Risk Disclosure Notice

1. Introduction

This Risk Disclosure Policy ("Policy") is provided to you in accordance with applicable laws and regulations, as you are considering entering into transactions with **UTO Capital Ltd** (hereinafter referred to as “UTO” or the “Company”) in relation to the investment products it offers.

The Company offers a variety of investment products, including Forex and Contracts for Difference (CFDs), which carry a high level of risk and may not be suitable for all investors. Each financial instrument, product, or service offered by the Company involves specific risks. This Policy does not and cannot disclose or explain all possible risks or the full extent of potential losses, nor does it take into account your individual financial objectives or circumstances. The purpose of this Policy is to outline, in general terms, the nature of the risks involved in trading the instruments offered by the Company, in order to assist you in making informed investment decisions.

No Guarantees of Return or Capital Protection

- UTO does not and cannot guarantee the initial capital of the Client’s portfolio or its value at any time, nor any return on investments made in any financial instrument.
- The value of investments can fluctuate both upward and downward, and there is a possibility that the investment may become worthless.
- Clients should acknowledge and accept that trading in financial instruments involves significant risk of loss, including the potential loss of the entire invested capital and any additional commissions or costs incurred.

Leverage and Margin Trading

- Trading in Forex/CFDs involves the use of leverage, which can significantly amplify both gains and losses.
- Before applying for an account, you should carefully consider whether such trading is suitable for you based on your financial situation, investment objectives, and risk appetite.
- If you are unsure about the risks involved, we strongly recommend that you seek independent professional advice.

Risk Awareness and Client Acknowledgment

Clients should unreservedly acknowledge and accept the following:

i. **Past Performance:** Information about the historical performance of a financial instrument does not guarantee its future performance. Historical data should not be regarded as a reliable indicator of future results.

ii. **Liquidity Risk:** Some financial instruments may become illiquid due to low demand, making it difficult to sell or accurately value them.

iii. **Currency Risk:** Investments in instruments denominated in a currency other than the Client’s local currency may be affected by adverse exchange rate movements.

iv. **Foreign Market Risk:** Financial instruments traded on foreign markets may involve risks that differ from those typically found in the Client's country of residence. These may include greater market volatility and different regulatory standards.
v. **Derivative Risk:** Derivative instruments (such as options, futures, forwards, swaps, and CFDs) may be complex and carry high risk. Their value is often tied to the price movements of underlying assets such as currencies, commodities, indices, or shares.
vi. **Underlying Asset Risk:** The value of a derivative may be directly impacted by the price of the asset to which it is linked, which may be volatile or difficult to predict.
vii. **Total Loss Risk:** Clients must not invest in derivative instruments unless they are prepared to risk losing the entire amount invested, including any additional charges and commissions.
viii. **Unforeseen Risks:** Clients acknowledge that there may be additional risks, not specifically described in this Policy, which could result in further losses.

2. Description of Contracts for Difference (CFDs)

This Risk Disclosure Statement ("the Statement") outlines the risks associated with trading Contracts for Difference (CFDs), which you can trade through UTO Capital Ltd. CFDs are complex financial products and carry a high level of risk. They are leveraged products, meaning small market fluctuations can lead to substantial gains or losses, including the potential loss of your entire investment. By trading CFDs, you voluntarily accept these risks.

CFDs are derivative instruments, meaning their value is based on the price movements of an underlying asset, such as stocks, commodities, or currencies. These instruments are traded over-the-counter (OTC), meaning no external exchange is involved. This makes CFD trading riskier than exchange-traded products because liquidity may not be guaranteed, and it could be harder to liquidate your positions.

The Company offers CFD trading in a variety of markets, including Forex, stocks, commodities, virtual currencies, and stock indices. When trading CFDs, your profit or loss depends on the price movements of the underlying asset. Losses can exceed your initial margin, and you could be required to deposit additional funds to maintain your positions.

3. Risks Involved in CFD Trading

Margin and Leverage Risks: CFDs are traded using leverage, meaning you can control a larger position with a smaller amount of capital. However, if the market moves against you, you may be required to deposit substantial additional margin to maintain your position. If you fail to do so, your position may be closed at a loss. The Company reserves the right to close positions automatically if your margin falls below 50%.

Market Liquidity and Execution Risks: Since CFDs are traded OTC, you may not be able to execute orders at your desired prices, especially during periods of low liquidity or high market volatility. There may also be instances where market conditions prevent the execution of certain orders, such as stop-loss orders, at the intended levels.

Interest Costs (Swap Fees): If you hold a CFD position overnight, you may incur financing costs, also known as swap fees. These fees are charged for borrowing funds to maintain your position. If you open and close a position on the same day, you will not incur these fees. The financing costs can add up significantly, especially for long-term positions.

Risk of Losses: Trading CFDs involves a risk of loss that may result in the loss of your entire investment. You are responsible for all the losses in your account and should only trade with money you can afford to lose.

