



# Risk Disclosure Statement

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**IMPORTANT - READ CAREFULLY:**

**UTrada Limited is authorised and regulated by Labuan Financial Services Authority, License No. MB/19/0042. UT Solutions LLC is registered in Saint Vincent and the Grenadines with Company Number 3738LLC2024. UTrada Limited and UT Solutions LLC is duly authorized to operate under the UTrada brand.**

**UTrada believes that its customers should be aware of the risks involved in entering over-the-counter derivatives contracts and contracts for differences (“CFDs”) (collectively, “OTC Contracts”). The following is a brief non-exhaustive summary of certain more significant factors and special risks you should take into account when deciding whether to trade in OTC Contracts. In order to open and operate an account with UTrada, you must indicate that you have read and understood this Statement. Please read this Statement in its entirety.**

When you enter into an OTC Contract with UTrada, you will be entering into a privately negotiated contract with UTrada, as principal. This means that UTrada acts as the seller when you buy and the buyer when you sell. OTC Contracts are not transferrable to other providers, and must be closed with UTrada. OTC Contracts are not executed on an exchange and are not cleared on a central clearing organisation. They are obligations of UTrada, and you may not be afforded all of the regulatory and financial protections offered by exchange-traded contracts. Both you and UTrada are obliged to perform your respective obligations under each transaction in accordance with its terms. The terms of each OTC Contract are set out in UTrada Terms and Conditions, which applies to every transaction you enter into with UTrada.

UTrada establishes the prices at which it offers to trade with you based on prices that are made or quoted to UTrada by the banks, financial institutions, exchanges and counterparties with which it does business and which may not be the same as prices available from other sources and in fact may differ significantly from the price of the underlying asset. These prices depend on fluctuations in the financial markets, which are outside UTrada control. Financial markets in general and these products in particular are volatile and can move rapidly, particularly in response to news events. In addition, the assets underlying CFDs are different from one another and there are specific risks for each item. These assets also differ from currencies (and different currencies also carry different risks). The past performance of an underlying asset, CFD or currency is not an indicator of future performance.

There may be instances where UTrada does not receive a price in respect of certain or all underlying assets due to market disruption or closure. UTrada may halt trading (i.e.: prohibit opening or closing a position) at any time, for any reason, including if UTrada does not have



pricing data available in respect of the underlying asset or currency. These situations involve risk for you, as there may be market changes while you are unable to trade, and this could adversely affect any open positions.

In entering into OTC Contracts, you should understand that UTrada is acting solely in the capacity of an arm's length contractual counterparty to you and not in the capacity of your financial advisor or fiduciary. Accordingly, you should not regard any information, proposal, suggested trade or trading strategy or other written materials or oral communications from UTrada as investment recommendations or advice or as expressing UTrada views as to whether a particular transaction is appropriate for you or meets your financial objectives.

Transactions in OTC Contracts carry a high degree of risk. The amount of initial margin is small relative to the value of the OTC Contracts so that transactions are "leveraged" or "geared". A small market movement will have a proportionally larger impact on your position, and this may work against you as well as for you. The possibility exists that you could sustain a total loss of initial margin funds and any additional deposits made to maintain your position.

We recommend that you familiarise yourself with CFD trading with UTrada using our demo account before going into live trades.

UTrada trading system is designed to automatically liquidate all open positions if you do not have sufficient funds to meet the margin requirements of your open positions. Margin closeouts may occur without warning in accordance with UTrada Margin Rules and all your open positions will be closed. You are responsible for monitoring your account to avoid unexpected margin closeouts. To limit your losses UTrada encourages you to employ such risk-reducing strategies as "stop-loss" or "stop-limit" orders, but you should be aware that market conditions may make it impossible to close out your order at the level specified.

There are risks associated with using an Internet-based trade execution software application including, but not limited to, the failure of hardware and software. While UTrada maintains back-up systems and contingency plans to minimize the possibility of system failure, UTrada does not control signal power, reception, routing via the Internet, configuration of your equipment or the reliability of your connection to the Internet. The result of any failure of the foregoing may be that your order is either not executed according to your instructions, or is not executed at all.

UTrada hours of operation coincide with the global financial markets. Trading is available from Sunday approximately 10 p.m. to Friday 10 p.m. Greenwich Mean Time (GTM) subject to Daylight Saving Time. During weekends you will not be able to close existing positions or open



new positions. Also, spreads (the difference between the bid price and the ask price) typically widen at 9:15 p.m. Friday, to reflect decreased liquidity in the global markets. And it is possible for market prices to significantly change or “gap” when trading resumes on Sunday. Therefore, you must ensure that you maintain sufficient margin in your trading account at all times to avoid a margin closeout. To reduce the risk of margin closeout, reduce or close your overall positions or add more funds to your trading account and to prevent unwanted order execution, consider widening your take profits, stop losses or trailing stops prior to the weekend.

