

# UBS O'Connor Limited

## Top 5 Counterparties reports

In accordance with RTS 28 and article 65 (6) detailed in the Market in Financial Instruments Directive II ("MiFID II") and our internal policy this document sets out UBS O'Connor Limited top five counterparties for each class of ESMA financial instruments.

### Applicability

<b>Legal Entity Name</b>	UBS O'Connor Limited
<b>LEI</b>	54930036444TZ5UWY74
<b>Reporting Period</b>	01/01/2017 – 31/12/2017
<b>ESMA Class of Financial Instrument</b>	All, where applicable
<b>Report type</b>	MiFID II RTS 28 and Art. 65 (6) reports

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## 1. Notes

For the purpose of meeting our obligations under MiFID II RTS 28 and article 65 (6) we published in this document the Top 5 Counterparties reports per ESMA Class of Financial Instrument used during 2017.

We do not make distinction between RTS 28 and article 65 (6) reports because for the same ESMA Class of Financial Instrument we only either place or execute client orders. We also do not believe this distinction is useful to our clients and it does not impact the number of reports we are required to publish. Collectively we call the RTS 28 reports and the article 65 (a) reports "Top 5 Counterparties" reports.

We provide below a qualitative assessment of execution covering key topics required by MiFID II, and supplement that with additional information alongside each of the Top 5 Counterparties tables where it is appropriate to do so.

Those ESMA Classes of Financial Instrument not listed in this document are not invested or traded by UBS O'Connor Limited (UBS OC Ltd).

This document should be read in conjunction with our Global Best Execution and Order Handling policy published on our website. Should clients require further information about our Best Execution and Order Handling Principles, please raise them with your UBS OC Ltd contact.

The scope of transactions for the Top Five Counterparties Reports is as follows:

- All orders executed by UBS OC Ltd
- All orders where the decision to invest was taken in UBS OC Ltd but the order was executed in the market by one of the other UBS O'Connor affiliates. In the reports we categorized these types of orders as "Delegation to UBS..."

The passive and aggressive fields do not apply to UBS OC Ltd as we do not direct where or how a broker should execute our orders and we do not operate on a order book for non-equity instruments.

UBS OC Ltd only deals with clients categorised as 'professionals' under MiFID II.

## 2. Qualitative assessment of execution

This section covers UBS OC Ltd obligation to publish a qualitative summary of the analysis it draw from the monitoring of its execution framework during 2017 for all financial instruments in scope. Asset class specific assessment is provided in section 3 of this document, where appropriate.

**a) Provide an explanation of the relative importance the firm gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution:**

UBS OC Ltd reserves the right to act with discretion, unless otherwise instructed by the client, in order to select an execution entity or execution venue that is considered most appropriate to achieve the best possible result for the client. By assessing the quality of execution, UBS OC Ltd considers the relative importance of the following execution factors:

- Price of execution and depth of quote;
- Costs associated with execution (e.g. expenses incurred by the client including execution, clearing and settlement fees and any other fees paid to a counterparty or third party involved in the execution of the order);
- Speed of execution;
- Size;
- Nature of the order;
- The likelihood of execution;
- The likelihood of settlement;
- Liquidity profile;
- Any other consideration relevant to the execution of an order.

Orders are executed through selected counterparties including UBS AG. When selecting a counterparty the following criteria are considered, but without limitation:

- Counterparty's ability to execute and settle the trade in a prompt, orderly and satisfactory manner;
- Counterparty's willingness to commit capital;
- Counterparty's confidentiality;
- Counterparty's financial status and credit worthiness, e.g. responsibility and solvency as required by our internal credit risk framework;
- Counterparty's execution capabilities and any related risks when trading a block of securities (e.g. anonymity);
- Counterparty's regulatory status;
- Counterparty's reputation;
- Counterparty's broad market coverage and knowledge;
- Counterparty's consistent quality of service; and
- Counterparty's treatment of UBS OC Ltd as a professional client.

UBS OC Ltd has determined that the execution entities listed in our Global Best Execution and Order Handling policy (that go beyond the top 5 listed in this document) are the most significant entities which enable UBS OC Ltd to meet its execution obligations. This list of execution counterparties will be kept under review and updated in accordance with our Best Execution Policy. UBS OC Ltd reserves the right to use other execution entities if in the best interest of the client.

**b) Provide a description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders:**

UBS OC Ltd is authorised and regulated by the Financial Conduct Authority (FRN 122627) and is part of the UBS Group and a wholly owned subsidiary of UBS AG. UBS OC Ltd does not have any conflicts of interest with UBS AG, or common ownership in respect to execution venues owned by UBS AG.

**c) Provide a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received:**

UBS OC Ltd has robust policies and procedures in place in order to ensure that arrangements with execution venues and counterparties are in the best interest of the client. Some execution venues and counterparties may offer UBS OC Ltd minor non-monetary benefits permissible under MiFID II regulation and UBS internal policies.