Counterparty Risk: There is a risk that the CFD provider may fail to fulfill its obligations to you, or other entities involved in the transaction may not meet their obligations. This could result in financial losses, in addition to the normal market risks.

Investment Risk: The price of the underlying asset in a CFD may move against your position, resulting in a loss. You should be prepared for the possibility that your investment may not perform as expected.

Short Selling Risk: Short selling CFDs, where you sell an asset, you do not own in the hope of buying it back at a lower price, is a high-risk strategy. If the price moves against your position, your losses can be significant.

Market Conditions and Gaps: Market conditions such as illiquidity, economic announcements, and political events can lead to rapid price movements, gaps in pricing, and the inability to execute orders at expected prices. This can result in additional losses or unexpected price changes.

Electronic Trading Risks: Trading CFDs electronically requires familiarity with trading platforms and the ability to interpret market data and execute orders correctly. Mistakes made due to a lack of understanding of the trading system could lead to financial loss.

Risk of Holding Overnight Positions: Holding large positions in volatile assets, especially overnight or outside regular market hours, can expose you to substantial risks. Opening prices the following day may differ significantly from closing prices, potentially causing losses that exceed your expectations.

CFD trading is highly speculative and should only be undertaken by those with a clear understanding of the risks involved. Clients should be aware that trading with leverage can amplify both gains and losses and should never use funds they cannot afford to lose, such as savings for retirement, education, or emergency purposes. If you are unsure about any aspect of CFD trading, it is highly recommended to seek independent professional advice.

4. Risks Associated with Transactions

Market Fluctuations: The value of Forex, CFDs, or any other financial derivative products may fluctuate upwards or downwards. It is possible that the value of your investment may become worthless. Due to the high-risk nature of these instruments, you should never risk funds you cannot afford to lose, such as retirement savings, emergency funds, or funds for essential living expenses.

Leverage and Gearing: Forex, CFDs, and other derivative products involve leverage or gearing, meaning that even small market movements can have a disproportionate effect on your trades. This increases the potential for both gains and losses, and clients should be aware that even minor price changes can result in significant financial impacts.

Margin Requirements: If the market moves against your position, you may be called upon to deposit additional funds to maintain your position. Failure to provide the requested funds within the stipulated time frame may lead to the automatic closure of your positions, and you may loose all your capital.

Costs of Maintaining Positions: Forex, CFDs, and derivative products are not suited for long-term or "buy-and-forget" trading. Each day you maintain an open position, especially if you're long, it may incur costs. Over time, these costs can make holding positions in these instruments prohibitively expensive.

Execution Risks Under Volatile Conditions: Under certain market conditions, such as illiquidity, economic announcements, political events, or periods of rapid price movements, it may be impossible to execute orders at the declared price. In such cases, the prices of Forex, CFDs, or other derivative products may deviate significantly from the expected or anticipated prices.

Stop Orders and Gaps: Placing contingent orders such as stop-loss or stop-limit orders may not necessarily limit your losses to the intended amounts, especially in volatile market conditions. Gaps or windows in price may occur during market openings or closings, which could impact your profitability and prevent orders from being executed at your desired price.

No Elimination of Risk: All forms of trading in Forex, CFDs, and derivatives inherently involve risk. There is no strategy or combination of positions (such as spreads or "straddle" positions) that can entirely eliminate this risk. It is essential to understand all the risks involved in the relevant markets and available order types before entering into any trades.

Influencing Factors: The prices of Forex, CFDs, and derivative products can be influenced by various factors, including but not limited to supply and demand dynamics, governmental and commercial policies, political and economic events, and general market sentiment. These factors can cause unexpected price fluctuations and increase the complexity of managing your trades.

Virtual Currency Pair Risk: When trading CFDs with underlying assets in virtual currencies, such as cryptocurrency pairs, clients may face higher volatility and greater risk than when trading other types of CFDs. The price fluctuations in virtual currencies are often more extreme, making these trades riskier than traditional asset-based CFDs.

5. Market Conditions and Risks

Financial markets can experience rapid fluctuations, often reflecting new and unforeseen events. Such events can include economic changes, corporate announcements, terrorism, natural disasters, or other incidents beyond the control of both the company and the client. These events can significantly impact market volatility, directly influencing profitability. It is possible for all your trades to be stopped out, regardless of whether they were previously profitable. Therefore, it is your responsibility to monitor your open positions and ensure you have enough margin to avoid stop-outs.

Gapping and Slippage: Gapping occurs when the market moves suddenly in any direction, causing the price to jump from one level to another without any trading activity in between. This can cause prices to bypass set stop-loss levels, leading to slippage. Slippage is the difference between the expected price and the execution price, which means that "stop loss" orders may not necessarily limit your losses as expected.

Market Conditions Affecting Trading: Unpredictable market conditions, such as illiquidity, trading hours, and operational rules, can affect the company's ability to execute transactions or close open positions, increasing the risk of losses. In such conditions, you may not be able to execute trades at the desired price or at all.

