



Risk Disclosure Notice

Introduction

UTO Capital Inc. (hereinafter referred to as “**UTO**” or the “**Company**”), is a Company incorporated under the Laws of Saint Lucia and the Companies Act Cap 13.01, under registration number 2023/C080; offering a variety of investment products to its Clients. The Company’s head office is located at Top Floor, Rodney Court Building, Rodney Bay, Gros Islet, Saint Lucia (hereinafter referred to as the “**Head Office**”).

The Company does not and cannot guarantee the initial capital of the Client’s portfolio or its value at any time or any money invested in any financial instrument. The Client should unreservedly acknowledge and accept that regardless of any information which may be offered by the Company, the value of any investment in Financial Instruments may fluctuate downwards or upwards and it is even probable that the investment may become of no value.

The Client should unreservedly acknowledge and accept that he runs a great risk of incurring losses and damages as a result of the purchase and/or sale of any Financial Instrument and accepts and declares that he is willing to undertake this risk. The Client should not engage in any investment directly or indirectly in Financial Instruments unless he knows and understands the feature risks involved for each one of the Financial Instruments. The Client should declare that he has read, comprehends, and unreservedly accepts the following:

- i. Information of the previous performance of a Financial Instrument does not guarantee its current and/or future performance. The use of historical data does not constitute a binding or safe forecast as to the corresponding future performance of the Financial Instrument to which the said information refers.
- ii. Some Financial Instruments may not become immediately liquid as a result, for example, of reduced demand and the Client may not be in a position to sell them or easily obtain information on the value of these Financial Instruments or the extent of the associated risks.
- iii. When a Financial Instrument is traded in a currency other than the currency of the Client’s country of residence, any changes in the exchange rate may have a negative effect on its value, price and performance.
- iv. A Financial Instrument on foreign markets may entail risks different to the usual risks of the markets in the Client’s country of residence. In some cases, these risks may be greater. The prospect of profit or loss from transactions on foreign markets is also affected by exchange rate fluctuations.
- v. A Derivative Financial Instrument (i.e., option, future, forward, swap, contract for difference) may be a non-delivery spot transaction giving an opportunity to make profit on changes in currency rates, commodity, stock market indices or share prices called the underlying instrument.
- vi. The value of the derivative financial instrument may be directly affected by the price of the security or any other underlying asset which is the object of the acquisition.
- vii. The Client must not purchase a derivative financial instrument unless he is willing to undertake the risks of losing entirely all the money which he has invested and also any additional commission and other expenses incurred.
- viii. The Client acknowledges and accepts that there may be other risks which are not contained above.

DESCRIPTION OF CONTRACT FOR DIFFERENCE (CFD)

This Risk Disclosure Statement (“the Statement”) provides you with information about the risks associated with contracts for difference (“CFDs”) and real stocks, which you (“the client”, “you”) may trade through services provided to you by the company.

CFDs are complex financial products and not suitable for all investors. CFDs are leveraged products, carrying high risk to your capital and may result in the loss of the entire investment. Your profit and loss will vary according to the extent of the fluctuations in the price of the underlying asset. Entering into any transaction in financial instruments is carried out voluntarily and at your own risk.

A CFD is a derivative instrument priced with reference at an underlying asset price. CFDs are traded over the counter (OTC) and no exchange or other external execution venue will be involved in the transaction. CFDs involve greater risk than investing in on-exchange products, as market liquidity cannot be guaranteed, and it may be more difficult to liquidate an existing position. The prices and other conditions are set by us in accordance with our obligation to provide best execution as included in our Order Execution Policy and in accordance with our Order Execution Policy and in accordance with our Terms & Conditions.

CFD trading is risky and not suitable for everyone. If you choose to enter a trading relationship with us, it is important that you remain aware of the risks involved, that you have adequate financial resources to bear such risks and that you monitor your positions carefully. If you are in any doubt about the risks involved, you should seek professional advice. This Statement provides a general description of the risks associated with trading CFDs over-the-counter. This Statement does not explain all the risks involved in trading CFDs or how such risks relate to your personal circumstances.

CFD trading involves risk to your capital. You are highly recommended not to invest cash that you cannot afford to lose. If you choose to enter a trading relationship with us, it is important that you remain aware of the risks involved, that you have adequate financial resources to bear such risks and that you monitor your positions carefully. If you are in any doubt about the risks involved, you should seek professional advice.

