

# Segregation of Clients' Funds

## 1. Introduction

**UTO Capital Ltd** (hereinafter referred to as "UTO" or as the "Company"), is a Mauritius Investment Firm licensed and regulated by the Financial Services Commission of Mauritius (hereinafter referred to as the "FSC") under License Number GB24203195. The Company offers a variety of investment products to Retail, Professional and Eligible Counterparties (hereinafter referred to as the "Client" or as the "Clients").

## 2. Client Fund Segregation and Protection

UTO is committed to maintaining the highest standards in the safeguarding of client money and financial instruments. All funds deposited by clients, whether directly, through authorized agents, or as a result of trading activity (such as profits upon closing a position), are handled with utmost care and in accordance with applicable laws and regulations.

Funds received from clients are deposited into **segregated bank accounts**, separate from the Company's own operational funds. These accounts are clearly denoted as **Client Accounts** and are held with regulated financial institutions. The Company ensures that clients' rights to these funds are fully safeguarded, especially in the event of insolvency.

Funds may be held in **omnibus accounts**, meaning multiple clients' funds are pooled in a single account. While these accounts are segregated from Company funds, they are not protected from the risk of shortfall in the event of third-party failure, and clients may share proportionately in any resulting deficit.

Funds in segregated accounts may be used by the Company solely in accordance with:

- The terms of the client agreement;
- Applicable financial regulations and legal requirements.

In particular, the Company may use client funds for:

- Margining, guaranteeing, securing, transferring, adjusting, or settling transactions with counterparties;
- Facilitating transactions via third-party execution providers.

Clients expressly consent to the use of their funds in these manners, as per the terms of the agreement. The Company is authorized to withdraw from the segregated account without prior notice to fulfill such obligations. Unless otherwise agreed in writing, no interest shall be paid on client funds held by the Company. These funds are typically deposited in **non-interest-bearing accounts**.

Client funds and instruments may be deposited with third-party custodians, brokers, or settlement agents. UTO Capital exercises **due skill, care, and diligence** in selecting and monitoring these third parties, assessing their:

- Regulatory status;
- Market reputation;
- Legal framework in the applicable jurisdiction;
- Risk exposure to client funds and instruments.

Funds may be held **outside of Mauritius**, and clients acknowledge that the legal protections in foreign jurisdictions may differ from those within Mauritius. In case of insolvency or analogous proceedings of a third party, clients may only have **unsecured claims**, and the Company is not liable for any resulting losses.

UTO Capital performs **daily reconciliations** of all client money and financial instruments against internal records and third-party accounts. All necessary transfers to or from the segregated accounts are executed by the **close of business on the reconciliation day**.

Records are kept in a manner that enables the Company to distinguish at all times between:

- Client assets;
- Company assets;
- Assets of one client from another.

Reconciliation reports are prepared by the CFO and reviewed by an Executive Director.

### **3. Safeguarding of Financial Instruments and Funds**

UTO Capital takes all necessary measures to ensure the protection of client financial instruments and funds in line with applicable legal and regulatory requirements. The Company implements comprehensive procedures to safeguard clients' ownership rights and minimize the risk of misuse, fraud, or operational failures.

#### **Safeguarding Client Financial Instruments**

- Client financial instruments are held in segregated accounts, separate from the Company's own assets and those of any third party. These instruments are always clearly identifiable.
- The legal rights and ownership status of clients are protected and appropriately recorded in the Company's systems, which enable the identification of ownership at any given moment.
- Clients are promptly informed about the location of their financial instruments and any associated legal risks.
- The Company does not grant or permit security interests, liens, or rights of set-off over client financial instruments unless required by law or explicitly agreed with the client. Any such arrangements are fully disclosed.

#### **Safeguarding Client Funds**

- All client funds are held in designated "client" bank accounts, separate from the Company's operational funds.
- The Company's systems allow for the immediate identification of the ownership of these funds, ensuring full transparency.
- The use of client funds for the Company's own account is strictly prohibited, in accordance with the Internal Operations Manual and applicable laws.

#### **Organizational and Operational Safeguards**

- UTO Capital maintains robust organizational arrangements to prevent the loss, diminution, or misappropriation of client assets due to fraud, poor administration, inadequate record-keeping, or negligence.
- Regular internal reviews and audits are conducted to assess the effectiveness of safeguarding measures. Oversight is provided through:
  - Board and Committee reviews;
  - Compliance monitoring; and
  - Internal audit functions.

The Company ensures that detailed information regarding clients' financial instruments and funds is readily accessible to competent authorities, insolvency practitioners, and resolution bodies. This includes:

- Internal accounts and records identifying client balances;
- Locations and agreements related to client fund accounts;

- Accounts and agreements associated with the custody of financial instruments;
- Details of third parties and outsourced service providers involved in related processes;
- Identification of key personnel overseeing asset safeguarding; and
- Relevant agreements establishing clients' legal ownership of assets.

#### 4. Risk Disclosures and Client Information

UTO Capital is committed to full transparency in its handling of client funds and financial instruments. The Company provides relevant and timely disclosures to all clients (Retail and Professional) and potential clients regarding the safeguarding of their assets, particularly when these assets are held with third parties or may be subject to legal or operational risks.

