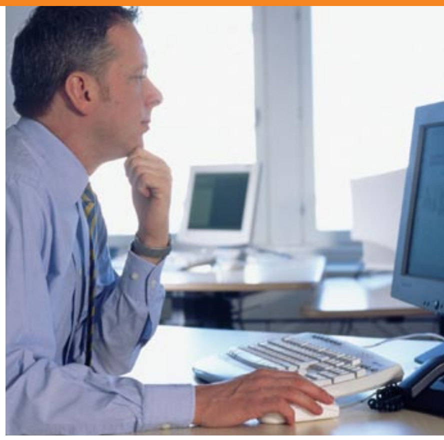
Global KeyLink Services November 2007

UBS KeyLink Newsletter



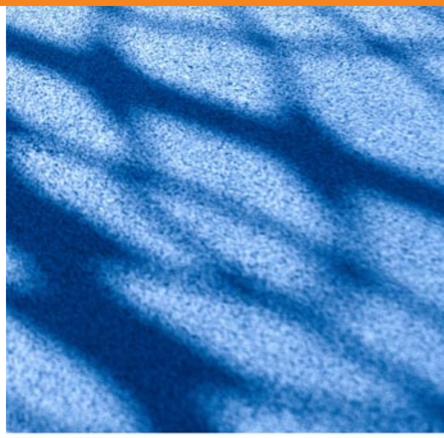


Table of Content

Next publication
The next newsletter will be published in March 2008.

Dear Readers,

I am pleased to present the latest version of our UBS KeyLink Newsletter.

This edition includes highlights on how UBS KeyLink is proudly partnering with 3PECS in Australia, embracing the important Financial Action Task Force regulations coming into effect on 15 December 2007, and enabling the global hedge fund business.

UBS KeyLink Version 9.0 was implemented successfully on 27 October 2007. This new version features many additional functions that are based on our clients' valuable feedback. We have also introduced toll-free access numbers to enable our clients to reach our UBS KeyLink helplines globally with ease.

On behalf of the entire Global KeyLink Services team, please accept our thanks for the trust you have placed in UBS KeyLink. Please continue to provide us your feedback. It will help us to further improve our product and services and your experience with UBS overall.

Sincerely,

Kurt Studer
Head of Global KeyLink Services

UBS

Noteworthy News

The indispensable tool for enabling 3PECS

In 2006, UBS Australia began to offer clients a Third Party Execution and Clearing Service (3PECS). As 3PECS builds momentum, one might ask: What does it all mean and how can UBS KeyLink help?

The 3PECS business is basically a "one-stop shop" where a trading, market participant or AFSL (Australian Financial Services License) holder can execute orders in the market using UBS's infrastructure and broker ID, while at the same time outsourcing their respective clearing and settlement obligations, back office functions and daily reporting to UBS.

Clients are able to take full advantage of the UBS infrastructure and business continuity plans, allowing them to compete at the top level through leveraging the number one ranked broker in Australia and its product depth and support.

UBS as the clearing participant also assumes full responsibility for any settlement risk and associated liquid capital requirements, post-execution. This enables trading participants to release capital retained by Rule 1A Liquid Capital Requirements, allowing them to direct resources back into their core business.

The UBS Equities Operations team is responsible for creating the securities settlement instructions on behalf of their external clients. Originally, the team uploaded trades and transfers from the e-tool of a competitor; however, the e-tool resulted in a high amount (nearly a fifth) of failed uploads, which created a longer and inefficient process. With the launch of 3PECS, the project team considered finding another solution, and approached UBS KeyLink.

The project plan was determined and the group decided to switch to UBS KeyLink, specifically for UBS KeyLink's multibanking capability and the import/export functionality via predefines. "The switch to UBS KeyLink results in a quicker upload, reduction in upload amendments, and easy to format predefines that result in less failed trades," states Grant Schwulst, Team Lead of the UBS Equity Operations Settlement team.

In addition, with UBS KeyLink, the Equities Operations team can now provide the client with an electronic copy of the securities trade confirmation, MT515, where as previously it was sent via fax. It is a win-win situation, where clients receive their message easily and effortlessly while UBS saves on cost and labor hours. In the future, the UBS Equities Operations team will have a larger number of external clients and we are proud that UBS KeyLink can help them manage greater trade volumes.