Foreign Exchange Market (Forex): The foreign exchange market (FX) is a decentralized global market where currencies are traded. It is the largest financial market globally, with more than $2 trillion traded daily. The exchange rate between currency pairs fluctuates throughout the day, and investors aim to profit from these price movements. When trading Forex, one currency is bought (long position), and another is sold (short position).

Risks of Forex Trading

- **Leverage Risk:** In Forex trading, leverage allows you to trade larger positions than your account balance would normally permit. While this can magnify profits, it can also result in substantial losses if the market moves against your position. Close monitoring of your margin utilization is crucial to ensure you meet the minimum margin requirements and avoid forced closures of positions.

- **Pre-Market and After-Market Risks:** Trading outside regular market hours offers potential opportunities but also comes with specific risks:
    - **Lack of Liquidity:** Trading volume tends to be lower, making it more difficult to execute trades at favourable prices or even at all.
    - **Wider Spreads:** Reduced activity may lead to wider bid-ask spreads, meaning you could face higher costs when entering or exiting positions.
    - **Price Volatility:** Stocks with less trading activity can experience larger price fluctuations than during regular hours.
    - **Uncertain Prices:** The price of a security in after-hours trading may not reflect its price during regular trading hours, leading to uncertainties.
    - **Limit Order Bias:** The trading system may only accept limit orders, requiring you to specify the price at which you want your order executed.
    - **News Announcements:** News announcements made after regular hours can lead to sudden price movements, especially when combined with lower liquidity and heightened volatility.
    - **Competition with Professionals:** Many after-hours traders are professional investors with greater resources and information than individual traders.
    - **Computer Delays:** There could be delays or failures in executing orders, including cancellations, during after-hours trading.

Risks in Trading During After-Market Hours: There is a possibility that orders placed during regular trading hours may be executed within 5 minutes after the market closes (during after-market hours). In such cases, all the risks mentioned above apply, and the risk remains with the client.

Understanding these market conditions and their associated risks is vital when trading in volatile or after-market periods. It is essential to stay informed and manage your positions with caution to minimize potential losses.

6. Third-Party Risk

Transfer of Funds to Third Parties: The Company may transfer funds received from the customer to third parties, such as OTC counterparties, clearing houses, banks, liquidity providers, or intermediaries, to facilitate or execute transactions. The Company does not assume responsibility for the insolvency, actions, or omissions of any third party involved in these transactions.

Risk of Omnibus Accounts and Insolvency: The third party receiving the customer's funds may hold them in an omnibus account, meaning it may not be possible to separate the customer's funds from those of other clients or the third party. In the event of the third party's insolvency or legal proceedings, this could result in the forced liquidation or closure of the client's positions against their wishes, or in the non-execution of client orders. Additionally, the Company may only have an unsecured claim against the third party on behalf of the client, and there is a risk that the client's claim may not be fulfilled. The Company does not accept any liability or responsibility for any resulting losses.

Depository Risks: The Company may deposit customer funds with a depository, which may have a security interest, lien, or right of set-off in relation to those funds, potentially limiting the customer's access or control over their funds in certain situations.

Conflicting Interests: A third party through whom the Company conducts business may have interests that conflict with those of the customer. These conflicts of interest could impact the execution of transactions and the overall relationship between the client and the third party.

7. Expiry System Errors

In the event that the expiry system fails and a Forex/CFD position does not close at the available market price when the instructed price is reached, the system will notify the Company. The position will then be manually resolved, and the client will be placed in the same position they would have been in if the CFD had closed at the available market price when the instructed price was met.

8. No Guarantees for Profits

The Company does not guarantee any profits or protection from losses when trading in Forex/CFDs. The customer acknowledges and accepts that no such guarantees have been made by the Company or its representatives. It is the client's responsibility to understand the risks involved in trading Forex/CFDs and to ensure they are financially capable of bearing these risks and managing any potential losses.

9. Force Majeure Event

In the event of a Force Majeure Event, the Company may be unable to execute Client orders or fulfill its obligations under the Terms and Conditions. This could result in delays or failure to perform obligations, which may cause the Client to suffer financial loss. The Company will not be held liable or responsible for any loss or damage arising, directly or indirectly, from a Force Majeure event.

10. Review of the Policy

The Company reserves the right to amend its policies at any time, with updates being published on its official website. Policies will be reviewed and updated annually or as required by Regulatory Authorities, the Compliance Officer, or as deemed necessary, with approval from the Board of Directors. If there are any material changes to this Policy, including how the Company collects, processes, or uses clients' personal information, the revised policy will be posted on the Company's official website. In such cases, the latest version of the policy published on the website will prevail.

By continuing to use the services, Clients consent to and accept that posting the revised policy electronically on the official website constitutes actual notice to Clients. The Company encourages clients to periodically review the policy to stay informed about the information collected, how it is used, and with whom it may be shared. Any disputes regarding the Company's policy are subject to this notice and the Client Agreement. For further clarification, inquiries, or questions, please contact us at support@utocapital.com.