

Dodd-Frank Pre-Trade Mid-Market Mark Disclosures: Equity Swaps

In accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”), prior to entering into a swap transaction, a Swap Dealer must provide a pre-trade mid-market mark (PTMMM) for the swap to any counterparty who is not a Swap Dealer, Major Swap Participant, Security Based Swap Dealer or Major Security Based Swap Participant. These disclosures apply only to transactions that are “swaps” within the meaning of the Act.

Equity Swaps including Total Return Swaps, Portfolio Swaps and Single Equity Swaps

In accordance with the regulations, each PTMMM excludes amounts for profit, credit reserve, hedging, funding, liquidity, and any other costs or adjustments. However, given the nature of the equity swaps market, UBS believes that the rate basis for the funding leg of each equity swap transaction is the pricing metric that best expresses the PTMMM for these transactions. Accordingly, the PTMMM for swap transactions of the following types shall be as follows:

PTMMM for long swaps on shares, and short swaps on shares classified as General Collateral (GC)

The PTMMM for long swaps on shares, and short swaps on shares classified as General Collateral (GC), where swap payments are made in the currencies identified below, shall be as indicated opposite each currency. The tenor of the swap should be used to obtain the correct benchmark rate and establish the PTMMM. These interbank rates are dynamic and are made available to the public by a number of information providers, including Bloomberg and Reuters.

Currency	Identifier	Interbank Offer Rate / PTMMM
AUD	BBSW	Bank Bill Swap Reference Rates
CAD	CDOR	Canadian Interbank Offer Rate
CHF	LIBOR	London Interbank Offer Rate
CZK	PRIBOR	Czech Interbank Offer Rate
DKK	CIBOR	Copenhagen Interbank Offer Rate
EUR	LIBOR	London Interbank Offer Rate
GBP	LIBOR	London Interbank Offer Rate
HKD	HIBOR	Hong Kong Interbank Offer Rate
HUF	BUBOR	Budapest Interbank Offer Rate
ILS	TELBOR	Tel Aviv Interbank Offer Rate

JPY	LIBOR	London Interbank Offer Rate
NOK	NIBOR	Norway Interbank Offer Rate
NZD	NZFMA	New Zealand Financial Markets Association Fixing Rates
PLN	WIBOR	Warsaw Interbank Offer Rate
SEK	STIBOR	Stockholm Interbank Offer Rate
SGD	SIBOR	Singapore Association Of Banks Offer Rate
TRY	TRLIBOR	Turkey Bank Association Offer Rate
USD	LIBOR	London Interbank Offer Rate
ZAR	JIBAR	Johannesburg Interbank Agreed Rate

Equity securities are categorised by UBS into equities that are regarded as General Collateral (GC) or easy to borrow versus those securities that are regarded as hot stocks or hard to borrow. Market financing rates for GC securities are established by the interbank lending markets without reference to the specific security. Before entering into any swap transaction, you should therefore determine whether the underlying security for a swap that you wish to enter into is regarded as “GC” or “hard to borrow.” UBS will provide the information or system access necessary for you to make this determination.

PTMMM for short swaps on shares classified as Hard to Borrow (Hot) Stocks

If a security is indicated by UBS as hard to borrow then you must contact a UBS stock loan or swaps representative prior to entering into a short swap on that security in order to allow UBS to provide a PTMMM for such swap transaction, or the PTMMM of the swap must be checked using a UBS system. Your UBS representative will be able to provide access to the “Equity Swap Pre-Trade Mid Market Mark Calculator”.

PTMMM for Swaps on Futures (“Synthetic Futures”)

The strike price of the swap is set by reference to the execution price of the future and the financing costs are built into the future price. UBS makes its profit on these transactions by charging an execution and clearing fee and these fees are fully disclosed.

In accordance with the regulations the PTMMM excludes amounts for profit, credit reserve, hedging, liquidity, profit and any other cost adjustments. Since a swap on a liquid exchange traded future automatically excludes all of these items and because the costs of execution and clearing are separately quoted, UBS have determined that the PTMMM for a swap on a future is zero.

PTMMM for Swaps on Indices

The PTMMM for a swap on an index will be provided by your UBS swap or stock loan contact.