility of the Master Fund's portfolio. Swap agreements can take many different forms and are known by a variety of names. The Master Fund will not be limited to any particular form of swap agreement if Squarepoint Group determines that other forms are consistent with the Master Fund's investment objective and policies. The most significant factor in the performance of swaps is the change in individual equity values, specific interest rate, currency or other factors that determine the amounts of payments due to and from the counterparties. If a swap calls for payments by the Master Fund, the Master Fund must have sufficient cash availability to make such payments when due.

Futures Contracts

The Master Fund may trade futures contracts for hedging purposes or for speculative purposes.

Futures prices can be highly volatile. Because of the low margin deposits normally required in futures trading, an extremely high degree of leverage is typical of futures trading accounts. As a result, a relatively small price movement in a futures contract may result in substantial losses to the investor.

Certain futures positions may be less liquid at some times than at other times because certain future exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits”. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. In addition, the CFTC and various exchanges impose speculative position limits on the number of positions that the Master Fund may indirectly hold or control in particular commodities. The imposition of any of these limits could hinder the Master Fund’s ability to liquidate unfavorable positions in a timely manner.

Foreign futures transactions involve executing and clearing trades on a foreign exchange. No domestic organization regulates the activities of a foreign exchange, including the execution, delivery and clearing of transactions on such an exchange, and no domestic regulator has the power to compel enforcement of the rules of a foreign exchange or the laws of a foreign country. Moreover, such laws or regulations vary depending on the foreign country in which the transaction occurs. For these reasons, the Master Fund may not be afforded certain of the protections which apply to domestic transactions, including the right to use domestic alternative dispute resolution procedures.

Forward Contracts

Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by the Master Fund due to unusually high trading volume, political intervention or other factors.

Rule 4.7 CFTC Status

OPS will operate the Funds in reliance on a partial exemption under CFTC Rule 4.7(b) available to commodity pool operators of a fund offered and sold in a private offering solely to qualified eligible persons (as defined in CFTC Rule 4.7). CFTC Rule 4.7 allows OPS to claim relief from certain disclosure, reporting and recordkeeping obligations otherwise owed to the Funds and their shareholders, including among others, the obligation to deliver a CFTC-compliant disclosure document to shareholders. These and other requirements are designed for the protection of investors in commodity pools. To the extent these requirements are reduced for pools offered in reliance on Rule 4.7(b), such protection is not fully available to shareholders. Complying with CFTC Rule 4.7 and other obligations applicable to the Funds’ commodity pool operator will subject the Funds to additional costs, expenses and administrative burdens that are borne by its shareholders.

Effect of Speculative Position Limits

The CFTC and various exchanges have rules limiting the maximum number of futures contracts and options on futures contracts which any person or group may own, hold or control. In applying such limits, the CFTC and various exchanges may require aggregation of the positions owned, held, or controlled by related entities. Any such limits may adversely impact the Master Fund; by way of

example, such limits may prevent the Master Fund from acquiring positions that might otherwise have been desirable or profitable.

The CFTC has issued proposed rules to expand speculative position limits for futures, options and swap contracts in certain commodities. These position limits will likely be aggregated among all entities under common control, unless an exemption applies, which could affect the ability of the Master Fund and the Squarepoint Group's ability to enter into derivatives transactions. Additionally, while the CFTC's proposal would only apply to derivatives on certain energy, metal and agricultural commodities, it is possible that the CFTC may expand such requirements to other types of contracts in the future. The CFTC reopened the comment period for the rulemaking regarding speculative position limits in July 2014. It is uncertain at this time, though, whether, when, and to what extent the CFTC's position limits rules will become final and effective.

New Issues

The Master Fund at times may purchase equity securities that are issued in initial public offerings registered under the U.S. Securities Act of 1933 ("**new issues**"). Pursuant to FINRA Rule 5130, certain "restricted persons" may not participate fully in gains or losses from new issues and, conversely, investors that are not restricted persons may be allocated all, or a larger portion than their pro rata share, of the profits or losses relating to such new issue offering. New issue securities in the past have on occasion experienced immediate, sometimes rapid, increases in market value following such offerings. In such cases, certain restricted persons may not receive some or any of the gains from such investment. Conversely, new issue securities may experience a decrease in market value following initial public offerings, in which case certain shareholders who are not restricted persons may receive more than their pro rata share of the losses from such investment.

