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Portfolio swap master terms



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For more information visit www.ubs.com/gfsterms

Portfolio swap master terms

1 Introduction

- (a) **Welcome:** Welcome to UBS global financing services.
- (b) **Portfolio swap master terms:** These portfolio swap master terms are our standard terms on which we enter synthetic equity derivative transactions. They comprise:
 - (i) **Master confirmation:** A portfolio swap master confirmation to your ISDA Master Agreement (the **Swap Agreement**) incorporating the 2002 ISDA Equity Derivatives Definitions and the 2006 ISDA Definitions. References to "Sections" are to sections in the 2002 ISDA Equity Derivatives Definitions.
 - (ii) **Cash account and margin terms:** Separate, optional, cash account and margin terms which you may need to manage payments and transfer margin in connection with your portfolio swap transactions if you do not have another agreement with us for that purpose.
- (c) **PRT:** Your **PRT** will comprise these portfolio swap master terms as modified by a separate elections document (**PRT Elections**) which will record certain elections you have made (including whether the cash account and margin terms apply) and any other variations we may agree to these portfolio swap master terms.

2 Transactions

- (a) **Swap Wrappers:** Before trading we will agree the terms of one or more **Swap Wrappers** with you describing the common economic terms of Transaction types under the PRT. We will send you the terms of each agreed Swap Wrapper in a swap economics confirmation and send additional swap economics confirmations whenever we agree to add a new Swap Wrapper or change an existing one.
- (b) **Initial margin:** We will set out the initial margin we require

for each Transaction in a pricing proposal. We may subsequently change Initial Margin for any Transaction at any time by notice to you.

- (c) **Resizes:** On any day, the parties may agree to amend the notional amount of any Transaction (and whether the Transaction is Long or Short). The "Event Type" for any such amendment will be "Resize".

3 Reporting

- (a) **Activity Reports:** We will report all new Transactions, all changes to existing Transactions, and provide valuations for all outstanding Transactions at the end of each Local Business Day in an Activity Report.
- (b) **Timely confirmation:** To ensure compliance with timely confirmation regulations, you will be taken to have agreed the daily Activity Report 3 Local Business Days (or a shorter period where required by regulations) following receipt. You may query a report at any time. Where you query any Activity Report, we will work in good faith to resolve any errors.

4 Miscellaneous

- (a) **Standard of conduct:** When carrying out obligations and exercising rights under the PRT, both parties must always act in good faith and, unless expressly entitled to exercise an absolute discretion, in a commercially reasonable manner. Any purported limitation on a party's liability will not apply in case of its gross negligence, fraud or wilful misconduct.
- (b) **Amendments:** From time to time we may agree to amend the PRT by re-executing an updated version of the PRT Elections. Any such re-execution will amend those parts of the PRT that are changing and restate the remainder, which will continue in full force and effect.

General terms

Activity Report

The following terms for each Transaction will be specified in the Activity Report.

Trade Date	The Trade Date for the Transaction
Settle Date	The Effective Date for the Transaction
RIC	The Reuters Instrument Code for the Instrument.
Quantity	The quantity of Instruments in the Transaction.
Long/Short	Whether the Transaction is "Short" or "Long"
Booking Price	The Initial Price for the first Valuation Date of the Transaction.
Fee	The Fee payable with respect to the Transaction.
Entitlement	The percentage of the gross cash dividend to be paid under any Dividend Amount.
Floating Rate Option	The Floating Rate Option.
Designated Maturity	The Designated Maturity for the Floating Rate Option.
Borrow Balance Rate	The rate used to calculate the short Interest Spread where the Transaction is "Short".

Swap Wrapper

The following terms, as agreed between Counterparty and UBS, will apply to all Transactions in a given Swap Wrapper.

Termination Date	The Termination Date, which may be adjusted under the auto-extension feature.
Valuation Dates	The Valuation Dates.
Roll Date	The Roll Date.
Interest Spread	The Spread.
Swap Currency	The Settlement Currency.
Business Day Convention	The Business Day Convention
Interest Leg Pay Date	The Floating Amount Payer Payment Dates.

Auto-extension feature

Termination Date	<p>The initial Termination Date for each Transaction will be specified in its Swap Wrapper.</p> <p>If the Termination Option has not been exercised with the required notice, the prevailing Termination Date for all Transactions in the Swap Wrapper will be automatically extended by one year, until the Final Termination Date.</p>
Termination Option	Each party may terminate all Transactions in a Swap Wrapper on a Termination Date by delivering the other party a notice to that effect giving at least the required notice period for that party's Early Termination Right as set out in the Early Termination Section.
Final Termination Date	For any Swap Wrapper, the date seven years following its creation. All outstanding Transactions in the Swap Wrapper will terminate on the Final Termination Date.