A further exciting prospect for 3PECS is that the model can be used in any market in the world. However, for the time being efforts are concentrated on Australia in making every effort to ensure the process works and implementation go smoothly

3PECS & UBS KeyLink

UBS KeyLink is the main facilitator for:

- Multibanking access to other banks the clients have relations with
- Monitoring accounts held at the custodian bank
- Automated import and export of data, especially the export and re-import of data into the reconciliation system

Yvonne Lim, GKS – Service Management APAC, states: "Having an e-platform with strong SWIFT capability and a proactive KeyLink support team in APAC, we are proud that KeyLink is chosen (by the Equities Operations team) as their main securities reporting and settlement tool for the 3PECS business.

UBS KeyLink Services News Section

Changes in cross-border ("by order of") payments – Adapting to FATF regulations

Recognizing the vital importance of taking action to combat the financing of terrorism, the Financial Action Task Force (FATF) has set the basic framework to detect, prevent, and suppress the financing of terrorism and terrorist acts. FATF member states (of which Switzerland is one), and their financial institutions throughout the world, are obliged to provide certain information on the parties involved in payment orders. The Money Laundering Ordinance of Swiss Federal Banking Commission, which came into force in July 2003, requires the name and address of the originator to be supplied when making cross-border payments. Since 1 January 2007, the EU has required declaration of the **name, address** and **account number of the originator** of any funds transfer to a financial institution that has its registered office in the EU. As a result, payment orders which do not contain this information may no longer be executed by banks in the EU and in other countries. **As per 15 December 2007, all EU states have to be able to impose sanctions**. From 29 October 2007, UBS (Booking Center Switzerland) will show the account number in addition to name and address of the originator in cross-border payments.

The regulation requires several changes in the processing and handling of payments within UBS KeyLink, e.g. in order to differentiate payments "on own behalf" and "by order of." Global KeyLinks Services – Service Development has specified a solution in cooperation with Compliance while ensuring the least impact for clients. The changes will be implemented by the deadline, by 24 November 2007 (change weekend). Further information will be communicated in due course.

New global toll-free number when accessing the UBS KeyLink helpline

UBS KeyLink is available 24 hours a day, 6 days a week, so it is important that the helpline is also easily accessible. Wherever you are in the world, the helpline will answer your questions or requests about UBS KeyLink or the Post Trade Services Portal.

The GKS helpline can be contacted via our toll-free service numbers, which can be found by selecting your location in the drop down menu on our home page. Additionally, alternate numbers and email addresses are also provided later in this document.

UBS KeyLink enabling the hedge fund business

Considering the significant growth of hedge fund business in APAC in 2007, Global KeyLink Services is proud to be the partner of choice for the International Prime Brokerage Business. UBS KeyLink delivers not only the functionality which ensures their business runs efficiently, but also helps to minimize operational risk. Furthermore, the clients also share the benefit through ease of processing and execution. UBS KeyLink provides them with one platform to manage all their FX and cash needs. In APAC, UBS KeyLink will automatically be provided to IPB clients. Our local UBS KeyLink relationship managers (RM) were also present at our vendor showcase of the CFO-COO Hedge Fund Conference that took place in Singapore earlier this summer. Our KeyLink product drew quite a bit of interest from the crowd. The RM caught up with clients who were current users of KeyLink and also with clients that had previously declined the use of KeyLink. After our demonstration at the booth, those clients showed renewed interest in contacting their prime brokerage account managers to obtain KeyLink.

"The invitation to the CFO-COO Hedge Fund Conference in Singapore gave us the opportunity to show the capability of UBS KeyLink to a wider audience. The feedback given was overwhelming and proved that we are heading in the right direction with our product. We are looking forward to further improving our offering and delivering our continued support and cooperation to our partners and customers" – *Mario Vogel, Head GKS Service Management APAC*

Team Member Profile: Thomas Berndt

For this issue, the UBS KeyLink Newsletter is proud to showcase Thomas Berndt, the newest member of the Service Development group. Based in our Zurich office, Thomas manages the cash functionalities of our KeyLink offering.

This entails evaluating the feasibility and viability of new business requirements, ensuring the client view is represented, signing off on technical specifications and assuring that new developments are complimentary to existing functions.

Thomas was born in Braunschweig, Germany, finished school 1991 in Wolfenbüttel near Hanover and was a paramedic with the German Red Cross during civil service.