Squarepoint Group has limited experience in purchasing equity securities issued in initial public offerings, and such transactions are outside the scope of Squarepoint Group's core competency. As such, Squarepoint Group cannot necessarily predict how profitable such transactions may be and, as a result, the Master Fund may suffer losses, which could be significant.

Currencies

The Master Fund may trade foreign currency spot trades, forward contracts, and/or other derivatives thereon for hedging and/or speculative purposes. In addition, the Master Fund may have exposure to currencies through non-US Dollar denominated securities, derivatives and other instruments that it chooses not to hedge against the US Dollar or any other currency. To the extent the Master Fund's assets are unhedged, the value of those assets will fluctuate with US Dollar exchange rates as well as the price changes of the Master Fund's investments in the various local markets and currencies. Thus, an increase in the value of the US Dollar compared to the other currencies in which the Master Fund makes its investments reduces the effect of increases and magnifies the effect of decreases in the prices of the Master Fund's securities in their local markets. Conversely, a decrease in the value of the US Dollar has the opposite effect on the Master Fund's non-US Dollar securities. Exchange rates can change dramatically over short periods of time, particularly during times of political or economic unrest or as a result of actions taken by central banks, which may be intended directly to affect prevailing exchange rates.

Exchange-Traded Funds

The Master Fund may invest in exchange traded funds ("ETFs") for hedging and/or speculative purposes. While an investment in a non-leveraged equity index ETF is generally expected to have a lower volatility than an investment in one of a few single stocks and to have a positive correlation to the performance of broader markets, such an investment in an ETF that is specific to an industry or sector may have higher volatility and lower correlation to the performance of broader markets. Authorized participants (who are authorized to create ETFs from their constituent instruments and redeem ETFs into their constituent instruments) manage the supply and demand of ETFs. If an ETF's constituent instruments become difficult to buy or sell or an authorized participant, for another

reason, destabilizes the supply and demand balance of an ETF, the liquidity of the ETF may be adversely affected, and the performance of the ETF may cease to track the prices of its constituent instruments, which could have an adverse effect on the Master Fund if it is trading that ETF at the time. In addition, if the Master Fund invests in ETFs, it will be subject to fees (including, without limitation, management fees and/or distribution fees) in respect of its investment(s) in the ETF(s), which fees will not offset the expense reimbursements and/or fees to which an investor in the Funds may be subject in respect of its investment in the Fund. Moreover, as ETFs are investment companies that are registered under the Investment Company Act, the Master Fund (as a private investment fund) is limited in the percentage of any single ETF that it can acquire. An ETF may be delisted and liquidated at the discretion of its issuer. Should an entity hold a position in an ETF when it is delisted, such entity may be subject to costs associated with the ETF's liquidation, counterparty risk against the issuer and additional taxes due to cash distributions from the liquidation. The ability to take short positions in an ETF is subject to borrowing availability. The ability to take optimal positions in ETFs may be adversely affected by one or more ETFs becoming hard to borrow therefore preventing the Funds from entering or maintaining a short position. ETFs on equity indices attempt to track their underlying indices closely. However, the issuer may in its discretion temporarily introduce ex-index constituents to the ETF, including ex-index equities and foreign currencies. This may introduce risks and tracking errors that are difficult to model to the ETF and that may negatively affect the value of positions in the ETF. Depending on the ETF's structure, investors may be subject to additional taxation on distributions from ETFs. ETFs listed in countries different from their constituent instruments are subject to additional risks not typically associated with ETFs listed in the same country as their constituents, including: (i) movements in currency exchange rates; (ii) significant events that affect the ETF's underlying value that occur when the ETF's listed exchange is closed; and (iii) risk factors that arise from trading in foreign instruments. ETFs that track non-equity products, such as, volatility, commodities, non-US stocks or foreign exchange and ETFs that use leverage or inverse leverage carry specific risks in addition to those listed above. ETFs that use futures, swaps or other derivatives carry risks listed in sections "*Derivative Instruments Generally*", "*Rights and Warrants*", "*Swap Agreements*", "*Futures Contracts*" and "*Effect of Speculative Position Limits*" above in addition to those specific to ETFs.

