

OTC Derivatives Risk Disclosure Statement

This disclosure is a necessary addition to your client agreement with The Ultima World (DIFC) Limited (also trading as The Ultima World. Wealth Management Platform) (“the Firm” or “The Ultima World”) and should be acknowledged and signed by you. This risk statement is provided to you since you are classified as a “Retail client” and The Ultima World (DIFC) Limited (also trading as The Ultima World. Wealth Management Platform) offers you the possibility to trade over the counter derivatives contracts (“OTC derivatives contracts”). This risk statement supplemented Risk Disclosure and “Risks” section of Schedule B: Derivatives (Other Risk Disclosures) and highlights to you the risks specific to OTC derivatives contracts.

A. Any investment in OTC derivative contracts is subject to a number of risks as small movement in the market may lead to a much larger movement in the value of your investment and this could work against you or for you.

This notice provides you with information about the risks but does not explain them how they relate to your personal circumstances. If you are in any doubt you should seek professional or legal advice before signing this document. If you are not sure that you understand a particular product, instrument, service or transaction; you should also first seek appropriate professional advice before entering into this agreement.

The following (as well as that contained in the Other Risk Disclosures) is not an exhaustive list or explanation of all risks, which you may face when making an investment in OTC derivative contracts and should be used as guidance only.

B. Prior to investing, you should (and it is your responsibility to do so) carefully consider risk factors associated with any investment in the products, the business of the manufacturer and the industry in which it operates together with all other information contained herein and in the KIDs, including, but not limited to the risk factors described below as well as assess whether the products are suitable for you and whether you could afford such risks and can afford to risk all your invested capital.

You should determine if the product is a suitable investment, with particular reference to your own investment objectives and strategy, and any other factors, which may be relevant to you in connection with such investments. In particular, you should not invest in an OTC derivative contracts unless:

(a) you have sufficient knowledge and experience to make a meaningful evaluation of the products, the merits, and risks of investing in the products and the information contained in the KIDs;

(b) you have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of your particular financial situation and the investments you are considering, an investment in the products and the impact the products will have on your overall investment portfolio;

(c) you have your priority needs, any core protection needs and saving for retirement needs adequately met;

(d) you have adequate access to liquid cash (i.e. savings), and significant disposable income or capital that you wish to invest;

(e) funds you post as your initial deposit and the OTC positions you hold with the Firm are not guaranteed. The Ultima World (DIFC) Limited (also trading as The Ultima World. Wealth Management Platform) may use these deposits against losses generated by your transactions. You are personally responsible for all losses resulting from these positions and in some cases.

(f) you appreciate that you could lose all of your capital when investing in a product even if you hold it until the end of its term and have sufficient financial resources and liquidity to bear all of the risks of an investment in the product;

(g) you are unlikely to need access to your investment over the product term and accept that purchasing power of your investment may be reduced at maturity;

(h) you are happy to hold your investment until the end of its term but accept that your investment may redeem early;

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(i) you are prepared to take the risk that the manufacturer might fail to make payments due under the product in which case you would get back less than it was due or nothing at all;

(j) you are prepared to take the risk of receiving no return on your initial investment or less than you could have earned in the same period if you had invested in a standard deposit account;

(k) you are prepared to give up dividends or other distributions you might receive if you invested directly in securities or similar investments;

(l) you understand thoroughly the contractual documentation governing the products, underlying securities and underlying obligations and are familiar with the behavior of financial markets and of any financial variable which might have an impact on the return on the products;

(m) you are able to evaluate possible scenarios for economic, interest rate and other factors that may affect your investment and its ability to bear the applicable risks;

(n) you understand the tax consequences of investment in the products.

C. It is your responsibility to consult your own legal and other professional advisers before committing to any transaction, signing any documents and/or otherwise enter into any legally binding arrangement in relation to OTC derivative contracts.

D. Depending on the terms of the OTC derivative contract, an investor may receive no or a limited amount of interest, payment of principal or interest may occur at a different time than expected and all or a substantial portion of initial investment may be lost. Therefore an investor may be at risk of losing entire invested capital outlay.

