



UBS AG London Branch  
5 Broadgate  
London EC2M 2QS  
Tel. +44-20-7567-8000

UBS Europe SE  
Bockenheimer Landstraße 2-4  
Operturm  
60306 Frankfurt am Main  
Germany

[www.ubs.com/ibterms](http://www.ubs.com/ibterms)

# Qualitative Assessment - 2019

Equities: Shares and Depositary Receipts



Version: April 2020

For information about entities in our investment banking division, visit [www.ubs.com/ibterms](http://www.ubs.com/ibterms)

# Shares and Depositary Receipts

On 1st March 2019, UBS Limited ceased to exist after merging into UBS Europe SE. References in this Qualitative Assessment to UBS Europe SE should be read as references to UBS Limited for the period prior to 1st March 2019.

Investment firms shall publish for each class of financial instruments, a summary of the analysis and conclusions they draw from their detailed monitoring of the quality of execution obtained on the execution venues where they executed all client orders in the previous year. The information shall include:

## **(a) 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;**

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) Sales trader knowledge of the Clients' Order-handling preferences; and
- (vii) The Execution Venues to which the Order can be directed.

The primary Execution Factor for the purposes of fulfilling the best execution obligation will usually be price. However, the sales trader will consider all key Execution Factors in light of the Execution Criteria, assessing their relative weighting in light of a wide range of elements that could influence the outcome of the execution. The assessment of these considerations will determine the appropriate interaction with the market.

In certain markets and subject always to any specific instructions that may be given by our Clients, UBS may transmit an order UBS receives to Connected Parties or Third Party Brokers, for execution. In such cases those Connected Parties have affirmed their compliance with local best execution regulations and guidelines.

In transmitting orders to Connected Parties UBS will comply with the considerations outlined above. Execution through Connected Parties can provide particular benefits, which can include increased certainty of execution, increased transparency, more effective communication and efficient resolution of issues for our Clients. UBS keeps the performance of Connected Parties and Third Party Brokers under review including the formal evaluation of their performance to help ensure appropriate standards of execution which are consistent with our MiFID Order Handling and Execution Policy.

The terms Connected Parties and Third Party Brokers have the meanings given to them in the MiFID Order Handling and Execution Policy.

The MiFID Order Handling and Execution Policy and the Cash Equities Product General Procedure are available at <https://www.ubs.com/global/en/investment-bank/regulatory.html>

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

### **Conflicts of interest**

There are two potential material conflicts of interest relating to execution venues that are monitored and mitigated as described as:

1. A conflict may arise between UBS, or a UBS employee, as part shareholder in, or operator of, or due to some other economic interest in, an execution venue (including a Multilateral Trading Facility ("MTF") or an Alternative Trading System ("ATS")) and UBS's responsibility to obtain best execution for clients by seeking the most appropriate execution venue for the security concerned.
2. A conflict may arise where UBS routes orders to an execution venue based on volume discounts or fees rather than best execution.

Conflict (1) is mitigated via the provision of mandatory computer based training for UBS employees, the required adherence to the internal Conflicts of Interest Policy and the Order Execution and Handling Policy by employees and the monthly monitoring and review of trades for Best Execution using a documented set of controls.

Conflict (2) is mitigated via the required adherence to the internal Conflicts of Interest Policy, the Order Handling and Execution Policy and the UBS Code of Conduct as well as the monthly monitoring and review of trades for Best Execution using a documented set of controls.

Conflicts are recorded and maintained in the Conflicts register, which is reviewed and affirmed annually.

## Close Links, Common Ownerships

MiFID II – Level 1 text – Article 4 (Definitions) defines Close Links as a situation in which two or more natural or legal persons are linked by participation in the form of ownership, direct or by way of control, of 20 % or more of the voting rights or capital of an undertaking.

Common Ownership and Close Links have been interpreted in the same manner.

The relevant venues are listed below:

- UBS Multilateral Trading Facility [100%]
- UBS Europe SE Systematic Internaliser [100%]
- UBS AG, London Branch Systematic Internaliser [100%]

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

UBS will not accept any incentives (remuneration, discount or non-monetary benefit) for routing client orders to a particular venue if they would result in UBS breaching any legal or regulatory obligations. UBS will also not enter into any Payment for Order Flow arrangements in the United Kingdom.

The MiFID Order Handling & Execution Policy is available at: <https://www.ubs.com/global/en/investment-bank/regulatory.html>

### **(d) 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;**

The list of execution venues was reviewed and updated for MiFID II. The list of execution venues will be reviewed periodically.

### **(e) 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;**

The investment banking division of UBS provides services to Professional Clients and Eligible Counterparties. The investment banking division of UBS does not provide services to retail clients.