Prior to joining UBS in June 2006, he worked 4 years for Avaloq Evolution AG (a banking system provider). As former business analyst and project consultant, Thomas has substantial experience in the payment industry and the product development processes. He has been responsible for the introduction of Avaloq systems at several medium-sized Swiss banks with a strong cash focus. Before Avaloq, Thomas gained experience in several areas of eCommerce, private banking and project management at Deutsche Bank in Germany and Switzerland.

Then in 2007, Thomas decided to pursue an opportunity in GKS. Thomas states "the opportunity to be part of a global team and to advance the module of such a powerful application is fascinating. UBS KeyLink obviously covers global business needs in wider range than many other tools."

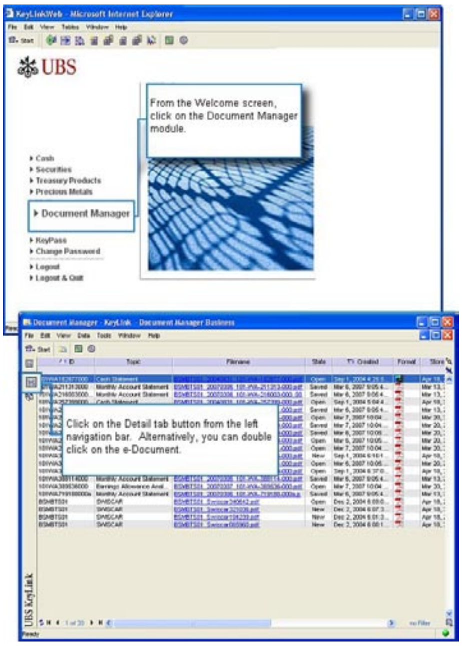
After only one month, Thomas already feels comfortable with the GKS family. Outside of work, Thomas likes listening to jazz music and making films.

UBS KeyLink Information

Common Questions & Answers

How to view US-based e-statements

As usage of UBS KeyLink gets more sophisticated, new questions can always arise. This section takes a look at one of the most common questions raised in our helpline team and how it is answered.
Question: *How can I view the e-documents on UBS KeyLink today?*
Answer: The Document Manager displays e-documents such as US and Swiss based account e-statement, in a user friendly manner. To view e-Documents in detail:



To view an enlarged picture, please click here.
At the Detail screen, within the Events Tab, audit trails for the e-Documents are visible.

New Features Summary: Release 9.0 information

UBS KeyLink version 9.0 was released on 22 October 2007. This release consisted of various new functionality and enhancements, which included:

- Query tracking as a new menu point with greater clarity, with option of replying directly. It will replace the mailbox module.
- Document manager providing e-statements for Swiss-booked accounts.
- Introduction of a function to alert all users on planned system downtime or other events.
- Transparency of the proposed FX rate for trades.
- Improved cash investigations and related inquiries.
- Number of CLS trades now visible in the Summary screen.
- Resubmission of a trade requiring re-entry of trade information.
- Reduced operational risk close to cut-off times due to restrictions for tomorrow trades, of particular relevance for the APAC time zone.
- Trading of Non Deliverable Forwards in KRW, TWD, RUB and BRL, all against the USD.
- New Net Trade Report showing FX confirmation based on currency pairs.
- Additional securities report with place of safekeeping by ISIN.
- New archiving rules for corporate action instructions and notification in line with common business practices.
- Create and update existing RDI template based on confirmation transaction.
- Additional option fields for corporate actions.
- Last but not least, various changes were implemented to ensure that UBS KeyLink is compliant with SWIFT Release 2007.

For more detailed information and client benefits on all the new functionality, please refer to the Release Notes or contact your local Global KeyLink Services Service Management representative.

Helpline contact box

Global toll-free number: Please refer to our homepage www.ubs.com/Keylink-contacts for your numbers.

Alternate numbers

Asia – Pacific:	+65-6431 8740
Europe, Middle East, Africa[1]:	+41-44-239 0607
United Kingdom:	+44-20-7567 5902
Americas:	+1-203-719 3800

E-mail
Sh-keylink@ubs.com
(For clients who use UBS KeyLink International)
Sh-keylink-emea@ubs.com
(For clients who use UBS KeyLink Switzerland)

[1] Our regional helpline numbers are staffed between the hours of 8:00 am to 6:00 pm local time. Calls to our Europe, Middle East, and Africa regional number (+41-44 239 0607) outside of Swiss operating hours will be redirected to another helpline number outside of Switzerland.

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