E. Such loss or change in the outcome of OTC derivative may occur rapidly and/or unexpectedly.

F. It is wide known that majority of Retail clients investing in OTC derivatives lose money however in case of OTC derivatives that are available at The Ultima World (DIFC) Limited (also trading as The Ultima World. Wealth Management Platform) the statistics are as follows:

The percentage of active retail client accounts (which means the accounts during the period where the products OTC Equity Derivative Transactions and OTC Credit Derivative Transactions were traded in or held during the period) profitable for such products for four most recently completed calendar quarters is as follows:

	Total Number of Accounts with OTC Derivatives				Number of profitable accounts with OTC Derivatives				% of profitable accounts with OTC Derivatives			
	OTC Equity Derivatives	OTC Credit Derivatives	OTC Currency Derivatives	OTC Blended Derivatives*	OTC Equity Derivatives	OTC Credit Derivatives	OTC Currency Derivatives	OTC Blended Derivatives	OTC Equity Derivatives	OTC Credit Derivatives	OTC Currency Derivatives	OTC Blended Derivatives
Q1 2024	1975	47	1	15	1505	47	1	4	76%	100%	100%	27%
Q2 2024	1742	46	1	15	1321	46	1	5	76%	100%	100%	33%
Q3 2024	1688	44	1	15	1273	44	1	5	75%	100%	100%	33%
Q4 2024	1654	44	1	15	1281	44	0	5	77%	100%	0%	33%

* OTC Blended Derivative means a derivative whose underlying assets include equity and debt securities, where debt securities are indicative of credit risk.

Past performance is not a reliable indicator of future results as the products offered by The Ultima World are purchased “long” and on average mature in a year or more, therefore “net trading activity” may be displayed as a negative or “zero” figure. This means that majority of the products in the calculation have not been matured yet therefore it is impossible to guesstimate their ultimate profitability. However, we present below the statistics of the products matured over the four quarters, calculating number of products profitable (it means products where investors received more than amount of initial investment was) during the four preceding quarters:

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Total number of OTC Derivatives matured during the period Q1 2024 - Q4 2024	Number of OTC Derivatives matured profitable	% Ratio of profitable products OTC Derivatives matured during the period Q1 2024 - Q4 2024
1123	924	82%

Please note that the statistics above do not take into account contracts terminated earlier than their respective maturity date on the initiative of clients.

G. When trading OTC derivatives contracts, The Ultima World does not monitor an investors positions and does not provide investment advice relating to investments or possible transactions in investments, as we are not permitted to do so. The Firm can provide only factual market information and information about transaction procedures, potential risks and how these risks may be minimized, but the ultimate decisions are made by the investor.

H. You should be aware that we or our affiliates we may play a variety of roles in connection with the manufacturing and distribution of OTC derivative contracts. In performing these functions, our economic interests or those of our affiliates may be misaligned or be potentially adverse to your interests as an investor in the product. In addition, our business activities or those of our respective affiliates, including hedging and trading activities, could cause our or their economic interests to be adverse to yours. It is possible that hedging or trading activities of our affiliates or ours may result in substantial returns for them or us while the value of the products goes down. We or one of our affiliates may act as the calculation agent with respect to an OTC derivative contract or contracts. All determinations made by the calculation agent will be at the sole discretion of the calculation agent and will, in the absence of manifest error, be conclusive for all purposes and binding on you and on the manufacturer. The manufacturer may appoint a different calculation agent from time to time after the date of the relevant term sheet without your consent. We may have a conflict of interest with our clients since we receive distribution fee for products we make available to you. However, we have robust system to assess your risk profile and whether the products we offer are suitable for you or not and the function assessing this is independent from other functions. By signing herein below you accept such conflict of interests.

I. There are instances where you may conclude OTC derivatives via personal area on the website of the Company, as it forms the part of the Company's website, this platform is regulated by DFSA.

Electronic trading platforms, no matter how convenient or efficient, do not remove the risks associated with transactions. An electronic trading platform for OTC derivatives contracts is not an exchange, as a result it does not connect to or route orders to an exchange. The connection is only electronic for communication purposes.

