



Segregation of Clients' Funds

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**”).

DESCRIPTION OF ACTIVITIES

The Department offers the following services to the Company and its clients:

- The timely, proper, accurate and in accordance with the relevant laws and regulations book keeping of all records from the operations of the Company. This includes the records of the third parties mainly client’s funds that the Company keeps for trading purposes according to the law and regulations;
- Financial management control and analysis necessary for the proper information of the management of the Company, like the pricing of services, budgeting, financial exposure of the Company, capital adequacy and performance ratios;
- The timely and proper preparation and submission to the competent authorities the necessary reports in the formats acceptable to them. Cooperation with the authorities in matters regarding reporting and anything that may arise from the performance of the duties of the Department;
- Preparation of financial statements in accordance with the International Accounting Standards. Provision of all information to the External Auditors during the audit of the financial statements;
- Provision of any information of financial nature to the Internal Audit department.

DUTIES AND RESPONSIBILITIES

The Head of Accounting Department is responsible for the organization and management of the Department including its human resource management.

The Head of Accounting Department shall introduce adequate organizational arrangements to minimize the risk of the loss or diminution of client assets, or of rights in connection with those assets, as a result of misuse of the assets, fraud, poor administration, inadequate record-keeping or negligence. The Company when holding Financial Instruments belonging to clients, shall make adequate arrangements so as to safeguard clients' ownership rights, especially in the event of the Company’s insolvency, and to prevent the use of a client's instruments on Own Account (in case applicable).

The Company when holding funds belonging to clients, shall make adequate arrangements to safeguard the clients' rights and, except in the case of credit institutions, prevent the use of client funds for its Own Account. The Company makes adequate arrangements to safeguard the ownership rights of clients, especially in the event of its possible insolvency, when it is holding Financial Instruments belonging to clients. The Company appoints a single officer of sufficient skill and authority with specific responsibility for matters relating to the Company's compliance with its obligations regarding safeguarding of client Financial Instruments and funds.

The Company ensures that there are no security interests, liens or rights of set-off over client assets that enable a third-party to dispose of these assets in order to recover debts that do not relate to the clients or provision of services to the clients except in cases where this is required by applicable law in a third country jurisdiction in which the client funds or Financial Instruments are held.

In the highly unlikely instance, where The Company enters into agreements that create security interests, liens or rights of set-off, it is obliged to disclose such information to clients indicating to them the risks associated with those arrangements.

The Company shall not grant security interests, liens or rights of set-off over client Financial Instruments or funds, and in the highly unlikely instance where the Company is informed that they are granted, it is obliged to record these in client contracts and its Own Accounts (***such a provision will only be applicable, in case the Company grants authorization to offer the investment service of Dealing on Own Account***) to make the ownership status of client assets clear, such as in the event of an insolvency.

As applicable, The Company:

- will take the necessary steps to ensure that any client Financial Instruments deposited with a third-party are identifiable separately (segregated) from the Financial Instruments belonging to the Company and from Financial Instruments belonging to that third-party, by means of differently titled accounts on the books of the third-party or other equivalent measures that achieve the same level of protection;
- will take the necessary steps to ensure that client funds deposited in a central bank, a credit institution or a bank authorized in a third country or a qualifying money market fund are held in an account or accounts identified separately (segregated) from any accounts used to hold funds belonging to the Company.

The Company maintains its records and accounts in a way that ensures their accuracy and in particular their correspondence to the Financial Instruments and funds held for clients and that they may be used as an audit trail. The Company keeps records and accounts which enable the Company at any time and without delay to distinguish assets held for one client from assets held for any other client and from its own assets.

The Company shall regularly **conduct reconciliations between its internal records (i.e., accounting / trading platform records) and accounts and those of any third-party by whom those assets are held (i.e., bank statements).** Frequency of reconciliations performance shall be **at least on a weekly basis.** Preparer of reconciliation reports shall be the:

- CFO of the Company; and
- another Executive Director of the Company shall review the reconciliation work performed.

The Company shall take the necessary steps to ensure that any client Financial Instrument deposited with a third-party, is identifiable separately/segregated from the Financial Instruments belonging to the Company and from Financial Instruments belonging to that third-party by means of differently titled accounts on the books of the third-party or other equivalent measures that achieve the same level of protection.

