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Information on our order handling & execution policy

EMEA and APAC Best execution procedure – UBS Execution Hub



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For information about our Execution Hub Services, visit www.ubs.com/executionhub

Best execution procedure – UBS Execution Hub

1 Purpose

- (a) This general procedure document provides information on when, where and how best execution is achieved by UBS Execution Hub when handling and executing transactions for Clients. This document supplements regional order handling and execution policy information documents (**Policy Information Documents**) as follows:
 - (i) where the UBS Execution Hub entity is in the UK or EEA, best execution is designed to satisfy requirements under UK MIFID and EU MIFID respectively and this document supplements our information on our MIFID order handling & execution policy available at www.ubs.com/executionhub;
 - (ii) where the UBS Execution Hub entity and/or personnel are in APAC, best execution is designed to satisfy requirements set out by SFC in Hong Kong and/or MAS in Singapore. This documents supplements information available in the Singapore and Hong Kong order handling and execution policy available <https://www.ubs.com/global/en/investment-bank/regulatory-directory/global-markets-bestexecution-hksg.html>
- (b) The products provided by UBS Execution Hub and covered by this document are:
 - (i) Cash Equities execution; and
 - (ii) Fixed Income execution.
- (c) Capitalised terms not defined in this document shall have the same meaning as in the Policy Information Documents.

2 Scope & Application of Best Execution to UBS Execution Hub services

- (a) UBS Execution Hub provides a managed execution service to Clients pursuant to which it determines the optimal broker and execution method to achieve the best execution outcome for Clients based on UBS Execution Hub's understanding of a Client's trading objective (**UBS Execution Hub Services**). UBS Execution Hub has full discretion to execute Client Orders in accordance with applicable best execution requirements and subject to any specific instructions of the Client.
- (b) When UBS Execution Hub executes Client Orders, the delivery of those UBS Execution Hub Services will be subject to the best execution requirements set out in the rules and regulations applicable to the UBS entity providing the UBS Execution Hub Services. Orders will also be executed in line with any instructions and constraints placed on the Order by the Client. Adherence to these order handling instructions may impact execution quality provided by UBS on such Client Orders depending on the nature of the instructions and the extent to which those instructions limit the discretion UBS would ordinarily apply in the course of Client Order execution to achieve best execution.
- (c) UBS Execution Hub Services will be provided by a number of UBS entities. The UBS entity that a Client contracts to will depend on the domicile of the Client and the product type. Such entities may undertake the UBS Execution Hub Services themselves or, subject to the UBS entity and/or product type, route the Client Orders to another UBS entity (a Connected Party) to undertake the UBS Execution Hub Services. Additional best execution regulations may apply depending on the location of the Connected Party.

- (d) Where UBS Execution Hub has discretion to determine the broker where the Client Order should be transmitted for execution, such broker may be a UBS group company or an external party.

The scope of applicability of the best execution requirements is kept under regular review and will be revised as necessary.

3 Order Receipt and Capture

- (a) Orders can be received via electronic STP methods (e.g. FIX) into the relevant order management systems (OMS), or via non-STP routes (phone, email, chat) in which case they are inputted manually into the OMS by UBS Execution Hub. Electronic Orders are not deemed to have been accepted until an acknowledgement is communicated to the Client via the STP process; in the case of manual Orders, an Order is not deemed to have been accepted until explicitly acknowledged as such by the relevant UBS Execution Hub personnel.
- (b) If you fail to receive notification of an acceptance or if you receive a rejection from us (due to connectivity issues or otherwise), you must contact us to confirm whether the Order has been accepted or rejected. This also applies to amendments and cancellations of existing Orders.

4 General Order Handling

- (a) The Execution Factors for any Order to which best execution requirements apply are price, cost, speed, likelihood of execution and settlement, size, nature and any other consideration relevant to the execution of an Order such as qualitative factors if applicable. Orders might potentially be subject to all Execution Factors, but the relative importance of each factor is determined by the Execution Criteria, which include the following contributing elements:
 - (i) Order typology;
 - (ii) The overall objectives of the Client's Order;
 - (iii) The liquidity profile of the instrument(s);
 - (iv) The size of the Order;
 - (v) General market environment and prevailing market conditions;
 - (vi) UBS Execution Hub knowledge of the Clients' Order-handling preferences;
 - (vii) The Execution Venues to which the Order can be directed; and
 - (viii) Operational/settlement ability of brokers.
- (b) The primary Execution Factor for the purposes of fulfilling the best execution obligation will usually be price. However, the UBS Execution Hub personnel will consider all key Execution Factors in light of the relevant Execution Criteria, assessing their relative weighting in light of a wide range of elements that could influence the outcome of the execution. The qualitative assessment of these considerations will affect the nature of the instruction applied to Client Orders or communicated to brokers for onward order routing and/or execution.
- (c) In addition to determining how an order will be traded, UBS Execution Hub will select the broker to whom to route the order to or request quotes from. Criteria used for this includes:
 - (i) Broker expertise for trading and settlement in the instrument;

- (ii) Algo performance; and
- (iii) Historical access to liquidity in the name.

If multiple execution avenues are expected to achieve the same result, brokers will be selected at random based on balancing the overall business being routed to each broker.