Under MiFID II, UBS is required to put in place an order execution and handling policy and to take all sufficient steps to obtain the best possible result on behalf of its Professional Clients either when executing client Orders or receiving and transmitting Orders.

Where a client elects to be treated as an Eligible Counterparty, UBS is not under an obligation to provide best execution. For further information about the consequences of categorisation as a Professional Client or an Eligible Counterparty please refer to the MiFID Order Handling and Execution Policy and Eligible Counterparty disclosures available at: <https://www.ubs.com/global/en/investment-bank/regulatory.html>

### **(f) 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 as the investment banking division of UBS does not provide services to Retail clients.

### **(g) an explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Commission Delegated Regulation (EU) 2017/575 [RTS27];**

We undertake proprietary venue level analysis to support the review and assessment of venues in the provision of Best Execution for our clients.

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

UBS does not make use of the output of a consolidated tape provider in this class of financial Instrument (COFIA) class.

# Qualitative Assessment - 2019

Debt instruments, bonds



# Debt Instruments, bonds

On 1st March 2019, UBS Limited ceased to exist after merging into UBS Europe SE. References in this Qualitative Assessment to UBS Europe SE should be read as references to UBS Limited for the period prior to 1st March 2019.

In certain circumstances UBS Europe SE and/or UBS AG, London Branch may accept client orders on behalf of their US affiliate, UBS Securities LLC. The top 5 venues which are utilised as a result of this trading activity are reflected in the separate report headed UBS Sec LLC.

Investment firms shall publish for each class of financial instruments, a summary of the analysis and conclusions they draw from their detailed monitoring of the quality of execution obtained on the execution venues where they executed all client orders in the previous year. The information shall include:

**(a) 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;**

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. 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:

- (1) Order typology;
- (2) The liquidity profile of the instrument(s);
- (3) The size of the Order;
- (4) The Execution Venues to which the Order can be directed; and
- (5) Specific instructions given by the Client.
- (6) The primary Execution Factor for the purposes of discharging the Best Execution obligation that the UBS FRC Execution Services aim to take into account will usually be price.

Where accessing markets electronically, UBS's routing decisions for Firm Limit Orders are made by the UBS (SOR). The decision as to which Execution Venues/Liquidity Providers and price points to target will be taken based upon both the explicit instructions accompanying the relevant Order and/or the SOR's programmed "judgment". The primary objective of the SOR is to achieve the best possible outcome for our Clients. UBS's interactions with Execution Venues/Liquidity Providers are guided by objectively observed and calculated parameters.

The MIFID Order Handling and Execution Policy and the FRC Execution Services Product General Procedure are available at:

<https://www.ubs.com/global/en/investment-bank/regulatory.html>

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

UBS operates in many jurisdictions all over the globe. We are active in many markets in all kinds of transactions. We are engaged in a wide range of financial services including corporate and investment banking, securities trading, asset management, wealth management and retail banking. We act simultaneously for many clients in many different capacities. We also act on our own behalf. As a result, unavoidably, the various interests we represent will sometimes conflict.

- (a) UBS will seek to manage the conflict of interest through the following measures or combinations of measure (this list is not exhaustive):
- (i) Setting up electronic and/or physical barriers including system access restrictions to prevent the flow of information between conflicting business activities
  - (ii) Appropriate governance, transparency and oversight of compensation of UBS or its employees to avoid incentivising behaviours that conflict with our duty to act in the best interest of our clients
  - (iii) Establishing supervision and monitoring procedures to ensure employees are complying with our policies
  - (iv) Controlling the type of tasks employees are allowed where types of duties could conflict with each other
  - (v) Oversight and approval committees, independent from directly involved UBS employees
  - (vi) Controls to restrict and monitor personal investment and external business activities of UBS employees to prevent conflicts of interest arising against the interest of clients
  - (vii) Providing general or specific disclosures of the conflict of interest

The Conflicts of Interest Policy is available at:

<https://www.ubs.com/global/en/investment-bank/regulatory.html>

**Close Links, Common Ownerships**

MiFID II – Level 1 text – Article 4 (Definitions) defines Close Links as a situation in which two or more natural or legal persons are linked by participation in the form of ownership, direct or by way of control, of 20 % or more of the voting rights or capital of an undertaking.

Common Ownership is understood to be superseded by Close Links and has been interpreted in the same manner.

The relevant venues are listed below:

- UBS Europe SE Systematic Internaliser [100%]
- UBS AG, London Branch Systematic Internaliser [100%]

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

UBS will not accept any incentives (remuneration, discount or non-monetary benefit) for routing client orders to a particular venue if they would result in UBS breaching any legal or regulatory obligations. UBS will also not enter into any Payment for Order Flow arrangements in the United Kingdom.