**d) Provide an explanation of the factors that led to a change in the list of execution venues listed in the firm's execution policy, if such a change occurred:**

There were no material changes to our execution venues and counterparties during this period.

**e) Provide an explanation of how order execution differs according to client categorisation, where the firm treats categories of clients differently and where it may affect the order execution arrangements:**

UBS OC Ltd only deals with clients categorised as 'professionals' under MiFID II.

**f) Provide an explanation of whether other criteria were given precedence over immediate price and cost when executing retail client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the client:**

Not applicable. UBS OC Ltd only deals with clients categorised as professionals under MiFID II.

**g) Provide an explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Delegated Regulation (EU) 2017/575:**

UBS OC Ltd monitors quality of execution via its first and second line monitoring framework using available data from key trading venues and internal records. Monitoring includes the periodic review and evidence of outliers, trader activity, and overall trading volumes with particular venues, broker or counterparties. The outcomes of these monitoring activities are reviewed at UBS Asset Management Global Best Execution Committee.

Under MiFID II Art 27(3) and Commission Delegated Regulation (EU) 2017/575 ("RTS 27"), execution venues (including trading venues, systematic internalisers, market makers and other liquidity providers) are required to publish a large range of information on execution quality on a quarterly basis. The first reports published under RTS 27 will cover a reporting period that is representative of the first quarter of 2018 and will be published by 30 June 2018. We plan to assess the usefulness of this data, once it becomes available.

**h) Provide an explanation, where applicable, of how the investment firm has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU:**

This is not applicable for this year reporting cycle as there are no official consolidated tape providers operating.

### 3. Top 5 Counterparties reports

#### 3.1 Equities - Shares & Depositary Receipts

Top 5 Counterparties per volume traded

Class of Instrument	(a) Equities - Shares & Depositary Receipts		
Notification if <1 average trade per business day in the previous year	No		
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of directed orders
Delegation to UBS O'Connor LLC - DKTEQ75O7X3COBPLT084	21.0%	24.3%	0%
Goldman Sachs International - W22LROWP2IHZNBB6K528	15.3%	13.5%	0%
Morgan Stanley & Co. International PLC - 4PQUHN3JPFQFNF3BB653	11.6%	11.5%	0%
Merrill Lynch International - GGDZP1UYGU9STUHRDP48	8.9%	13.1%	0%
Citigroup Global Markets Limited - XKZZ2JZF41MRHTR1V493	7.5%	7.6%	0%

When executing or placing orders in "Equities – Shares and Depositary Receipts" UBS OC Ltd prioritises the following executing factors:

- Price and depth of quote
- Nature of order
- Liquidity profile
- Likelihood of execution
- Speed of execution
- Costs associated with execution
- Likelihood of settlement

Note that the above orders attributed to "Delegation to UBS O'Connor LLC - DKTEQ75O7X3COBPLT084" were not executed with this entity. These were orders for accounts where the decision to invest was in the UBS O'Connor Limited entity but the order was placed into the market by another UBS O'Connor entity. Our global model facilitates delegation of execution across UBS Asset Management entities, where appropriate.

We opted to group all equity trades in scope for this report under a single asset class "a) Equities - Shares & Depositary Receipts", as the tick size liquidity bands were not available for 2017.

### 3.2 Debt Instruments i) Bonds

Top 5 Counterparties per volume traded

Class of Instrument	b) Debt Instruments i) Bonds		
Notification if <1 average trade per business day in the previous year	No		
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of directed orders
J.P. Morgan Securities PLC - K6Q0W1PS1L1O4IQL9C32	15.4%	15.1%	0%
Morgan Stanley & Co. International PLC - 4PQUHN3JPFQFN3BB653	14.0%	10.6%	0%
Credit Suisse Securities (Europe) Limited - DL6FFRRL74S01HE2M14	11.7%	12.7%	0%
BNP Paribas - R0MUWSFPU8MPRO8K5P83	11.2%	10.6%	0%
Barclays Bank PLC -G5GSEF7VJP5I7OUK5573	11.0%	6.9%	0%

When executing or placing orders in "Debt Instruments - Bonds" UBS OC Ltd prioritises the following executing factors:

- Price and depth of quote
- Liquidity profile
- Market impact – i.e. size and nature of the order
- Likelihood of execution
- Speed of execution
- Venue factors such as efficiency and product availability e.g. Offers straight through processing or trades specific instruments

### 3.3 Equity Derivatives - Futures and options admitted to trading on trading venue

Top 5 Counterparties per volume traded

Class of Instrument	g) Equity Derivatives i) Options and Futures admitted to trading on a trading venue		
Notification if <1 average trade per business day in the previous year	No		
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of directed orders
Citigroup Global Markets Limited - XKZZ2JZF41MRHTR1V493	48.2%	24.2%	0%
Credit Suisse Securities (Europe) Limited - DL6FFRRLF74S01HE2M14	37.3%	38.2%	0%
CF GLOBAL TRADING (UK) LIMITED - 213800FZY2ZRXFI6H814	5.4%	3.9%	0%
Delegation to UBS O'Connor LLC - DKTEQ75O7X3COBPLT084	4.3%	3.0%	0%
Mariana UFP LLP - 213800YRA1J9QFBMU217	3.5%	10.6%	0%