Money Market and Other Liquid Instruments

The Master Fund may, from time to time, hold cash, cash equivalents, U.S. Treasuries and other short-term securities or money market funds in order to fund anticipated redemptions or expenses, manage counterparty risk or for such other reasons as determined by Squarepoint Group in its sole discretion. Any such temporary or defensive positions could prevent the Master Fund from achieving its investment objective.

Key Personnel; Retention

The performance of the Funds depends to a large degree on the efforts of the individuals engaged in the Squarepoint Group's business. Competition among alternative investment managers is intense for the most highly skilled individuals. If a senior person of the Squarepoint Group ceases to be engaged in the business, no assurance can be given that Squarepoint Group would be able to find and recruit a replacement with similar experience or ability or as to the length of time the search for a replacement would take.

Limited Operating History

The Funds are newly-formed entities which do not have an extensive operating history for prospective investors to evaluate prior to making an investment in the Funds. The investment professionals of Squarepoint Group have been using strategies similar to some of the strategies described herein in their previous roles. However, there can be no assurance that the Funds will achieve results comparable to those that the investment professionals have achieved in the past.

Trade Error Policy

It is the policy of Squarepoint Group that utmost care must be taken when making and implementing investment decisions on behalf of the Master Fund and Squarepoint Group devotes considerable resources to preventing, identifying and containing the effects of computer system errors. Squarepoint Group consider these errors to be an intrinsic aspect (and therefore a basic element) of its sophisticated and highly technological trading and execution strategies. To the extent trading errors occur, Squarepoint Group will not be responsible for such errors or any losses resulting from trading errors, except where such errors result directly from Squarepoint Group's gross negligence, bad faith, actual fraud, or willful deceit. As a result of the exculpation and indemnification provisions in the management agreements relating to the Funds, absent gross negligence, bad faith, willful misconduct or actual fraud, trading and other mistakes (including, without limitation, those that result in losses and those that result in gains) may be treated as being for the Master Fund's account (i.e., investors of the Funds will bear any resulting losses and will benefit from any resulting gains).

Misconduct by individuals engaged in Squarepoint Group's business could cause significant losses to the Master Fund. Individual misconduct may include binding the Master Fund to transactions that exceed authorized limits or present unacceptable risks and engaging in unauthorized trading activities or concealing unsuccessful trading activities (which, in either case, may result in unknown and unmanaged risks or losses). In addition, individuals engaged in the Squarepoint Group's business may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting the Master Fund's business prospects or future marketing activities. Although the Master Fund plans to adopt measures reasonably designed to prevent and detect misconduct, such measures may not be effective in all cases.

ITEM 9 - DISCIPLINARY INFORMATION

OPS does not have any disciplinary information to disclose.

ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

OPS and Singapore OpCo has each registered as a Commodity Pool Operator ("CPO") with the CFTC.

In addition, as mentioned previously, OPS is one entity in a family of entities which together will comprise the Squarepoint Group. In addition to UK OpCo, which is expected to perform advisory services after it becomes authorized to do so by the UK Financial Conduct Authority, and Singapore OpCo which is expected to perform advisory services after it becomes authorized to do so by the Monetary Authority of Singapore ("MAS"), the Squarepoint Group also includes Squarepoint Operating Company ("France OpCo"), and Squarepoint Op Co GmbH ("Swiss OpCo"). UK OpCo also maintains a branch office in Japan. Swiss OpCo and France OpCo are primarily responsible for IT research and development activities specialized in quantitative finance, especially in the fields of trading software, large-scale computing and data management, statistical financial research, and technical analysis dedicated to financial institutions, and will provide the benefits of their expertise to other Squarepoint Group companies. Swiss OpCo and France OpCo do not conduct any investment advisory activities. As mentioned previously, OPS serves as the investment manager of the Funds and will appoint UK OpCo as sub-adviser with respect to the Master Fund subject to UK OpCo obtaining authorization from the Financial Conduct Authority of the UK. It is anticipated that promptly after Singapore OpCo has become authorized by the MAS to perform advisory services, it will be appointed as manager of the Funds in place of OPS, and OPS and UK OpCo will be appointed as sub-managers. The impact to the advisory services offered, the terms of investment, and the disclosure contained herein is expected to be minimal.