The Company introduces adequate organizational arrangements to minimize the risk of the loss or diminution of client assets, or of rights in connection with those assets, as a result of misuse of the assets, fraud, poor administration, inadequate record-keeping or negligence.

The Company shall deposit Financial Instruments held by the Company on behalf of their clients into an account or accounts opened with a third-party provided that it exercises all due skill, care and diligence in the selection, appointment and periodic review of the third-party and of the arrangements for the holding and safekeeping of those Financial Instruments and shall take into account the expertise and market reputation of the third-party as well as any legal requirements related to the holding of those Financial Instruments that could adversely affect clients' rights.

The Company shall ensure that only regulated – supervised third-parties are selected for the safekeeping of clients' Funds and / or Financial Instruments (as applicable). The Company shall exercise all due skill, care and diligence in the selection, appointment and periodic review of the credit institution, bank or money market fund (if applicable) where the funds are placed and the arrangements for the holding of those funds,

if the Company does not deposit client funds with a central bank and shall consider the need for diversification of these funds as part of the Company's Due-Diligence.

The Company shall take into account the expertise and market reputation of such institutions or money market funds (if applicable) with a view to ensuring the protection of clients' rights as well as any legal or regulatory requirements or market practices related to the holding of client funds that could adversely affect clients' rights.

In the highly unlikely instance, where The Company deposits client funds with a credit institution, bank or money market fund of the same group as the Company, the Company will ensure that, it limits the funds that it deposits with any such group entity or combination of any such group entities, so that funds do not exceed 20% of all such funds. The Company shall not be required to comply with the limit specified above, where it is able to demonstrate that, in view of the nature, scale and complexity of its business, and also the safety offered by the third-parties and including in any case the small balance of client funds they hold, the requirement under the previous sentence is not proportionate. The Company shall periodically review the assessment mentioned in previous sentences and shall notify its initial and reviewed assessments to CySEC.

When holding Financial Instruments or funds belonging to clients, The Company provides those clients or potential clients, where relevant, with the following information:

- i. where these Financial Instruments or funds may be held by a third-party on behalf of the Company and the Company's responsibility for any acts or omissions of the third-party and the consequences for the client in case of insolvency of the third-party;
- ii. if permitted by national law, inform clients about the fact that, these clients' instruments are held in an omnibus account by a third-party, and a prominent warning of the resulting risks;
- iii. if not possible under national law, inform clients about the fact that, these clients' instruments, which are held by a third-party are to be separately identifiable and segregated from the proprietary Financial Instruments of that third-party or of the Company's, and a prominent warning of the resulting risks;
- iv. where accounts that contain Financial Instruments or funds belonging to that client are, or will be subject to the law of a jurisdiction other than that of a Member State, the Company shall indicate that the rights of the client or potential client relating to those Financial Instruments or funds may differ accordingly;
- v. the existence and the terms of any security interest or lien (if applicable) which the Company has or may have over the client's Financial Instruments or funds, or any right of set-off it holds in relation to those instruments or funds, and where applicable about the fact that a depository may have a security interest or lien over, or right of set-off in relation to those instruments or funds;
- vi. before entering into securities financing transactions (if applicable) in relation to Financial Instruments held by the Company on behalf of a client, or before otherwise using such Financial Instruments for its Own Account (***such a provision will only be applicable, in case the Company grants authorization to offer the investment service of Dealing on Own Account***) or the account of another client, inform clients regarding the obligations and responsibilities of the Company with respect to the use of those Financial Instruments, including the terms for their restitution, and on the risks involved and regarding the fact that the Company ensures to provide these information in a durable medium clearly, fully and accurately in good time before the use of those instruments.

SAFEGUARDING CLIENTS' FINANCIAL INSTRUMENTS AND FUNDS

The requirements for safeguarding clients' rights in relation to Financial Instruments and funds belonging to them are described below:

- Adequate procedures are by the Company so as to safeguard clients' ownership rights for the financial instruments especially in the event of the Company's insolvency. All clients' instruments are being

kept in separate accounts of the Company with custodians, the systems of the Company permit to identify at any moment the ownership of securities.