- (d) An example of the application of the Execution Factors would be where a Client is wishing to execute an Order which is very large in size, potentially many days volume and/or in an illiquid instrument; in this case the approach may be to de-prioritise speed as an Execution Factor in instructing brokers or requesting quotes. This is because available liquidity may not be sufficient to complete the Order quickly without having an unacceptable cost and price impact to the detriment of the Client's interests. As such price and cost remain the primary Execution Factors.
- (e) Another example would be for a Cash Equities Order where the Client is expecting a large imminent move in the share price due to the performance of a correlated instrument in the market. In order to build a position, the Client may wish to interact with all liquidity with a price limit away from the current market price. While price and cost will continue to be important Execution Factors, in this case they will need to be balanced against speed and likelihood of execution, which will be of greater importance than usual, in order to achieve the Client's objectives. An increased likelihood of execution could be achieved via a higher participation rate instruction to brokers and/or an, for example, by providing a higher participation rate instruction to brokers, or seek out available block liquidity and identify a specific broker who communicates an indications of interest or trade advertisements to attract other natural counterparts to.

5 Additional order handling considerations

- (a) For Fixed Income orders, the order optimisation process may submit requests for quotes (**RFQs**) to a platform/venue (e.g. Tradeweb, MarketAxess, Bloomberg) or submit orders direct to brokers, or, where the order optimisation process has determined an Order merits human intervention, UBS Execution Hub personnel will submit RFQ's or orders direct to brokers. Any such discretion will be exercised in accordance with due consideration of the Execution Factors. Selection of brokers for the RFQ process is described in section 4(c).
- (b) Where the Order is a hedge transaction for an equity swap, the Order will be directed to the Client's identified swap counterparty.
- (c) Singapore listed securities and Cash Equities Orders in certain other markets will only be transmitted for execution to a UBS group entity. Clients will be separately notified of the markets to which this applies.
- (d) Vietnamese Cash Equities Orders will only be transmitted for execution to one of several designated local brokers with which both UBS and the Client maintain a relationship.

6 Specific Client Instructions

- (a) Where the Client provides specific instructions with respect to the execution of an Order it will be executed in accordance with those instructions. The remaining elements of the Order not covered by the Client's specific instructions will be determined by UBS according to the Execution Factors, as set out above.
- (b) Where available, some instructions may be set as standing default trading "preferences" which may include preferences on which broker(s) to use, or not to use, for execution.

- (c) Other instructions may be given on an order-by-order basis and recorded in the OMS (e.g. broker for the trade, method of execution e.g. VWAP).
- (d) Where default trading preferences exist, these can be changed on the instruction of the Client, either on a general basis or for a specific Order.
- (e) For example, a Client may specify a broker to use for a specific Order. Where a Client provides such an instruction, UBS will not be responsible for selecting the broker although best execution will apply, where relevant, in relation to other aspects of the Order not covered by that instruction.
- (f) Where UBS has discretion in relation to an Order, Clients may also specify the manner in which that discretion is to be exercised by providing qualitative instructions, such as:
 - (i) A view of the market/sector/stock;
 - (ii) Whether the Order is part of a larger order or contingent on another.
- (g) There are circumstances where instructions provided by a Client may be overridden by UBS Execution Hub or the relevant broker based on other considerations (e.g. limit price is an invalid tick size so needs to be adjusted for venue execution or instruction is prohibited by applicable rules and regulations).
- (h) Clients of UBS Execution Hub contracted to UBS AG London Branch or UBS Europe SE should be aware that UBS will only be able to execute Orders in relevant instruments off a Regulated Markets, OTF or MTF where the Client has provided their prior express consent.
- (i) UBS will accommodate all trading preferences or instructions to the extent possible. Clients are solely responsible for informing UBS of any instructions, preferences, or changes thereto.

7 Broker Network

- (a) UBS Execution Hub maintains a network of brokers, which can include UBS group companies, to which it will route orders for execution.
- (b) The initial network of brokers were selected on their position, trading capabilities and liquidity offerings in the products and markets in which UBS Execution Hub will operate. Additional brokers will be added subject to client demand and service needs.

8 Monitoring

- (a) Real Time Monitoring
 - (i) UBS Execution Hub personnel will handle the lifecycle of the trade and will utilize pre- and post-trade tools for review of execution strategy.
 - (ii) Checks and controls are applied to the execution of all Orders' typologies and include fail-safes, alerts and limits throughout the execution infrastructure, which are designed to ensure that UBS is interacting with brokers in a manner appropriate for the execution of the Order in question. Orders that deviate from prescribed limits are reviewed before they are sent for execution
- (b) Post Trade Monitoring:
 - (i) All Orders to which best execution obligations apply are subject to post-trade monitoring. This monitoring comprises of Transactional Cost Analysis reports as well as Order Handling reports.
 - (ii) UBS is able to offer post-trade execution analysis upon request from the Client.

- (iii) Broker Reviews will be conducted by the UBS Execution Hub Best Execution forums to ensure that they continue to provide the best possible outcome for Clients on a consistent basis and to consider whether any changes are merited. Such reviews will include liquidity access, algo performance, price slippage, operational settlement and overall service.

9 **FX Settlement**

UBS Execution Hub is given discretion to determine the appropriate FX counterparties (which may include UBS group companies) to execute any FX requirements for Clients. Where FX requirements are subject to UK MIFID and EU MIFID, UBS Execution Hub will deliver best execution. In other cases, best execution will be delivered as required by local laws.

10 **Client Communication**

If a Client is connected electronically they can elect to receive automated real-time execution updates; if the Client is not connected electronically, the relevant UBS Execution Hub personnel may provide manual updates (for example, via Bloomberg IB chat/message or voice).

11 **Fees**

- (a) Commission rates are pre-agreed through negotiation between UBS Execution Hub and Client.
- (b) Broker and execution fees are available upon request.

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