When UTO Capital holds client financial instruments or funds with third parties (such as custodians, brokers, or banks), clients are informed of:

- The identity of the third party and the fact that client assets may be held on the Company's behalf.
- The Company's responsibility for any acts or omissions of the third party.
- The potential consequences for the client in the event of the third party's insolvency.

Where client assets are held in an omnibus account (a pooled account with other clients' assets), the Company clearly informs clients and provides **a prominent warning** of the resulting risks, including the possibility of shortfalls due to third-party failure and the risk that clients may share proportionally in any deficit. If it is not possible for client financial instruments to be separately identifiable from the proprietary assets of either the third party or the Company:

- Clients are notified of this limitation.
- A prominent warning is issued regarding the risks of lack of segregation, including potential loss of ownership rights in the event of insolvency.

Where accounts containing client financial instruments or funds are or will be subject to the laws of a jurisdiction outside of an EU Member State:

- Clients are informed that their legal rights may differ due to the foreign jurisdiction.
- The Company highlights the potential impact on clients' asset protection.

Clients are made aware of any security interests, liens, or rights of set-off that the Company holds or may hold over their assets and a third-party depository may have over client funds or instruments. Full disclosure is provided regarding the existence, terms, and implications of such rights.

Before using client financial instruments for Securities financing transactions, the Company's own account, or the account of another client, the Company provides clear, complete, and accurate information **in a durable medium** on the obligations and responsibilities of the Company, terms for the return of instruments (restitution); and the associated risks involved in such use.

#### 5. Third-Party Agreements for the Holding of Client Financial Instruments

The Company carefully considers the terms of its agreements with third parties that hold Financial Instruments belonging to its clients. Key provisions addressed in these agreements include:

1. **Title of Account:** The account title must clearly indicate that any Financial Instrument credited to it does not belong to the Company.

2. **Segregation of Financial Instruments:** The third party must hold or record client Financial Instruments separately from the Company's or the third-party's own assets.
3. **Registration or Recording:** The agreement specifies the arrangements for the registration or recording of the Financial Instrument, particularly if it will not be registered in the client's name.
4. **Restrictions on Lien, Retention, or Sale:** The third-party is prohibited from claiming any lien, right of retention, or sale over the Financial Instruments in the account.
5. **Withdrawal Restrictions:** There are clear restrictions regarding the circumstances under which the third-party may withdraw assets from the account.
6. **Procedures for Instructions:** The agreement defines the procedures and authorities for passing instructions to or by the Company.
7. **Entitlement Procedures:** It outlines the procedures for claiming and receiving dividends, interest payments, and other entitlements accruing to the client.
8. **Third-Party Liability:** The agreement specifies the extent of the third-party's liability in case of loss of a Financial Instrument caused by fraud, wilful default, or negligence by the third-party or its appointed agents.

## 6. Payment Service Providers and Merchant Accounts

The Company may maintain **merchant accounts** with regulated payment service providers solely for the **processing of transactions**. These accounts are not used for the safekeeping of client money. Clients acknowledge:

- Rolling reserves may be held by payment processors, not affecting trading balances;
- Funds transferred to/from merchant accounts are subject to processor terms and timelines;
- All deposits/withdrawals must originate from and be made to accounts in the client's own name.

The Company will carry out **periodic reviews** of the payment service providers services to maintain the safety of client funds.

## 7. Foreign Exchange Services

Client deposits will be credited in the currency of their trading account. If funds are received in another currency, they will be converted using the Company's internal exchange rate on the posting date. Clients are responsible for complying with **cross-border transfer restrictions** and legal requirements of the sending and receiving jurisdictions.

## 8. Client Warranties and Authorizations

By transacting with UTO Capital, the client:

- Warrants the legal origin and ownership of all deposited funds;
- Authorizes the Company to make deposits and withdrawals on their behalf for settlements and obligations;
- Accepts that in the event of third-party failure, they may incur proportional losses in omnibus account setups;
- Understands that in case of insolvency, statutory protections such as client asset segregation and preferential creditor treatment may apply.

## 9. Review of the Policy

The Company reserves the right to amend its policies at any time by making them publicly available on its official website. Policies will be reviewed and updated annually or as necessary, based on regulatory requirements, the Compliance Officer's recommendations, and approval from the Board of Directors. If the Company makes material changes to this Policy, including how it collects, processes, or uses clients' personal information, the updated Segregation of Clients' Funds Policy will be uploaded to the official website. In such cases, the most recent version of the policy published on the website will take precedence. Clients hereby agree that posting the revised Segregation of Clients' Funds Policy on the Company's website constitutes effective notice to them. The Company encourages clients to periodically review this policy to stay informed about how their information is handled and to understand any disclosures related to it.

Any disputes regarding the Company's Segregation of Clients' Funds Policy are subject to this notice and the Client Agreement.

For additional clarification or further inquiries, please contact us at [support@utocapital.com](mailto:support@utocapital.com).