- As for the funds belonging to clients being held by the Company – all these funds are being kept in separate “client” bank accounts of the Company, the systems of the Company permit to identify at any moment the ownership of such funds and adequate arrangements are set to safeguard the clients' rights and it is not allowed by the Internal Operations Manual to use the client funds for own account as required by the Law.
- The Company introduces adequate organizational arrangements to minimize the risk of the loss or diminution of client assets, or of rights in connection with those assets, as a result of misuse of the assets, fraud, poor administration, inadequate record-keeping or negligence.
- The Company established adequate measures to carry out regular internal review of the above procedures which include regular internal audits, examination of implementation of procedures at the meetings of the Board and Committee(s), controls carried out by Compliance officer and other measures to ensure that the procedures remain appropriate, effective, comprehensive and proportionate to the nature, scale and complexity of the Company business activities.
- The Company ensures it can make information pertaining to clients' Financial Instruments and funds readily available to competent authorities, appointed insolvency practitioners and those responsible for the resolution of failed institutions that include the following:
 - related internal accounts and records that readily identify the balances of funds and Financial Instruments held for each client;
 - where client funds are held by the Company as well as details of the accounts where client funds are held and the relevant agreements with those entities;
 - where Financial Instruments held by the Company as well as details of accounts opened with third parties and the relevant agreements with those entities;
 - details of third parties carrying out any related (outsourced) tasks and details of any outsourced tasks;
 - key individuals of the Company involved in related processes, including those responsible for the oversight of the Company’s requirements in relation to the safeguarding of client assets; and
 - agreements relevant to establish client ownership over assets.

DEPOSITING CLIENT FINANCIAL INSTRUMENT (WHERE APPLICABLE) AND FUNDS

1. A Company may deposit Financial Instruments held on behalf of its clients into an account or accounts opened with a third-party provided that the Company exercises all due skill, care and diligence in the selection, appointment and periodic review of the third-party and of the arrangements for the holding and safekeeping of those Financial Instruments. In particular, the Company is required to take into account the expertise and market reputation of the third-party as well as any legal requirements or market practices related to the holding of those Financial Instruments that could adversely affect clients’ rights.
2. If the safekeeping of Financial Instruments for the account of another person is subject to specific regulation and supervision in a jurisdiction where the Company proposes to deposit client Financial Instruments with a third-party, the Company does not deposit those Financial Instruments in that jurisdiction with a third-party which is not subject to such regulation and supervision.
3. In the highly unlikely instance, where The Company needs to deposit Financial Instruments held on behalf of clients with a third-party in a third country that does not regulate the holding and safekeeping of Financial Instruments for the account of another person, the Company will ensure that at least one (1) of the following conditions are met:
 - a) the nature of the Financial Instruments or of the investment services connected with those instruments requires them to be deposited with a third-party in that third country;
 - b) the Financial Instruments are held on behalf of a Professional Client who requests the Company in writing to deposit them with a third-party in that third country.

The Company may deposit Financial Instruments held on behalf of its clients into an account or accounts opened with a third-party provided that the Company exercises all due skill, care and diligence in the selection, appointment and periodic review of the third-party and of the arrangements for the holding and safekeeping of those Financial Instruments. In particular, the Company is required to take into account the expertise and market reputation of the third-party as well as any legal requirements or market practices related to the holding of those Financial Instruments that could adversely affect clients' rights.

If the safekeeping of Financial Instruments for the account of another person is subject to specific regulation and supervision in a jurisdiction where the Company proposes to deposit client Financial Instruments with a third-party, the Company does not deposit those Financial Instruments in that jurisdiction with a third-party which is not subject to such regulation and supervision.

The Company shall not deposit Financial Instruments held on behalf of clients with a third-party in a third country that does not regulate the holding and safekeeping of Financial Instruments for the account of another person unless one of the following conditions is met:

- a) the nature of the Financial Instruments or of the investment services connected with those instruments requires them to be deposited with a third-party in that third country;
- b) where the Financial Instruments are held on behalf of a Professional Client, that client requests the Company in writing to deposit them with a third-party in that third country.