J. While some off-exchange markets are highly liquid, transactions in OTC derivatives may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to close out an open position. It may be impossible to liquidate the existing position, to assess the value of the position arising from an OTC transaction.

K. An OTC derivative contract entails a counterparty credit risk, whereby you are exposed to the inability of the manufacturer to perform its obligations under the relevant product. The manufacturer is exposed to market price risk, interest rate risk, credit risk, liquidity risk, currency risk and capital risk arising from the assets it holds. The obligations of the manufacturer under an OTC derivative contract are unsubordinated and unsecured and will rank pari passu with its other unsubordinated and unsecured obligations.

L. OTC derivative contracts do not represent a claim against any issuer, sponsor, manager, or other connected person in respect of their underlying assets and you will not have any right of recourse under to any such issuer, sponsor, manager, or other connected person. OTC derivative contracts are not in any way sponsored, endorsed or promoted by any issuer, sponsor, manager or other connected person in respect of any underlying asset and such entities have no obligation to take into account the consequences of their actions on any party to OTC derivative contracts.

M. If you invest in an OTC credit derivative contract, you will additionally be exposed to the credit risk of one or more reference entities. Upon the occurrence of any of the default events comprising a credit event with respect to any reference entity, you may suffer significant losses at a time when losses may be suffered by a direct investor in obligations of such reference entity.

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A credit event may occur even if the obligations of a reference entity are unenforceable or their performance is prohibited by any applicable law or exchange controls.

N. OTC derivative contracts do not represent a claim against any issuer, sponsor, manager, or other connected person in respect of their underlying assets and you will not have any right of recourse under to any such issuer, sponsor, manager, or other connected person. OTC derivative contracts are not in any way sponsored, endorsed or promoted by any issuer, sponsor, manager or other connected person in respect of any underlying asset and such entities have no obligation to take into account the consequences of their actions on any party to OTC derivative contracts.

O. Investing in OTC derivative contracts is unlikely to lead to outcomes, which exactly reflect the impact of investing in an underlying asset, and losses could be considerably greater than would be suffered by a direct investor.

As an investor in the OTC derivative contracts, you will not have any ownership interest or rights in the underlying, such as voting rights, dividend payments or other distributions. If the OTC derivative contracts are linked to non-U.S. equity securities issued through depositary arrangements like ADRs, you will not have the rights of owners of such ADRs or the applicable underlying stock.

P. Although OTC derivative contract provide for the payment of interest in the form of coupon payments, each coupon payment may be contingent on the performance of the underlying and could amount to zero. The coupon payments, paid over the term of the OTC derivative product may not compensate you for any loss in value due to inflation and other factors relating to the value of money over time.

Q. Following certain corporate events relating to the issuer of underlying, such as a merger where such issuer is not the surviving entity or a merger event where holders of an underlying security would receive all cash or a distribution of property with respect to such security, the coupon payments you may receive may be based on the securities of a successor to such issuer or any cash or any other assets distributed to holders of such underlying in such corporate event. The occurrence of these corporate events and the consequent adjustments may materially and adversely affect the amount of interest payable on the OTC derivative contract.

R. The movements in the price of the underlying may be subject to significant fluctuations and may adversely affect your actual returns. Changes in the relevant price of the underlying may not correlate with changes in interest rates, currencies or indices. Historical performance of an underlying should not be taken as an indication of the future performance of such underlying during the term of the OTC derivative contract. The actual performance of an underlying over the term of the OTC derivative contract, as well as the amount payable as coupon or at maturity, may bear little relation to the historical performance of such underlying. As a result, it is impossible to predict whether the level of an underlying will rise or fall or whether a reference entity will or will not discharge its obligations as and when due.

This risk disclosure does not disclose all risks associated with OTC derivatives contracts. You should carefully consider the amount of money you can afford to lose, before you commit funds for trading purposes. If you are not sure that you understand a particular product, instrument or transaction, you should first seek appropriate professional advice before entering into the product, instrument or transaction. I acknowledge that I have received, read and understood the disclosure above.

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Signature of Client

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Print Name

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Date