Calculation Agent

Calculation Agent	<p>UBS</p> <p>You may dispute any of our calculations within one Local Business Day of receipt by giving a notice detailing the disputed calculation, your grounds for objection, your proposed alternative calculation and supporting calculations or evidence.</p> <p>We must try to resolve the dispute with you. If we have not managed to do so within one Local Business Day, we must, jointly, appoint a leading independent dealer as a substitute</p>
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calculation agent within a further two Local Business Days, and its calculations will, in the absence of manifest error, be binding and conclusive. We will share the substitute calculation agent's fees and expenses equally.

If we cannot agree on a substitute calculation agent, or one does not provide an alternative calculation within one Local Business Day of its appointment, our original calculations will apply.

You acknowledge that:

- (a) You may not dispute any calculations to the extent they reflect values determined by means of give-up, give-in, or other instruction given on your behalf.
- (b) Pending the outcome of any dispute, we will determine (and you must pay) initial and variation margin by reference to its original calculation.

Equity Amounts

Equity Notional Amount

Share or Index

Equity Amount Payer

Type of Return

Multiplier

Equity Notional Reset

Cash Settlement Payment Date

Valuation Time

Valuation Dates

Quantity * Initial Price

Instrument

Where a Transaction is Long: us.

Where a Transaction is Short: you.

Total Return.

One.

Applies.

As defined in Section 8.8.

Scheduled Closing Time.

If the Reset Frequency specified in the Swap Wrapper is:

- (a) 1 Week: the nth day of each week;
- (b) 1 Month: the nth day of each month; and
- (c) 1 Year: the nth day of each year;

where "n" is the Roll Day.

If the specified Reset Frequency is **Termination**, one Settlement Cycle before the Termination Date.

Final Price

For the final Valuation Date:

- (a) For Shares traded on a United States Exchange, the volume-weighted average price per Share;
- (b) in any other case, the price we calculate and notify to you, taking into account objective financial information, any applicable best execution obligations and, to the extent practicable, your instructions.

For any other Valuation Date, as set out in Section 5.9.

Exchange

For any Share: the Exchange designated by the RIC.

For any Index component: the stock exchange on which that component is principally traded.

For Multiple Exchange indices: the ISDA Multiple Exchange Index Annex will apply.

Related Exchange

All Exchanges.

Hedge Positions

Hedge Positions is as defined in Section 13.2(b) except that references to a "party" include that party's Affiliates.

We may (but do not have to) hedge our market exposure under the Transactions. We will decide whether, when and how to hedge in our absolute discretion. You should not expect us to hold shares referenced in your Transactions at any time. Where we do, you will have no voting or other rights on those hedge positions.

FX conversion

The Calculation Agent will, where appropriate, determine each value in the Settlement Currency.

FX Disruption

If the Calculation Agent or Hedging Party cannot promptly convert any amount into the Settlement Currency or deliver the Settlement Currency, the Calculation Agent may:

- (a) postpone determination of the relevant spot rate of exchange until the FX Disruption has ceased;
- (b) postpone the parties' respective payment obligations; and
- (c) adjust the prevailing Notional Amounts to account for accrued interest on postponed obligations.

Dividends

Dividend Period	Second Period.
Re-investment of Dividends	Does not apply.
Dividend Amount	<p>Paid Amount, provided that:</p> <ul style="list-style-type: none"> (a) where the Share was trading "ex-dividend" in respect of a dividend before the Trade Date, the corresponding Paid Amount will be zero; and (b) where the Transaction terminates after the Share commenced trading "ex-dividend" but before the scheduled Dividend Payment Date, the Equity Amount Payer will pay any Paid Amount one settlement cycle following payment of the corresponding dividend by the Issuer to holders of record of the Share.
Dividend Payment Date	One settlement cycle following payment of the corresponding dividend by the Issuer to holders of record of the Share.

Floating Amounts

Floating Amount Payer	The party that is not the Equity Amount Payer.
Floating Notional Amount	Equity Notional Amount, provided that where the Transaction is "Short", the Floating Notional Amount will be reduced by the Borrow Balance Rate, accrued daily on the Share Market Value.
Share Market Value	$\frac{\text{Final Price} * \text{Notional Amount}}{\text{Initial Price}}$

Where each day in the Calculation Period is a "Valuation Date" for the purposes of determining the Final Price.