The services provided by above third parties include, among others, the following (where applicable):

1. Holding and Safekeeping of Financial Instruments;
2. Clearing of transactions;
3. Other administrative services;

More specifically the above services include, among others, the following (if applicable):

1. Safekeeping of Financial Instruments
2. Certification of Client's rights on Financial Instruments
3. Acting as a trustee of custody account of Client at settlements with other custodians
4. Transferring securities/Financial Instruments between different depositary accounts inside the depositary
5. Transferring securities/Financial Instruments between different depositaries for settlement purposes
6. Blocking/de-blocking securities/Financial Instruments upon instructions of authorized government bodies and/or the client
7. Proper recording of the transfer of securities/Financial Instruments in the relevant depositary accounts for clients
8. Organizing the re-registration of rights over securities/Financial Instruments held with registrars
9. Ensuring re-registration of rights over securities/Financial Instruments held with corresponding depositaries
10. Realization of Clients' rights on Financial Instruments – reception of dividends, participation in general shareholders' meetings, etc.

INFORMATION TO CLIENTS CONCERNING SAFEGUARDING OR FINANCIAL INSTRUMENTS OR FUNDS

Where the Company holds financial instruments or funds belonging to Clients, it shall provide those Clients or potential Clients with such of the information specified below as is relevant:

The Company shall inform the Client or potential Client where the financial instruments or funds of that client may be held by a third party on behalf of the Company and of the responsibility of the Company for any acts or omissions of the third party and the consequences for the client of the insolvency of the third party.

Where funds or financial instruments of the Client or potential Client, are held in an omnibus account by a third party, the Company shall inform the client of this fact and shall provide a prominent warning of the resulting risks.

The Company shall inform the Client or potential Client where it is not possible for client financial instruments held with a third party to be separately identifiable from the proprietary financial instruments of that third party or of the Company and shall provide a prominent warning of the resulting risks.

The Company shall inform the client (Retail & Professional) or potential client where accounts that contain financial instruments or funds belonging to that client or potential client are or will be subject to the law of a jurisdiction other than that of a Member State and shall indicate that the rights of the client or potential client relating to those financial instruments or funds may differ accordingly.

The Company shall inform the client (Retail & Professional) about the existence and the terms of any security interest or lien which the Company has or may have over the client's financial instruments or funds, or any right of set-off it holds in relation to those instruments or funds. Where applicable, it shall also inform the client of the fact that a depository may have a security interest or lien over, or right of set-off in relation to those instruments or funds.

The Company, before entering into securities financing transactions in relation to financial instruments held by it on behalf of a Client, or before otherwise using such financial instruments for its own account or the account of another client, shall in good time before the use of those instruments provide the Client, in a durable medium, with clear, full and accurate information on the obligations and responsibilities of the investment firm with respect to the use of those financial instruments, including the terms for their restitution, and on the risks involved.

FOREIGN EXCHANGE SERVICES

The Back-Office department will be responsible for offering the ancillary service of “Foreign Exchange Services, where these are connected to the provision of investment services”.

In case a Client gives order to the Company to perform a transaction using foreign currency, the Head of the Back-Office Department is responsible to arrange for the relevant currency conversion. The Back-Office Department shall obtain foreign exchange rate quotations from banks or other financial institutions with which the Company co-operates. The foreign exchange rate obtained is subsequently communicated through a report to the Client and the Client confirms his/her agreement with the rate obtained. The Back-Office then notifies the bank or other financial institution to proceed with the conversion of funds.

The Head of the Back-Office Department shall keep records containing information of all the Clients requesting foreign exchange services, relevant Client reports, Client confirmations and bank notifications, at least five (5) years commencing with the date on which the relevant business or all activities taking place in the course of transactions were completed.

AGREEMENT WITH CUSTODIANS AND BANKS

The Company considers carefully the terms of its agreements with third parties with which it will deposit Financial Instruments belonging to a client. The following terms are addressed in such agreements:

- a) that the title of the account indicates that any Financial Instrument credited to it does not belong to the Company;
- b) that the third-party will hold or record a Financial Instrument belonging to the Company's client separately from any Financial Instrument belonging to the Company or to the third-party;
- c) the arrangements for registration or recording of a Financial Instrument if this will not be registered in the client's name;

- d) the restrictions over the third-party's right to claim a lien, right of retention or sale over any Financial Instrument standing to the credit of the account;
- e) the restrictions over the circumstances in which the third-party may withdraw assets from the account;
- f) the procedures and authorities for the passing of instructions to, or by the Company;
- g) the procedures regarding the claiming and receiving of dividends, interest payments and other entitlements accruing to the client; and
- h) the provisions detailing the extent of the third-party's liability in the event of the loss of a Financial Instrument caused by the fraud, wilful default or negligence of the third-party or an agent appointed by him.

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.