The MiFID Order Handling & Execution Policy is available at:

<https://www.ubs.com/global/en/investment-bank/regulatory.html>

**(d) 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;**

The list of execution venues was reviewed and updated for MIFID II. Best execution rules and venue routing parameters are reviewed on a quarterly basis.

**(e) 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;**

The investment banking division of UBS provides services to Professional Clients and Eligible Counterparties. The investment banking division of UBS does not provide services to retail clients.

Under MiFID II, UBS is required to put in place an order execution and handling policy and to take all sufficient steps to obtain the best possible result on behalf of its Professional Clients either when executing client Orders or receiving and transmitting Orders.

Where a client elects to be treated as an eligible counterparty, UBS is not be under an obligation to provide best execution. For further information about the consequences of categorisation as a professional client or an eligible counterparty please refer to the MiFID Order Handling Policy and eligible counterparty disclosures available at:

<https://www.ubs.com/global/en/investment-bank/regulatory.html>

**(f) 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 as the investment banking division of UBS does not provide services to retail clients.

**(g) an explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Commission Delegated Regulation (EU) 2017/575 [RTS27];**

There is internal proprietary venue analysis that is done to support the review and assessment of venues in the provision of Best Execution for our clients, actioned on a quarterly basis.

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

UBS does not make use of the output of a consolidated tape provider in this class of financial Instrument (COFIA) class.

# Qualitative Assessment - 2019

Options and Futures admitted to trading on a trading venue

- Commodity Derivatives
- Credit Derivatives
- Equity Derivatives
- Interest Rates Derivatives

# Options and Futures admitted to trading on a trading venue

On 1st March 2019, UBS Limited ceased to exist after merging into UBS Europe SE. References in this Qualitative Assessment to UBS Europe SE should be read as references to UBS Limited for the period prior to 1st March 2019.

Investment firms shall publish for each class of financial instruments, a summary of the analysis and conclusions they draw from their detailed monitoring of the quality of execution obtained on the execution venues where they executed all client orders in the previous year. The information shall include:

## **(a) 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;**

Exchange Traded Derivatives are generally specific to a particular exchange, and the venue for Client business is driven by Client direction.

For Exchange Trade Derivatives the Execution Criteria that will be taken into account, when weighting the Execution Factors, are the characteristics of:

- (i) The particular instructions from the Client;
- (ii) The liquidity profile of the instrument(s);
- (iii) The size of the Order;
- (iv) General market environment and prevailing market conditions;
- (v) Sales person knowledge of Client's Order handling preferences.

The primary Execution Factor for the purposes of satisfying our Best Execution obligation will usually be price. However, the relevant UBS trader will consider all pertinent Execution Factors in light of the Execution Criteria, assessing their relative weighting in light of a wide range of elements that could influence the outcome of the execution. The assessment of these considerations will determine the appropriate interaction with market with a view to achieving the best outcome for the Client.

By way of example, where a Client places an Order that is very large, covering many days trading volume, the approach may be to execute the order over the course of several days. In these circumstances, the approach may be to deprioritise speed as an Execution Factor given that liquidity on the markets may be insufficient 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 in such cases.

In certain markets and subject always to any specific instructions that may be given by our Clients, UBS may transmit an order UBS receives to Connected Parties or Third Party Brokers, for execution. In such cases those Connected Parties have affirmed their compliance with local best execution regulations and guidelines.

In transmitting orders to Connected Parties UBS will comply with the considerations outlined above. Execution through Connected Parties can provide particular benefits, which can include increased certainty of execution, increased transparency, more effective communication and efficient resolution of issues for our Clients. UBS keeps the performance of Connected Parties and Third Party Brokers under review including the formal evaluation of their performance to help ensure appropriate standards of execution which are consistent with our MiFID Order Handling and Execution Policy.

The terms Connected Parties and Third Party Brokers have the meanings given to them in the MiFID Order Handling and Execution Policy.

The MiFID Order Handling and Execution Policy and the ETD Product General Procedure are available at <https://www.ubs.com/global/en/investment-bank/regulatory.html>

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

### **Conflicts of interest**

There are two potential material conflicts of interest relating to execution venues that are monitored and mitigated as described as:

1. A conflict may arise between UBS, or a UBS employee, as part shareholder in, or operator of, or due to some other economic interest in, an execution venue (including a Multilateral Trading Facility ("MTF") or an Alternative Trading System ("ATS")) and UBS's responsibility to obtain best execution for clients by seeking the most appropriate execution venue for the security concerned.
2. A conflict may arise where UBS routes orders to an execution venue based on volume discounts or fees rather than best execution.