- i. The Client may be called upon to deposit substantial additional margin, at short notice, to maintain his position(s). If the Client does not provide such additional funds within the time required, his investment position may be closed. With regards to transactions in Financial Instruments, the Company has the discretionary right to start closing positions when the margin decreases to approximately 50%, and automatically close all positions at market prices if margin drops below 10%.
- ii. Transactions may not be undertaken on a recognized or designated exchange and accordingly, they may expose the client to greater risks. The terms and conditions and trading rules may be established solely by the regulations governing the respective Execution Venue. The Client may only be able to close an open position of any given Financial Instrument during the opening hours of the exchange. The Client may also have to close any position with the same counterparty with whom it was originally entered into.
- iii. The Company may not provide the Client with investment advice relating to investments or possible transactions in investments or make investment recommendations of any kind. This prohibition is subject to an exception where advice given amounts to the giving of factual market information or information, in relation to a transaction about which the Client has enquired regarding, amongst others, transaction procedures, potential risks involved and how those risks may be minimized.
- iv. The Company is required to hold the Client's money in an account that is segregated from other clients and the Company's money in accordance with current regulations, but this may not afford complete protection.

The types of CFD include, but are not limited to Foreign Exchange CFDs, Futures CFDs, Option CFDs, Share CFDs, Commodities CFDs, Virtual Currencies CFDs and Stock Index CFDs.

CFDs are a way of trading on the upward or downward price movements of traditional financial markets without buying or selling the underlying asset directly. The potential losses associated with the price movements can exceed the total value of the initial margin (and any additional margin funds) the Client has deposited with the Company, and the Client may be obliged to close his positions at the worst possible time.

When trading CFDs, the Client will be charged an interest rate which mirrors the financing rate of borrowing the funds to invest.

This means that if the Client purchases a CFD, the Client will be required to pay financing costs (SWAP) for the period during which the Client holds the position. However, the Client will not pay any financing costs if he opens and closes a CFD position on the same day. This means that if the Client holds a long position for a certain period, the financing costs might become substantial. As a seller of CFDs, the Client will not receive any interest. Details of financing fees applied are available on the Company's website and/or provided to the client during the account opening process.

Trading Is Considered Risky And Speculative. Clients are ultimately responsible for all of the losses suffered in their account. Therefore, Clients should be prepared to lose all funds which they deposited. Clients are also responsible for losses that exceed their profits and deposits. Clients should never fund their trading activities with retirement savings, loans, mortgages, emergency funds, funds set aside for purposes such as education or home ownership, or funds required for current income or present or future medical expenses.

Competition and Sophistication. Trading requires in-depth knowledge of the securities markets, trading techniques and strategies. In attempting to profit from Trading, Traders compete with Professional traders, market-makers, etc. and therefore, a high level of investment and trading experience is necessary. No guarantees are offered or represented by the Company regarding the returns that can be expected from Trading.

Use of Leverage or Margin May be a Speculative and Costly Strategy since Leverage increases the effect of change in securities prices.

Short Selling is considered a Risky Strategy. In general, people think of investing as buying an asset, holding it while it appreciates in value and then eventually selling it to make a profit. Shorting is the opposite: an investor makes money only when a shorted security falls in value. Short selling as part of trading strategy is extremely risky. Some of the more common risks of short selling include:

Knowledge of Our Trading Software. Traders must be knowledgeable in the use and functionality of the Trading software provided by the Company or by any third-party provider, in order to correctly interpret account information and to be able to place orders correctly. Clients are responsible for all orders placed in their account, regardless of their understanding of the system functionality. If a trader does not have complete understanding of the way the system operates, he should not trade before obtaining the required knowledge.

Overnight Positions are Risky. Holding large positions in volatile securities, especially after the close of the market, may result in considerable losses. Opening prices (next day) for such securities can be significantly different from the previous day's closing prices. Also, trading in such securities can unexpectedly be halted during trading hours for a variety of reasons and prices can vary dramatically at the re-opening of trading with no interim capabilities of trading during such time periods. Such price changes may significantly change the result of stop-loss orders.

Electronic Trading Requires Some Degree of Sophistication. Persons who are relatively new to electronic trading should strictly limit both the number of trades they do and the size of their trades to reduce the risk of losses during the learning process.

A CFD is a legally binding agreement between two parties to purchase or sell, and subsequently sell or purchase a contract, priced on the basis of a certain underlying asset and valued as a specific quantity of the underlying asset. A person who buys a CFD is said to be "long" the contract. A person who sells a CFD is said to be "short" the contract. A CFD is a leveraged 'derivative' financial product.

Characteristics:

- CFDs are derivatives because their value is derived from the value of another asset (for example, a share, commodity or market index) CFDs do not have an expiry date like options or futures contracts.
- A CFD can only be closed by making a second, 'reverse' trade. If you trade CFDs, you are putting potentially very high amounts of your own money at stake.