Squarepoint Group or individuals engaged in the Squarepoint Group's business may from time to time invest, or have one of their affiliates invest, in funds or firms that pursue quantitative trading strategies, including funds or firms that trade the same products in the same markets as Squarepoint Group. Investment in such funds or firms may require substantial time and effort which time and effort might otherwise be expended on managing the Funds. Individuals engaged in the Squarepoint Group's business are not obligated to devote any specific amount of their business time to the affairs of the Squarepoint Group. In addition, each of such persons and their respective principals may perform similar or different services for others and may sponsor or establish other investment funds or manage managed accounts during the same period that they provide services to the Funds, including investment funds and managed accounts that trade the same or substantially similar strategies, markets and/or instruments. Therefore, each of these persons will have conflicts of interest in allocating management time, services and functions among the various entities and accounts for which they provide services.

The administrator, the prime brokers, the custodian and/or their respective affiliates currently, or may, act as manager, custodian, registrar, broker, administrator, investment advisor, director, placing agent or dealer in relation to, or be otherwise involved in, other funds and accounts, including funds established by parties other than Squarepoint Group and funds which have similar objectives to those of the Funds. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interest with the Funds. At all times, each has regard in such event to its obligations to the Funds and will endeavor to ensure that such conflicts are resolved fairly. The officers and employees of the Funds' administrator are or may be involved in other business activities and are not required to devote any specific amount of time to maintaining the Funds.

In addition, subject to applicable law, any of the above parties may deal, as principal or agent, with the Funds, provided that such dealings are carried out as if effected on normal commercial terms negotiated on an arm's-length basis and pursuant to applicable law.

Relationship with Barclays

As part of the consideration for the acquisition of the Squarepoint Group entities from Barclays by

entities owned by the key members of the Squarepoint Group's management team, Barclays is entitled to a sum payable computed by reference to a portion of the revenue of the Squarepoint Group for a limited period of time following Closing.

To the extent permitted by applicable law, regulation, and regulatory guidance, and consistent with a non-controlling relationship, members of the Barclays Group may provide certain services, such as prime brokerage, to the Funds on a non-exclusive basis. However, the Barclays Group has no obligation to agree to provide any such services to the Funds, OPS or other members of the Squarepoint Group and, even if it agrees to provide any such services, it may be subject to regulatory restrictions on the volume or extent of any such services it may provide. Moreover, as a result of changes in applicable law, regulation, or regulatory guidance, the Barclays Group may become restricted from providing any such services to the Funds, OPS or other members of the Squarepoint Group, in which event the Funds, OPS or other members of the Squarepoint Group, as the case may be, might need to find and contract with one or more alternate service providers. If, at the time such restriction occurs, the Funds, OPS or other members of the Squarepoint Group have not established arrangements with alternate service providers, the impact on the Funds could be material.

In deciding whether to select and/or retain members of the Barclays Group to provide prime brokerage or other services to the Funds and in negotiating the terms of such services, OPS may be conflicted. Due to the fact that Barclays is entitled to sums calculated by reference to a portion of the revenue of the Squarepoint Group for a period of time following Closing, OPS may be incentivized to select and/or retain members of the Barclays Group over other parties to be one of the providers of prime brokerage or other services and to provide members of the Barclays Group with favorable terms in its role as service provider.

The Barclays Group is a full service financial services and securities firm and as such should be expected from time to time to effect transactions, for its own account or for the account of customers, including holding long or short positions in securities or options on securities in companies in which the Funds have invested or which may be included in the Funds' investment objectives. Such transactions and positions may have an adverse economic impact on the performance of the Funds. Additionally, the Barclays Group may have economic interests that are different from or conflict with those of the Funds.

Members of the Barclays Group currently act as prime broker to the Master Fund and earn fees in relation to this role. As disclosed above, the Barclays Group may also provide other services to the Funds and will paid fees on an arm's length basis.

ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING

OPS has adopted a Code of Ethics (the “Code”) pursuant to Rule 204A-1 under the Advisers Act. Each of OPS’s permanent employees, officers, directors, partners, and members and most temporary employees and consultants who have worked for OPS for more than six months, (collectively, “employees”), receive training in the Code and are required to acknowledge their receipt and understanding of the Code on an annual basis and upon any material changes.

The Code contains provisions requiring employees to act in the best interests of OPS’s clients and to comply with the federal securities laws which govern OPS’s activities. The Code also contains OPS’s personal trading policies and procedures which govern the personal investing activities of its employees. OPS’s Code requires employees to disclose all of their “covered accounts” (which includes all securities accounts over which employees and immediate family members sharing the same household exercise any control or retain a beneficial interest) to OPS’s Compliance department. Under the Code, employees must pre-clear with OPS’s Compliance department non-exempt transactions (which include purchases and sales of equities and futures), and cannot transact any buy followed by a sell (or any sell followed by a buy) within a period of less than 30 days between the two transactions. Employees may buy or sell securities or other instruments that OPS recommends to the Funds. Moreover, OPS may recommend to the Funds the purchase or sale of securities in which OPS or its employees and/or related persons have a financial interest. To address any potential conflicts of interest, these transactions are subject to OPS’s policies and procedures regarding personal securities trading described above, as well as to the requirements of the Advisers Act and other applicable laws. However, neither the Squarepoint Group nor its related persons are required to accord any exclusivity or priority to the Funds in the event of “limited availability” investment opportunities and, as a result, conflicts of interest may arise.

Investors and prospective investors in the Funds may obtain a copy of the Code upon request.

As an investment adviser with respect to the Funds, OPS may be subject to additional potential conflicts of interest between OPS or its related persons and the Funds beyond those posed by personal trading. The Advisers Act imposes certain requirements designed to decrease the possibility of conflicts of interest between an investment adviser and its clients. Therefore, in addition to the Code, OPS has also implemented policies and procedures aimed at mitigating conflicts which may arise in trading based on material non-public information, participation in outside business activities by employees, political contributions, and gifts and entertainment that may be received and/or given by employees. OPS has also adopted policies to ensure that any potential conflicts of interest which are identified are mitigated and resolved in a manner that is consistent with OPS’s fiduciary duty to its clients and in compliance with applicable laws and regulations.

ITEM 12 - BROKERAGE PRACTICES

OPS currently has prime brokerage arrangements in place with the brokers enumerated in Item 7.A of Form ADV Part 1A. In addition, OPS maintains an “approved broker list” of trading and execution counterparties. OPS’s selection of broker-dealers and other counterparties is overseen by a Brokerage and Best Execution Committee which is comprised of the Global Head of Operations and representatives from the investment and research divisions of the Squarepoint Group. In selecting trading and other counterparties, and evaluating the performance of those counterparties, the Brokerage and Best Execution Committee takes into account a number of factors, including, without limitation, commission and financing rates, trading and technology infrastructure (including speed and reliability of execution), stock lending supply and rates, ability to execute and process transactions with appropriate levels of confidentiality, operational processes, and the financial strength, integrity, and stability of the broker or counterparty. The Brokerage and Best Execution Committee meets quarterly, or more frequently if required, and is responsible for allocating trade flow and establishing the commission budget as well as evaluating best execution and monitoring counterparties.

In no event will Squarepoint Group select a broker-dealer or will the Master Fund pay a higher commission than would otherwise be paid as a means of remuneration for the referral or affording Squarepoint Group with the opportunity to participate in any capital introduction program.

In deciding whether to select and/or retain Barclays to provide prime brokerage or other services to the Funds and in negotiating the terms of such services, OPS may be conflicted as described in Item 10.

As OPS currently only provides investment advisory services with respect to the Funds (which conduct all their trading activity through the Master Fund) the issues of trade aggregation, allocation, and cross trading are not applicable to its business.