Conflict (1) is mitigated via the provision of mandatory computer based training for UBS employees, the required adherence to the internal Conflicts of Interest Policy and the Order Execution and Handling Policy by employees and the monthly monitoring and review



of trades for Best Execution using a documented set of controls.

Conflict (2) is mitigated via the required adherence to the internal Conflicts of Interest Policy, the Order Handling and Execution Policy and the UBS Code of Conduct as well as the monthly monitoring and review of trades for Best Execution using a documented set of controls.

Conflicts are recorded and maintained in the Conflicts register, which is reviewed and affirmed annually.

### **Close Links, Common Ownerships**

MiFID II – Level 1 text – Article 4 (Definitions) defines Close Links as a situation in which two or more natural or legal persons are linked by participation in the form of ownership, direct or by way of control, of 20 % or more of the voting rights or capital of an undertaking.

Common Ownership and Close Links have been interpreted in the same manner.

There are no applicable venues within this definition for Exchange Traded Derivatives.

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

UBS will not accept any incentives (remuneration, discount or non-monetary benefit) for routing client orders to a particular venue if they would result in UBS breaching any legal or regulatory obligations. UBS will also not enter into any Payment for Order Flow arrangements in the United Kingdom.

The MiFID Order Handling & Execution Policy is available at: <https://www.ubs.com/global/en/investment-bank/regulatory.html>

### **(d) 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;**

The list of execution venues was reviewed and updated for MiFID II, with the list of venues to be reviewed on a monthly basis.

Following the review there was no change to the list of execution venues for Exchange Trade Derivatives.

### **(e) 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;**

The investment banking division of UBS provides services to Professional Clients and Eligible Counterparties. The investment banking division of UBS does not provide services to Retail clients.

Under MiFID II, UBS is required to put in place an order handling and execution policy and to take all sufficient steps to obtain the best possible result on behalf of its Professional Clients either when executing client Orders or receiving and transmitting Orders.

Where a client elects to be treated as an Eligible Counterparty, UBS is not under an obligation to provide best execution. For further information about the consequences of categorisation as a Professional Client or an Eligible Counterparty please refer to the MiFID Order Handling and Execution Policy and Eligible Counterparty disclosures available at: <https://www.ubs.com/global/en/investment-bank/regulatory.html>

### **(f) 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 as the investment banking division of UBS does not provide services to Retail clients.

### **(g) an explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Commission Delegated Regulation (EU) 2017/575 [RTS27];**

When assessing the quality of execution of execution venues, UBS uses the following available tools and data to ensure the best possible result for the client:

- Real-time monitoring of the execution venues;
- Broker & service quality controls;
- Client feedback.

UBS reviews its execution arrangements on an ongoing basis.

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

UBS does not make use of the output of a consolidated tape provider in this class of financial Instrument (COFIA) class.

# Qualitative Assessment - 2019

Currency derivatives, swaps, forwards, and other currency derivatives



# Currency derivatives, swaps, forwards, and other currency derivatives

On 1st March 2019, UBS Limited ceased to exist after merging into UBS Europe SE. References in this Qualitative Assessment to UBS Europe SE should be read as references to UBS Limited for the period prior to 1st March 2019.

Investment firms shall publish for each class of financial instruments, a summary of the analysis and conclusions they draw from their detailed monitoring of the quality of execution obtained on the execution venues where they executed all client orders in the previous year. The information shall include:

## **(a) 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;**

### **Electronically executed FX transactions**

Clients predominantly execute FX transactions with UBS electronically and a Best Execution service is available for:

- (i) all Clients, worldwide, executing FX electronically with UBS; and
- (ii) Spot FX transactions (non MiFID instrument), as well as for FX forwards, non-deliverable forwards (NDFs) and swaps.

UBS Best Execution price streams are available for trades executed electronically over the following channels:

- (i) UBS Neo;
- (ii) FX Trader Plus;
- (iii) FIX API.

Currently, UBS FX is the sole Execution Venue for executing Best Execution-compliant transactions in FX products. For electronic execution, liquidity is delivered via continuous price streams which are regularly benchmarked against external and internal reference prices to ensure that the best prices are available on a consistent basis.

The principal Execution Factors that the FX Best Execution pricing streams aim to optimise are:

- (i) Core price (the price exclusive of any transaction costs);
- (ii) Certainty of execution (i.e. hit ratio; ensuring that an acceptable proportion of requests result in a successful execution) within the constraints of:
- (iii) Client channel (optimising factors (i) and (ii) within the technical limitations of the channel through which the Client deals).