UTrada is required to and has set up accounts that is registered and licensed. All funds you send to UTrada must be deposited in this account, and held there for you. This means that your funds are segregated and maintained separately from UTrada own funds, and can only be withdrawn as a direct result of your trading-related activities or withdrawal requests. No withdrawals can be made from this account for any UTrada operations. You acknowledge that this may not provide complete protection for your money. Your money will be commingled with the moneys of other customers of UTrada but will be segregated from UTrada own money. The risk of commingling your moneys with other customers of UTrada include the risk that monies maintained in the account may be used by UTrada to meet the default of any client of UTrada. However, in practice, this generally does not happen as UTrada will ensure that the trust account holds sufficient money to meet all clients’ obligations. UTrada will not be liable for the insolvency, acts or omissions of any bank holding customer money. In the event of any insolvency of the bank holding your money, UTrada may have only an unsecured claim against the bank on behalf of you and our other clients, and you may be exposed to the risk that the money recovered by us from the bank is insufficient to satisfy your claims in respect of your money held with the bank. Client money is deposited into this account on the day or the next business day.



**RISK WARNING: OTC Contracts are complex financial products, most of which have no set maturity date. Therefore, an OTC Contracts matures on the date you choose to close an existing open position. OTC Contracts, which are leveraged products, incur a high level of risk and can result in the loss of all of your invested capital. As a result, OTC Contracts may not be appropriate for all individuals. You should not risk more than you are prepared to lose. Before deciding to trade, you should ensure that you understand the risk involved and take into account your level of experience. You should seek independent advice, if necessary.**

UTrada provides you with this 'Risk Disclosure Statement' (the 'Statement') to help you understand the risks that might arise when trading OTC Contracts. However, you need to bear in mind that the Statement does not disclose all the risks and other significant aspects of trading over-the-counter derivatives contracts where the underlying is a currency or currency index ("OTC currency contracts"). In light of the risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to the risks. OTC currency contracts may not be suitable for many members of the public. You should carefully consider whether such trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

In considering whether to trade, you should be aware of the following:

(a) OTC currency contracts

(i) Effect of 'Leverage' or 'Gearing'

Transactions in futures, OTC currency contracts carry a high degree of risk. The amount of initial margin is small relative to the value of the OTC currency contract transaction so that the transaction is highly 'leveraged' or 'geared'. A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit; this may work against you as well as for you. You may sustain a total loss of the initial margin funds, and any additional funds deposited with the firm to maintain your position. If the market moves against your position or margin levels are increased, you may be called upon to pay substantial additional funds on short notice in order to maintain your position. If you fail to comply with a request for additional funds within the specified time, your position may be liquidated at a loss, and you will be liable for any resulting deficit in your account.





## (ii) Risk-Reducing Orders or Strategies

The placing of certain orders (e.g. 'stop-loss' orders, where permitted under local law, or 'stop-limit' orders) which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. At times, it is also difficult or impossible to liquidate a position without incurring substantial losses. Strategies using combinations of positions such as 'spread' and 'straddle' positions may be as risky as taking simple 'long' or 'short' positions.

## (b) Additional Risks Common Leveraged Foreign Exchange Trading

### (i) Terms and Conditions of Contracts

You should ask the corporation with which you conduct your transactions for the terms and conditions of the specific OTC currency contract. LFX trading contract which you are trading and the associated obligations (e.g. the circumstances under which you may become obligated to make or take delivery of the underlying interest of OTC currency contract or spot LFX trading contract transaction. Under certain circumstances, the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

### (ii) Suspension or Restriction of Trading and Pricing Relationships

Market conditions (e.g. illiquidity) or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or 'circuit breakers') may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If you have sold options, this may increase the risk of loss. Further, normal pricing relationships between the underlying interest and the futures contract, and the underlying interest and the option may not exist. This can occur when, e.g., the futures contract underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to judge 'fair' value.

### (iii) Deposited Cash and Property

You should familiarise yourself with the protection accorded to any money or other property which you deposit for domestic and foreign transactions, particularly in a firm's insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by



specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as your own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.

#### (c) Commission and Other Charges

Before you begin to trade, you should obtain a clear explanation of all commissions, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

#### (d) Transactions in Other Jurisdictions

Transactions on markets in other jurisdictions, including markets formally linked to a domestic market may expose you to additional risk. Such markets may be subject to a rule which may offer different or diminished investor protection. Before you trade, you should enquire about any rules relevant to your particular transactions. Your local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where your transactions have been affected. You should ask the firm with which you conduct your transactions for details about types of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade.

#### (e) Currency Risks

The profit or loss in transactions in foreign currency-denominated contracts (whether they are traded in your own or another jurisdiction) will be affected by fluctuations in currency rates whether there is a need to convert from the currency denomination of the contract to another currency.

#### (f) Trading Facilities

Most open-outcry and electronic trading facilities are supported by computer-based component systems for order routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the one or more parties, namely the system provider, the market, the clearing house or member firms. Such limits may vary. You should ask the firm with which you conduct your transactions for details in this report.



#### (g) Electronic Trading

Trading on an electronic trading system may differ not only from trading in an open-outcry market but also from trading on other electronic trading systems. If you undertake transactions on an electronic trading system, you will be exposed to risks associated with the system including the failure of hardware and software. The results of any system failure may be that your order is either not executed according to your instructions or not executed at all.

#### (h) Off-Exchange Transactions

In some jurisdictions, firms are permitted to effect off-exchange transactions. The firm with which you conduct your transactions may be acting as your counterparty to the transaction. It may be difficult to impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarise yourself with the applicable rules and attendant risks.