Risks:

- Investment risk
This is the risk that investment markets move against you.
- Counterparty risk
This is the risk that the CFD provider or counterparty to a trade fails to fulfil their obligations to you. Trading CFDs exposes you not only to the risk of the CFD provider failing to act as promised, but you could also lose money if other companies the provider deals with, or other clients, fail to meet their obligations.
- Client money risk
This is the risk of losing some or all of your money held by the CFD provider.
- Liquidity, gapping and execution risks

MARKET CONDITIONS

Financial markets may fluctuate rapidly and over wide ranges to reflect new information as occur. Events that usually cause increased price volatility could be associated but not limited to unexpected economic events, market and/or corporate announcements, terror attacks, natural disasters or other unforeseen events that are outside the control of the Firm and/or the Client.

Market volatility will have a direct impact on your profitability and it is possible that all your trades will be stopped-out, regardless of their profitability. It is your responsibility to monitor the required margin of your open positions to ensure that you have sufficient funds in your account to avoid stop-outs.

Gapping occurs when market moves suddenly in any direction and price jumps from one level to another with no trading activity in between. Gapping could cause price to pass determined stop loss levels; this occurrence is referred as "Slippage" or it can be said that the price has "slipped". Slippage is the difference between the expected/set price and the execution price. Where prices "slip", any orders will be executed at the next available price. Therefore, "stop loss" orders on open positions cannot guarantee the limit of loss.

You should understand that the market conditions and the operational rules of certain markets, trading hours, dealing room hours etc, affect the capacity of the company to effect transactions or liquidate/offset open positions and may increase the risk of loss.

Market conditions and the mechanics of trading might mean you cannot make trades when you would like to, or that your trades are not filled at the price you expect.

Foreign Exchange Market

The foreign exchange market (forex, FX, or currency market) is a global, worldwide-decentralized financial market for trading currencies. It is the world's largest financial market, with over \$2 trillion traded daily. The foreign exchange market determines the relative values of different currencies.

The two currencies being traded are called a currency pair and each currency pair has its own exchange rate, which changes throughout the day. This means the investor is speculating on the currency exchange rate to

fluctuate either up or down and aims to profit from these movements. For example, in a transaction Swiss Francs (CHF) may be purchased while US dollars (USD) are sold; or Great British pounds (GBP) may be purchased while Japanese Yen (YEN) are sold. When investors trade Forex they are engaging in a transaction of two currencies in which one is bought (long) and the other is sold (short).

Risks:

High degree of leverage In forex margin trading, investors leverage money from a broker to trade assets that are worth more than the capital they have in their account to cover some or all of the credit risk. There is an element of risk involved in margin trading; since traders are holding positions that exceed the actual value of their account, substantial losses can be incurred should the move against the trader's position. When taking part in margin trading, close monitoring of margin utilization (the collateral being used to hold a margined position) is recommended. Positions must be closed, reduced or enhanced with additional funds in the case that margin utilization drops below the minimum margin requirement.

Risks of Trading Pre-Market and After-Market hours

While after-hours trading presents investing opportunities, there are also the following risks for those who wish to participate:

Lack of Liquidity. Liquidity refers to your ability to convert stock into cash. That ability depends on the existence of buyers and sellers and how easy it is to complete a trade. During regular trading hours, buyers and sellers of most stocks can trade readily with one another. During after-hours, there may be less trading volume for some stocks, making it more difficult to execute some of your trades. Some stocks may not trade at all during extended hours.

Risks related to market liquidity. Liquidity risks affect your ability to trade. It is the risk that your CFD or asset cannot be traded at the time you want to trade. In setting our prices, spreads and the size limits in which we deal, we take into account the markets for the relevant underlying assets. Market conditions can change significantly in a very short period of time. Under certain trading conditions it may be difficult or impossible to liquidate a position.

Larger Quote Spreads. Less trading activity could also mean wider spreads between the bid and ask prices. As a result, you may find it more difficult to get your order executed or to get as favourable a price as you could have during regular market hours.

Price Volatility. For stocks with limited trading activity, you may find greater price fluctuations than you would have seen during regular trading hours.

Uncertain Prices. The prices of some stocks traded during the after-hours session may not reflect the prices of those stocks during regular hours, either at the end of the regular trading session or upon the opening of regular trading the next business day.

Bias Towards Limit Orders. The Company's electronic trading systems currently accept only limit orders, where you must enter a price at which you would like your order to be executed.

Risk of News Announcements. Normally, issuers make news announcements that may affect the price of their securities after regular market hours. Similarly, important financial information is frequently announced outside of regular market hours. In extended hours trading, these announcements may occur during trading and combined with lower liquidity and higher volatility, may cause an exaggerated and unsustainable effect on the price of a security.