Two way bid-offer prices are provided to the Client, where available, so that the Client has full visibility with respect to the cost of transacting before execution.

"Last look" functionality is employed on Best Execution electronic price streams to enable tighter bid-offer spreads to be achieved with sufficient certainty of execution. For more information about how UBS deploys last look and the potential benefits to Clients, please speak to your usual UBS sales or relationship contact.

### **Executing a Best Execution voice Order**

- (i) UBS staff will seek to execute the Client's Order in accordance with any instructions that the Client may specify when placing the Order. Any Best Execution requirements will be exercised within the confines of any Client specific instruction. If for any reason the Client's instructions cannot be met, for example due to changing market conditions, UBS will contact the Client to inform them of such changes and request further instruction.
- (ii) For example, if a Client leaves an Order to buy with a limit price of 52 or better, but the market gaps higher before the Order can be executed, UBS will only amend the limit price for the order on an updated instruction from the Client.
- (iii) When executing the Client's Order, UBS will aim to achieve the best outcome for the Client. Normally, this will mean seeking to achieve the best price as the principal Execution Factor. Subject to any specific instructions the Client may have given UBS as to how the Order should be executed, UBS will use its professional judgement, taking account of all relevant Execution Criteria, as to how to fill the Order, e.g.:
  - (a) whether to execute the Order (limit and stop loss orders)
  - (b) whether to access third party liquidity versus UBS's own liquidity
  - (c) whether to execute in tranches over a period of time.
- (iv) In all cases, UBS FX will be the sole Execution Venue for the execution of transactions in FX products.

The MiFID Order Handling and Execution Policy and the FX and Precious Metals Product General Procedure are available at:

<https://www.ubs.com/global/en/investment-bank/regulatory.html>

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

Derivatives transactions are executed directly on a UBS entity in its capacity as a systematic internaliser. The choice of venue in this context will have been determined by the client in their decision to trade with UBS.

The Conflicts of Interest Policy is available at:

<https://www.ubs.com/global/en/investment-bank/regulatory.html>

#### **Close Links, Common Ownerships**

MiFID II – Level 1 text – Article 4 (Definitions) defines Close Links as a situation in which two or more natural or legal persons are linked by participation in the form of ownership, direct or by way of control, of 20 % or more of the voting rights or capital of an undertaking.

Common Ownership is understood to be superseded by Close Links and has been interpreted in the same manner.

The relevant venues are listed below:

- UBS Europe SE Systematic Internaliser [100%]
- UBS AG, London Branch Systematic Internaliser [100%]

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

UBS will not accept any incentives (remuneration, discount or non-monetary benefit) for routing client orders to a particular venue if they would result in UBS breaching any legal or regulatory obligations. UBS will also not enter into any Payment for Order Flow arrangements in the United Kingdom.

The MiFID Order Handling & Execution Policy is available at:

<https://www.ubs.com/global/en/investment-bank/regulatory.html>

#### **(d) 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;**

The list of execution venues was reviewed and updated for MIFID II.

In the context of currency derivatives the primary change has been the addition of UBS entities that have registered as systematic internalisers and therefore now classify as execution venues. This change is driven by the introduction of a new category of execution venue introduced by MIFID II.

#### **(e) 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;**

The investment banking division of UBS supports both Professional Clients and Eligible Counterparties. Retail clients are handled by other divisions of UBS. (Please see the equivalent reports for other UBS divisions for the approach to retail clients).

Under MiFID II, UBS is required to put in place an order execution and handling policy (MiFID II order execution policy) and to take all sufficient steps to obtain the best possible result (best execution) on behalf of its Professional Clients either when executing client Orders or receiving and transmitting Orders.

Where a client elects to be treated as an eligible counterparty, UBS is not under any obligation to take all sufficient steps to obtain the best possible execution result. For further information about the consequences of categorisation as a professional client or an eligible counterparty please refer to the order handling policy and eligible counterparty disclosures available at:

<https://www.ubs.com/global/en/investment-bank/regulatory.html>

#### **(f) 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 as the investment banking division of UBS does not provide services to retail clients.

#### **(g) an explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Commission Delegated Regulation (EU) 2017/575 [RTS27];**

In the context of this class of financial Instrument (COFIA) category all venue selection is client driven.

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

UBS do not make use of the output of a consolidated tape provider in this COFIA class

# Qualitative Assessment - 2019

Swaps and other equity derivatives



# Swaps and other equity derivatives

On 1<sup>st</sup> March 2019, UBS Limited ceased to exist after merging into UBS Europe SE. References in this Qualitative Assessment to UBS Europe SE should be read as references to UBS Limited for the period prior to 1<sup>st</sup> March 2019.