OPS does not currently have any formal “soft dollar” or commission sharing arrangements, but may consider entering into such arrangements in the future. Should OPS enter into any soft dollar or commission sharing arrangements whereby client commissions are used to purchase brokerage or research services, such arrangements are expected to be in compliance with Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended, and SEC staff guidance. However, while OPS does not have any formal arrangements to use commissions to purchase additional services, in some circumstances, OPS may select a broker-dealer that furnishes the Squarepoint Group, directly or through correspondent relationships, with research (including third-party research) or other services which provide, in its view, appropriate assistance in its investment decision-making process. Such research or other services may include research reports on companies, industries, and securities; economic and financial data; economic surveys and analyses; recommendations as to specific securities; financial publications; computer databases; quotation equipment and services; access to hardware that cannot otherwise be accessed in certain markets; and technological solutions relating to data distribution, data center space, and other services. In those situations, the commissions paid on transactions with those broker-dealers or merchants providing such services may exceed the amount another broker-dealer or merchant would have charged for effecting such transactions. However, with respect to soft dollar arrangements, the conflicts that typically give rise to concerns underlying the use of soft dollars do not generally exist for Squarepoint Group, because the Funds (and not Squarepoint Group) bear all of the expenses related to the Squarepoint Group’s operation. Therefore, Squarepoint Group’s use of soft dollars does not result in any expense shifting between Squarepoint Group, on the one hand, and the Funds, on the other.

In accordance with the Funds’ PPM, OPS’s Trade Errors Policy provides that any gains or losses resulting from trade errors are generally borne by the relevant Funds. Losses to the Funds will only be reimbursed to the extent OPS determines that the trade errors are a result of Squarepoint Group’s gross negligence, bad faith, actual fraud, or willful deceit.

ITEM 13 - REVIEW OF ACCOUNTS

OPS will monitor the trading activity and portfolio holdings of the Funds on an ongoing basis to ensure that trading activity is consistent with the general investment objectives of the Funds as outlined in the PPM. In addition, a formal review of the portfolio will be undertaken by the Squarepoint Group's Investment Management and Risk Committee on a quarterly basis, or more frequently if deemed necessary. The formal review process will address the risk limits across regions, strategies, and asset classes as well as updating the overall risk limits for the portfolio. The Investment Management and Risk Committee is comprised of the Global Head of Investment Management and all of the Regional Heads of Investment Management.

The Funds' administrator will provide monthly reports on shareholder accounts in the Funds and certain other information. Each investor in the Funds will also be furnished with a set of audited financial statements for each relevant fiscal year and, where applicable, a Schedule K-1 indicating such investor's share of the Funds' income, gain, loss, deductions, and credits relevant for U.S. federal income tax purposes.

ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

Squarepoint Group (including OPS) may receive certain services (including, without limitation, capital introduction and hedge fund consulting) from prime brokers or other counterparties with whom the Squarepoint Group conducts business at no additional cost. This could present a conflict of interest with respect to the selection of such counterparties, though the Squarepoint Group understands that the benefits received through these relationships generally do not depend on the volume of transactions directed to a particular counterparty.

ITEM 15 - CUSTODY

OPS does not maintain physical custody over the Fund's assets. However, Maxime Fortin, a controlling person of OPS also sits on the boards of directors for the Master Fund and the Feeder Funds. However, for fiscal year 2014 Mr. Fortin was contractually barred from any decision making authority with regard to the Funds' assets and all control over the assets was vested with the Funds' independent directors. Therefore OPS is not construed to have custody over the assets.

However, subsequent to fiscal year end 2014, Mr. Fortin will have authority as a director and therefore, under the provisions of the Custody Rule, Rule 206(4)-2 under the Advisers Act OPS will be construed to have custody over the assets of the Funds. OPS will comply with the annual audit provisions of the Custody Rule, and each of the Funds will be audited in accordance with United States Generally Accepted Accounting Principles (US GAAP) and the audited financial statements of the Funds will be distributed to all investors within 120 days of the relevant Fund's fiscal year end.

ITEM 16 - INVESTMENT DISCRETION

OPS has discretionary authority to manage the assets of the Funds. OPS' discretion is exercised in a manner consistent with the stated investment objectives and guidelines of each Fund. The procedures followed in assuming this authority are outlined in each Fund's governing documents.

ITEM 17 - VOTING CLIENT SECURITIES

The investment strategy employed by the Squarepoint Group will not be influenced by the outcome of proxy contests and OPS has determined that the benefit which would accrue to the Funds from proxy voting is heavily outweighed by the costs associated with voting proxies. Therefore it is OPS's policy not to vote proxies in client accounts.