Competition with Professional Traders. Many of the after-hours traders are professionals with large institutions, such as mutual funds, who may have access to more information than individual investors.

Computer Delays. As with online trading, you may encounter during after-hours delays or failures in getting your order executed, including orders to cancel or change your trades.

There is a possibility that a client's order placed during regular market hours will be executed within 5 minutes after the market is closed (after-market hours). In such a case all the risks mentioned above regarding trading after-market hours apply and the risk remains with the client.

RISKS & WARNINGS ASSOCIATED WITH TRANSACTIONS IN FOREX, CFDS OR ANY OTHER DERIVATIVE PRODUCT

- The Client should unreservedly acknowledge and accept that, regardless of any information which may be offered by the Company, the value of Forex, CFDs or any other financial derivative product may fluctuate downwards or upwards and it is even probable that the investment may become of no value. As with any high risk financial product, you should not risk any funds that you cannot afford to lose, such as your retirement savings, medical and other emergency funds, funds set aside for purposes such as education or home ownership, proceeds from student loans or mortgages, or funds required to meet your living expenses.
- The high degree of "gearing" or "leverage" is a particular feature of Forex, CFDs or any other financial derivative product meaning a relatively small movement in the underlying market can have a disproportionately effect on the Client's trade.
- If the market moves against the client's position, the client may be called upon to deposit substantial additional margin (funds), at short notice, to maintain his position. If the client fails to comply with a request for additional funds within the time prescribed, his position may be closed at a loss and he will be liable for any resulting deficit. You will be deemed to have received a notice requiring the payment of such funds, even if you are not at home or do not receive the messages we leave for you, if the notices are delivered to your nominated contact points.
- A loss (which may or may not result in a margin call) may require the Client to immediately provide additional funds to the Company to maintain the open positions. The Company may also change its rates of initial margin and/or notional trading requirements at any time, which may result in a change to the margin the Client is required to maintain.
- Forex, CFDs or any other financial derivative product are not suitable for 'buy and forget' trading or long-term positions. Each day the client maintains the position it costs money (if you are long), so there is a time when Forex, CFDs or any other financial derivative product become too expensive.
- Under specific market conditions (illiquidity, economic announcement, political events, at times of rapid price movement, if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange trading is suspended or restricted, etc) it can be impossible to execute any type of Clients order at declared price. Under these conditions the prices of Forex, CFDs, or any other derivative product may not maintain their customary or anticipated relationships to the prices of the underlying asset. Therefore placing contingent orders, such as "stop-loss" or "stop-limit" orders, may not necessarily limit your losses to the intended amounts, since market conditions, which can become extraordinarily volatile, may make it impossible to execute such orders. The Client should also be aware of gaps and windows into the price of an instrument that occur sometimes at the opening or closing of the market where the underlying instrument is traded, affecting Client's profitability.

- All Forex, CFDs, or any other derivative product involves risk, and there is no trading strategy that can eliminate it. Strategies using combinations of positions, such as spreads and “straddle” positions may be as risky as taking simple long or short positions. Trading in Forex, CFDs, Forex or any other derivative product requires knowledge of all relevant markets and available types of orders.
- The prices of Forex, CFDs, or any other derivative product will be influenced by, amongst other things, changing supply and demand relationships, governmental, agricultural, commercial and trade programs and policies, national and international political and economic events and the prevailing psychological characteristics of the relevant marketplace.
- Engaging in trading CFDs with underlying asset a virtual currency pair, and due to high volatile nature of these pairs, you might be exposed to higher risks than trading the assets themselves or trading other CFDs with other underlying assets.

FAQs

Questions regarding this Procedure should be addressed, at first instance, to the Customer Support Department at info@utocapitalllc.com .

Review of the Policy

The Company reserves the right to amend its policies at any time by making them public on its official website <http://utocapitalllc.com> . Policies shall be reviewed/amended annually and/or as and when it is deemed necessary by Regulatory Authorities and the Compliance Officer and further approved by the Board of Directors. Should the Company materially change this Policy, including how it collects, processes, or uses clients’ personal information, the revised this Notice will be uploaded on the Company’s official website. In such a case, the latest version of the policy published on the official website of the Company shall prevail. As such, Clients hereby consent, agree and accept that, posting of a revised Notice electronically on the Company’s official website forms the actual notice of the Company to its Clients. The Company encourages its clients to periodically review this Notice so that they are always aware of what information the Company collects, how it uses it and to whom it may disclose it, in accordance with the provisions of this Policy. Any dispute over the Company’s Notice is subject to this notice and the Client Agreement. Please contact us at info@utocapitalllc.com should you require additional clarification and/or further information, inquiries and/or questions.