Investment firms shall publish for each class of financial instruments, a summary of the analysis and conclusions they draw from their detailed monitoring of the quality of execution obtained on the execution venues where they executed all client orders in the previous year. The information shall include:

## **(a) 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;**

The Execution Criteria that will be taken into account when weighting the Execution Factors are the characteristics of:

- the Client;
- the Order;
- the Financial Instruments that are the subject of that Order; and
- the Execution Venues to which that Order can be directed.

The primary Execution Factor for the purposes of satisfying our Best Execution obligation will usually be price. However, the relevant UBS trader will consider all pertinent Execution Factors in light of the Execution Criteria, assessing their relative weighting in light of a wide range of elements that could influence the outcome of the execution. The assessment of these considerations will determine the appropriate interaction with market with a view to achieving the best outcome for the Client.

By way of example, where a Client places an Order which requires a stock/underlying hedge trade that is very large, covering many days trading volume, the approach may be to execute the hedge over the course of several days, then reprice the derivative based on the performance of the hedge each day until completion. In these circumstances, the approach may be to deprioritise speed as an Execution Factor given that liquidity on the markets may be insufficient 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 in such cases.

In other situations, the Order may create an FX exposure. In such circumstances the Equity Derivatives trader will hedge this exposure through the UBS FX desk (as relevant). The FX desk will then execute those hedges in accordance with their execution procedures, subject to any instructions provided to them by the Equity Derivative traders on behalf of the Client.

For information on how UBS applies Best Execution in these areas, please refer to the Product General Procedures.

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.

The MIFID Order Handling and Execution Policy and the Product General Procedures are available at <https://www.ubs.com/global/en/investment-bank/regulatory.html>

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

### **Conflicts of interest**

There are two potential material conflicts of interest relating to execution venues that are monitored and mitigated as described as:

1. A conflict may arise between UBS, or a UBS employee, as part shareholder in, or operator of, or due to some other economic interest in, an execution venue (including a Multilateral Trading Facility ("MTF") or an Alternative Trading System ("ATS")) and UBS's responsibility to obtain best execution for clients by seeking the most appropriate execution venue for the security concerned.
2. A conflict may arise where UBS routes orders to an execution venue based on volume discounts or fees rather than best execution.

Conflict (1) is mitigated via the provision of mandatory computer based training for UBS employees, the required adherence to the internal Conflicts of Interest Policy and the Order Execution and Handling Policy by employees and the monthly monitoring and review of trades for Best Execution using a documented set of controls.

Conflict (2) is mitigated via the required adherence to the internal Conflicts of Interest Policy, the Order Handling and Execution Policy and the UBS Code of Conduct as well as the monthly monitoring and review of trades for Best Execution using a documented set of controls.

Conflicts are recorded and maintained in the Conflicts register, which is reviewed and affirmed annually.

### **Close Links, Common Ownerships**

MiFID II – Level 1 text – Article 4 (Definitions) defines Close Links as a situation in which two or more natural or legal persons are linked by participation in the form of ownership, direct or by way of control, of 20 % or more of the voting rights or capital of an undertaking.

Common Ownership is understood to be superseded by Close Links and has been interpreted in the same manner.

The relevant venues are listed below:

- UBS Multilateral Trading Facility [100%]
- UBS Europe SE Systematic Internaliser [100%]
- UBS AG, London Branch Systematic Internaliser [100%]

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

UBS will not accept any incentives (remuneration, discount or non-monetary benefit) for routing client orders to a particular venue if they would result in UBS breaching any legal or regulatory obligations. UBS will also not enter into any Payment for Order Flow arrangements in the United Kingdom.

The MiFID Order Handling & Execution Policy is available at: <https://www.ubs.com/global/en/investment-bank/regulatory.html>

### **(d) 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;**

The list of execution venues was reviewed and updated for MIFID II.

In the context of Swaps and other equity derivatives the primary change has been the addition of UBS entities that have registered as systematic internalisers and therefore now classify as execution venues. This change is driven by the introduction of a new category of execution venue introduced by MIFID II.

### **(e) 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;**

The investment banking division of UBS provides services to Professional Clients and Eligible Counterparties. The investment banking division of UBS does not provide services to retail clients.

Under MiFID II, UBS is required to put in place an order execution and handling policy and to take all sufficient steps to obtain the best possible result on behalf of its Professional Clients either when executing client Orders or receiving and transmitting Orders.

Where a client elects to be treated as an eligible counterparty, UBS is not be under an obligation to provide best execution. For further information about the consequences of categorisation as a professional client or an eligible counterparty please refer to the MiFID Order Handling and Execution Policy and eligible counterparty disclosures available at: <https://www.ubs.com/global/en/investment-bank/regulatory.html>

### **(f) 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 as the investment banking division of UBS does not provide services to retail clients.