When executing or placing orders in "Equity Derivatives - Futures and options admitted to trading on trading venue" UBS OC Ltd prioritises the following executing factors:

- Price and depth of quote
- Market impact – i.e. size and nature of the order
- Costs associated with execution
- Likelihood of execution

Note that the above orders attributed to "Delegation to UBS O'Connor LLC - DKTEQ75O7X3COBPLT084" were not executed with this entity. These were orders for accounts where the decision to invest was in the UBS O'Connor Limited entity but the order was placed into the market by another UBS O'Connor entity. Our global model facilitates delegation of execution across UBS Asset Management entities, where appropriate.

### 3.4 Equity Derivatives - Swaps and other equity derivatives

Top 5 Counterparties per volume traded

Class of Instrument	g) Equity Derivatives ii) Swaps and other equity derivatives		
Notification if <1 average trade per business day in the previous year	Yes		
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of directed orders
Delegation to UBS Asset Management (Singapore) Ltd. - 549300ZJ8PJOED45HZ43	46.4%	28.6%	0%
J.P. Morgan Securities PLC - K6Q0W1PS1L1O4IQL9C32	41.1%	57.1%	0%
Merrill Lynch International - GGDZP1UYGU9STUHRDP48	12.4%	14.3%	0%

There were only a few orders executed in this instrument class. When executing or placing orders in "Equity Derivatives - Swaps and other equity derivatives" UBS OC Ltd prioritises the following executing factors:

- Price and depth of quote
- Liquidity profile
- Market impact – i.e. size and nature of the order
- Likelihood of settlement
- Likelihood of execution
- Speed of execution
- Costs associated with execution (e.g. expenses incurred by the client including execution, clearing and settlement fees plus any other fees paid to)

Note that the above orders attributed to "Delegation to UBS Asset Management (Singapore) Ltd. - 549300ZJ8PJOED45HZ43" were not executed with this entity. These were orders for accounts where the decision to invest was in the UBS O'Connor Limited entity but the order was placed into the market by another UBS Asset Management entity. Our global model facilitates delegation of execution across UBS Asset Management entities, where appropriate.

### 3.5 Contracts for Difference

Top 5 Counterparties per volume traded

Class of Instrument	j) Contracts for Difference		
Notification if <1 average trade per business day in the previous year	No		
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of directed orders
Citigroup Global Markets Limited - XKZZ2JZF41MRHTR1V493	13.7%	33.3%	0%
Merrill Lynch International - GGDZP1UYGU9STUHRDP48	13.7%	12.3%	0%
Credit Suisse Securities (Europe) Limited - DL6FFRRLF74S01HE2M14	11.6%	8.4%	0%
Morgan Stanley & Co. International PLC - 4PQUHN3JPFGFNF3BB653	9.6%	6.5%	0%
Goldman Sachs International - W22LROWP2IHZNBB6K528	8.3%	5.3%	0%

When executing or placing orders in "Contracts for Difference" UBS OC Ltd prioritises the following executing factors:

- Price and depth of quote
- Market impact – i.e. size and nature of the order
- Costs associated with execution
- Likelihood of execution

### 3.6 Exchange traded products

Top 5 Counterparties per volume traded

Class of Instrument	(k) Exchange traded products		
Notification if <1 average trade per business day in the previous year	No		
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of directed orders
Delegation to UBS O'Connor LLC - DKTEQ75O7X3COBPLT084	36.8%	39.9%	0%
Goldman Sachs International - W22LROWP2IHZNBB6K528	30.9%	37.3%	0%
Morgan Stanley & Co. International PLC - 4PQUHN3JPFQFN3BB653	11.0%	8.2%	0%
Merrill Lynch International - GGDZP1UYGU9STUHRDP48	8.6%	7.2%	0%
Wells Fargo Securities, LLC. - VYVVCKR63DVZZN70PB21	5.1%	2.7%	0%

When executing or placing orders in "Exchange traded products" UBS OC Ltd prioritises the following executing factors:

- Price and depth of quote
- Nature of order
- Liquidity profile
- Likelihood of execution
- Speed of execution
- Costs associated with execution
- Likelihood of settlement

Note that the above orders attributed to "Delegation to UBS O'Connor LLC - DKTEQ75O7X3COBPLT084" were not executed with this entity. These were orders for accounts where the decision to invest was in the UBS O'Connor Limited entity but the order was placed into the market by another UBS O'Connor entity. Our global model facilitates delegation of execution across UBS Asset Management entities, where appropriate.