Settlement Terms

Cash Settlement	Applies.
Hedge Position Adjustments	In determining any amounts payable under a Transaction, the Calculation Agent will include: <ul style="list-style-type: none"> (a) the Hedging Party's costs of hedging (including any Local Taxes); (b) any losses it incurs as a result of default under any Hedge Positions; and (c) any costs of converting amounts into the Settlement Currency.
Local Taxes	Any taxes, duties and similar charges (in each case, including interest and related penalties) imposed by a taxing authority on the Hedging Party in connection with any Hedge Positions without regard for the effect of any tax treaty and excluding any corporate income taxes levied on the net income of the Hedging Party.
Reimbursement of retrospective Local Taxes	You must, on demand, pay us the value of any Local Taxes on Hedge Positions in any Designated Jurisdiction that are imposed assessed or otherwise incurred after termination of the Transaction that we determine are associated with any Hedge Position.
Designated Jurisdictions	As at the date of this confirmation: China, India, Taiwan, Morocco, Kazakhstan, Kuwait Qatar and Romania. We may update the Designated Jurisdictions from time to time by notice to you.

Additional Disruption Events

Change in Law	Applies to all Hedge Positions. The Hedging Party must treat a Change in Law that solely results in a materially increased cost under Section 12.9(a)(ii)(Y) as an Increased Cost of Hedging and not a Change in Law.
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Failure to Deliver	Does not apply.
Insolvency Filing	Does not apply.
Hedging Disruption	Applies to all Hedge Positions. Where reasonably practicable, the Hedging Party must terminate only the part of the Transaction corresponding to the disrupted Hedge Position Where a regulator has asked the Hedging Party not to transact in certain Hedge Positions the Hedging Party may treat such a request as a Hedging Disruption
Increased Cost of Hedging	Applies to all Hedge Positions.
Loss of Stock Borrow	Applies. Maximum Stock Loan Rate will not apply.
Increased Cost of Stock Borrow	Applies. The Initial Stock Loan Rate for each Share will be the Borrow Balance Rate.
Hedging Party	Us or any of our Affiliates.
Determining Party	Us.

Early Termination

Your Early Termination right	You may terminate any portion of a Transaction at Final Price on Early Termination by notifying us on a Notice Business Day. The final Valuation Date will be the Notice Business Day on which we can reasonably unwind any Hedge Position.
Our Early Termination right	We may terminate any Transaction upon 30 Exchange Business Days' notice.
Notice Business Day	A day which is both: (a) a Scheduled Trading Day on the relevant Exchange and (b) a Banking Day in the city where the notice is received.
Final Price on Early Termination	The price we calculate and notify to you, taking into account objective financial information, our best execution obligations and, to the extent practicable, your instructions.

Specific underliers

Equity Swap Transactions

Method of Adjustment	Calculation Agent Adjustment.
Consequences of Merger Events	Share-for-Share: Alternative Obligation. Share-for-Other: Calculation Agent Adjustment. Share-for-Combined: Component Adjustment.
Tender Offer	Applies.
Consequences of Tender Offers	Calculation Agent Adjustment.
Composition of Combined Consideration	Applies.
Nationalisation, Insolvency or Delisting	Cancellation and Payment.

Convertible Bond Swap Transactions

Conditions Precedent	The conversion right is conditional on the Floating Amount Payer paying all conversion costs and the Equity Amount Payer being able to convert enough Bonds into Reference Shares within a reasonable time under Exchange rules.
CB Swap Transaction	An Equity Swap Transaction referencing a convertible bond. Any coupon payment on a convertible bond will be treated as a Dividend Amount.
Conversion right and put right	The Floating Amount Payer may, on notice: <ul style="list-style-type: none">(a) convert any part of a CB Swap Transaction into an Equity Swap Transaction referencing a number of Reference Shares corresponding to the portion of the Transaction converted and the Equity Amount Payer will determine the final Valuation Date in respect of the converted portion(b) if a holder would be entitled to redeem the Bonds early for cash, terminate any part of a Convertible Bond Swap Transaction at Final Price on Early Termination, and the final Valuation Date for the terminated portion will be the Bonds' redemption date.
Mandatory Redemption Right	If the Bonds are redeemed early the Calculation Agent may, by notice: <ul style="list-style-type: none">(a) Where they are redeemed by delivery of shares, replace the Bonds with Reference Shares; and(b) Where they are redeemed in cash, terminate the Transaction at the Final Price on Early Termination and the cash redemption date will be the final Valuation Date. <p>Where a holder could elect cash or physical settlement the Floating Amount Payer will have a corresponding election.</p>
Bonds	Convertible bonds referenced by a Transaction.
Reference Shares	The Number of Shares per Bond a holder would receive by exercising its conversion rights.