### **(g) an explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Commission Delegated Regulation (EU) 2017/575 [RTS27];**

In the context of this class of financial Instrument (COFIA) category all venue selection is client driven.

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

UBS does not make use of the output of a consolidated tape provider in this COFIA class.

# Qualitative Assessment - 2019

Warrants and Certificate Derivatives





# Warrants and Certificate derivatives

On 1st March 2019, UBS Limited ceased to exist after merging into UBS Europe SE. References in this Qualitative Assessment to UBS Europe SE should be read as references to UBS Limited for the period prior to 1st March 2019.

Investment firms shall publish for each class of financial instruments, a summary of the analysis and conclusions they draw from their detailed monitoring of the quality of execution obtained on the execution venues where they executed all client orders in the previous year. The information shall include:

## **(a) 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;**

The Execution Criteria that will be taken into account when weighting the Execution Factors are the characteristics of:

- the Client;
- the Order;
- the Financial Instruments that are the subject of that Order; and
- the Execution Venues to which that Order can be directed.

The primary Execution Factor for the purposes of satisfying our Best Execution obligation will usually be price. However, the relevant UBS trader will consider all pertinent Execution Factors in light of the Execution Criteria, assessing their relative weighting in light of a wide range of elements that could influence the outcome of the execution. The assessment of these considerations will determine the appropriate interaction with market with a view to achieving the best outcome for the Client.

By way of example, where a Client places an Order which requires a stock/underlying hedge trade that is very large, covering many days trading volume, the approach may be to execute the hedge over the course of several days, then reprice the derivative based on the performance of the hedge each day until completion. In these circumstances, the approach may be to deprioritise speed as an Execution Factor given that liquidity on the markets may be insufficient 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 in such cases.

In other situations, the Order may create an FX exposure. In such circumstances the Equity Derivatives trader will hedge this exposure through the UBS FX desk (as relevant). The FX desk will then execute those hedges in accordance with their execution procedures, subject to any instructions provided to them by the Equity Derivative traders on behalf of the Client.

For information on how UBS applies Best Execution in these areas, please refer to the Product General Procedures.

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.

The MIFID Order Handling and Execution Policy and the Product General Procedures are available at <https://www.ubs.com/global/en/investment-bank/regulatory.html>

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

### **Conflicts of interest**

There are two potential material conflicts of interest relating to execution venues that are monitored and mitigated as described as:

1. A conflict may arise between UBS, or a UBS employee, as part shareholder in, or operator of, or due to some other economic interest in, an execution venue (including a Multilateral Trading Facility ("MTF") or an Alternative Trading System ("ATS")) and UBS's responsibility to obtain best execution for clients by seeking the most appropriate execution venue for the security concerned.
2. A conflict may arise where UBS routes orders to an execution venue based on volume discounts or fees rather than best execution.

Conflict (1) is mitigated via the provision of mandatory computer based training for UBS employees, the required adherence to the internal Conflicts of Interest Policy and the Order Execution and Handling Policy by employees and the monthly monitoring and review of trades for Best Execution using a documented set of controls.

Conflict (2) is mitigated via the required adherence to the internal Conflicts of Interest Policy, the Order Handling and Execution Policy and the UBS Code of Conduct as well as the monthly monitoring and review of trades for Best Execution using a documented set of

controls.

Conflicts are recorded and maintained in the Conflicts register, which is reviewed and affirmed annually.

#### **Close Links, Common Ownerships**

MiFID II – Level 1 text – Article 4 (Definitions) defines Close Links as a situation in which two or more natural or legal persons are linked by participation in the form of ownership, direct or by way of control, of 20 % or more of the voting rights or capital of an undertaking.

Common Ownership is understood to be superseded by Close Links and has been interpreted in the same manner.

The relevant venues are listed below:

- UBS Multilateral Trading Facility [100%]
- UBS Europe SE Systematic Internaliser [100%]
- UBS AG, London Branch Systematic Internaliser [100%]

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

UBS will not accept any incentives (remuneration, discount or non-monetary benefit) for routing client orders to a particular venue if they would result in UBS breaching any legal or regulatory obligations. UBS will also not enter into any Payment for Order Flow arrangements in the United Kingdom.

The MiFID Order Handling & Execution Policy is available at: <https://www.ubs.com/global/en/investment-bank/regulatory.html>

#### **(d) 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;**

The list of execution venues was reviewed and updated for MiFID II.