Index Transactions

Index Cancellation	Cancellation and Payment.
Index Modification	Cancellation and Payment.
Index Disruption	Calculation Agent Adjustment
Index Disclaimer	Applies.

Equity Swap Transactions on Futures

Futures	The Exchange-traded contract specified in the Activity Report by reference to its underlying security, delivery month and the Exchange on which it is traded.
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Final Price	Official Settlement Price. The Valuation procedure will be as per Section 6.8 (<i>Futures Price Valuation</i>) as if references to the “Index” were to the security underlying the Futures.
Futures discontinuance	If there is no Official Settlement Price because trading in the Futures is permanently discontinued, it will be a Hedging Disruption Event.

Representations and acknowledgements

General Representations

Non-Reliance	Applies.
Regulatory Disclosure	Either party may disclose any information relating to a Transaction as required by prevailing regulations.
Tax Characterisation	The Parties agree to treat each Transaction reflected on an Activity Report as a separate transaction for US federal income tax purposes (except to the extent it reverses a prior Transaction, in which case it will be treated as the termination of the reversed portion of the prior Transaction) and to file all tax returns consistent with such tax characterisation.

Acknowledgements

Agreements and Acknowledgements Regarding Hedging Activities	Applies.
Additional Acknowledgements Transactions	Applies. You represent, as of the Trade Date of each Transaction, that: (a) You do not have material non-public information or unpublished price-sensitive information relating to any Shares; (b) You will make all required disclosures regarding the Transaction; (c) You understand that the Transaction confers no beneficial interests, voting or other ownership rights to Shares on you.
Additional Representations	The parties make the jurisdictional representations and warranties set out below, which will be Additional Representations for the purposes of Section 5(a)(iv) of your ISDSA.

Jurisdictional representations & warranties

Indian underliers

For any Transaction involving an offshore derivative instrument (**ODI**) as defined for the purposes of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations and notifications, circulars, rules and guidelines of the Securities and Exchange Board of India issued from time to time (the **FPI Regulations**), the representations and undertakings you made to us in your “Notice Regarding Derivative Products Linked to Indian Securities or Indices” as amended from time to time (the **ODI Letter**) apply and the Transaction will be construed to be an ODI.

Taiwanese underliers

For any Transaction referencing Taiwanese underliers where the Exchange is in Taiwan, you make the representations suitable to your entity type as set out in the ISDA Representations for Taiwan Market Access Products as published by ISDA from time to time.

Chinese underliers

For any Transaction referencing Chinese underliers where the Exchange is in China, you make the representations set out in the ISDA Representations for China Market Access Products as published by ISDA from time to time.

Status of jurisdictional representations and warranties

If any of the above representations or undertakings is incorrect or misleading in any material respect when made, repeated or deemed made or repeated; or if you do not comply with any of your obligations in the ODI Letter, it will be an Additional Termination Event with the Transactions to which the representation or undertaking relates being the sole Affected Transactions, and you being the sole Affected Party.

Cash account and margin terms

These cash account and margin terms only apply if specified in your PRT Elections.

1 Accounts

(a) Bank Account

- (i) **Establishment:** In connection with your portfolio swap master confirmation we will establish a multi-currency cash account in your name (the **Bank Account**). We will notify you of the Eligible Currencies that we accept and the haircuts and credit or debit interest rates that apply to them
- (ii) **No client money:** We will always hold your money as banker and not as trustee under the FCA's CASS rules. If we fail, the CASS client money distribution rules will not apply and you will not share in any distribution under them.
- (iii) **Interest:** We will calculate interest on the balance of your Bank Account daily at the rates we notify you from time to time.

(b) **Margin Accounts:** We will also establish cash accounts in our name to hold the variation margin (the **VM Account**) and initial margin (the **IM Account**) we require from you for your Transactions from time to time.

(c) **Interest accruals on margin:** Interest accruals on amounts of initial margin and variation margin held by the parties from time to time will be governed by the Swap Agreement.

2 Collateral Transfers

(a) **Appointment:** You appoint us:

- (i) to determine amounts required to be transferred between parties (**Swap Transfers**) under the Swap Agreement;
- (ii) to issue collateral demands on your behalf on any day on which you would be entitled to demand a transfer of variation margin under the Swap Agreement.

(b) **Authorisation:**

- (i) Where you are required to make a Swap Transfer, you authorise us to do so on your behalf. If you withdraw this authorisation, you must make Swap Transfers to us under the Swap Agreement.
- (ii) As long as it would not create an Equity Shortfall we will transfer sufficient cash to satisfy any obligations you have to make Swap Transfers under the Swap Agreement.
- (iii) If we do not make any Swap Transfer on your behalf where required to do so under clause 2(b)(ii):
 - (A) we will hold you harmless against claims arising from our failure to do so;
 - (B) no Event of Default, Termination Event or other breach will occur as a consequence under any Swap Agreement.

(c) **Swap Transfers by UBS:** We will credit any Swap Transfers we owe you to the Bank Account.

(d) **Limitation on Swap Transfers:** We will not be obliged to make any Swap Transfers on your behalf where there is an Equity Shortfall, or to do so would create one. To the extent we do not, your obligations under the Swap Agreement will not be discharged.

(e) **MTAs and Rounding:** Notwithstanding anything to the contrary in the credit support arrangements, we will calculate all Swap Transfers so that the Minimum Transfer Amount for each party is zero and the Rounding is to the nearest integral unit.

3 Margin

(a) **Initial margin:** in discharge of your obligations to provide us with initial margin under the Swap Agreement we may transfer cash initial margin from your Bank Account to the IM Account. If we do, we will transfer it back to your Bank Account when we no longer require it.

(b) **Reg IM:** Where there is a credit support arrangement between us governing the exchange of regulatory initial margin under the Swap Agreement (**Reg IM**), it will prevail, and this agreement will be an "Other CSA" for those purposes.

(c) **Variation margin**

(i) **Calculation:** We will calculate variation margin due under any Transaction in accordance with the Swap Agreement.

(ii) **Transfers:** When you owe us any variation margin, we will debit it from your Bank Account. When we owe you any variation margin, we will credit it to your Bank Account.

4 Net Equity and Total Equity

(a) **Net Equity:** We will calculate Net Equity as follows:

$$\text{Net Equity} = \text{Total Equity} - \text{Required Initial Margin}$$

(b) **Total Equity:** We will calculate Total Equity as follows:

$$\text{Total Equity} = \text{Derivative Value} + \text{Cash Balance} + \text{Posted Third Party IM}$$

(c) **Definitions:** To make these calculations we will determine the following values in the Base Currency on each day, each expressed as a positive if owed to you:

(i) **Required Initial Margin:** the total initial margin (including any Reg IM) we require from you.

(ii) **Derivative Value:** the net uncollateralised mark-to-market value, of all transactions under the Swap Agreement.

(iii) **Cash Balance:** the aggregate value in the Base Currency of:

(A) **Bank Account:** the balance of your Bank Account; and

(B) **VM Account:** the balance of the VM Account which (if positive) will equal your Credit Support Balance (VM) under the Swap Agreement, and (if

negative) will equal ours; and

(C) **IM Account:** the balance of the IM Account.

- (iv) **Posted Third-Party IM:** Such part of your Required Initial Margin as is actually posted to a third-party custodian in accordance with the documents governing that credit support arrangement.

5 **Equity Shortfalls**

- (a) **Equity Shortfall:** Where your Required Initial Margin exceeds your Total Equity, there will be an **Equity Shortfall** equal to the absolute value of the difference. In any other case your Equity Shortfall will be zero.
- (b) **Equity Demand:** Whenever the Equity Shortfall exceeds the Minimum Call, we may by notice (an **Equity Demand**) require you to transfer cash in the Base Currency into your

Bank Account so that your Net Equity is positive.

6 **Deposits and withdrawals**

- (a) **Deposits:** On any Local Business Day, you may transfer cash in an Eligible Currency to us for deposit in the Bank Account and we will credit it to the relevant ledger.
- (b) **Withdrawals:** You may withdraw cash from the Bank Account on any Local Business Day. However, we do not have to act on any withdrawal request if it would create an Equity Shortfall, if we need the cash to discharge your obligations under any transactions or if you are subject to a continuing Event of Default.
- (c) **Reversals:** We may reverse credits or debits to the Bank Account if the relevant transfer does not settle as anticipated.