In the context of warrants and certificate securitized derivatives the primary change has been the addition of UBS entities that have registered as systematic internalisers and therefore now classify as execution venues. This change is driven by the introduction of a new category of execution venue introduced by MiFID II.

#### **(e) 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;**

The investment banking division of UBS provides services to Professional Clients and Eligible Counterparties. The investment banking division of UBS does not provide services to retail clients.

Under MiFID II, UBS is required to put in place an order execution and handling policy and to take all sufficient steps to obtain the best possible result on behalf of its Professional Clients either when executing client Orders or receiving and transmitting Orders.

Where a client elects to be treated as an eligible counterparty, UBS is not be under an obligation to provide best execution. For further information about the consequences of categorisation as a professional client or an eligible counterparty please refer to the MiFID Order Handling and Execution Policy and eligible counterparty disclosures available at: <https://www.ubs.com/global/en/investment-bank/regulatory.html>

#### **(f) 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 as the investment banking division of UBS does not provide services to retail clients.

#### **(g) an explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Commission Delegated Regulation (EU) 2017/575 [RTS27];**

In the context of this class of financial Instrument (COFIA) category all venue selection is client driven.

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

UBS does not make use of the output of a consolidated tape provider in this COFIA class.

# Qualitative Assessment - 2019

Other securitized derivatives



# Other securitized derivatives

On 1st March 2019, UBS Limited ceased to exist after merging into UBS Europe SE. References in this Qualitative Assessment to UBS Europe SE should be read as references to UBS Limited for the period prior to 1st March 2019.

Investment firms shall publish for each class of financial instruments, a summary of the analysis and conclusions they draw from their detailed monitoring of the quality of execution obtained on the execution venues where they executed all client orders in the previous year. The information shall include:

## **(a) 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;**

The Execution Criteria that will be taken into account when weighting the Execution Factors are the characteristics of:

- the Client;
- the Order;
- the Financial Instruments that are the subject of that Order; and
- the Execution Venues to which that Order can be directed.

The primary Execution Factor for the purposes of satisfying our Best Execution obligation will usually be price. However, the relevant UBS trader will consider all pertinent Execution Factors in light of the Execution Criteria, assessing their relative weighting in light of a wide range of elements that could influence the outcome of the execution. The assessment of these considerations will determine the appropriate interaction with market with a view to achieving the best outcome for the Client.

By way of example, where a Client places an Order which requires a stock/underlying hedge trade that is very large, covering many days trading volume, the approach may be to execute the hedge over the course of several days, then reprice the derivative based on the performance of the hedge each day until completion. In these circumstances, the approach may be to deprioritise speed as an Execution Factor given that liquidity on the markets may be insufficient 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 in such cases.

In other situations, the Order may create an FX exposure. In such circumstances the Equity Derivatives trader will hedge this exposure through the UBS FX desk (as relevant). The FX desk will then execute those hedges in accordance with their execution procedures, subject to any instructions provided to them by the Equity Derivative traders on behalf of the Client.

For information on how UBS applies Best Execution in these areas, please refer to the Product General Procedures.

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.

The MIFID Order Handling and Execution Policy and the Product General Procedures are available at <https://www.ubs.com/global/en/investment-bank/regulatory.html>

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

### **Conflicts of interest**

There are two potential material conflicts of interest relating to execution venues that are monitored and mitigated as described as:

1. A conflict may arise between UBS, or a UBS employee, as part shareholder in, or operator of, or due to some other economic interest in, an execution venue (including a Multilateral Trading Facility ("MTF") or an Alternative Trading System ("ATS")) and UBS's responsibility to obtain best execution for clients by seeking the most appropriate execution venue for the security concerned.
2. A conflict may arise where UBS routes orders to an execution venue based on volume discounts or fees rather than best execution.

Conflict (1) is mitigated via the provision of mandatory computer based training for UBS employees, the required adherence to the internal Conflicts of Interest Policy and the Order Execution and Handling Policy by employees and the monthly monitoring and review of trades for Best Execution using a documented set of controls.

Conflict (2) is mitigated via the required adherence to the internal Conflicts of Interest Policy, the Order Handling and Execution Policy and the UBS Code of Conduct as well as the monthly monitoring and review of trades for Best Execution using a documented set of

controls.

Conflicts are recorded and maintained in the Conflicts register, which is reviewed and affirmed annually.

### **Close Links, Common Ownerships**

MiFID II – Level 1 text – Article 4 (Definitions) defines Close Links as a situation in which two or more natural or legal persons are linked by participation in the form of ownership, direct or by way of control, of 20 % or more of the voting rights or capital of an undertaking.

Common Ownership is understood to be superseded by Close Links and has been interpreted in the same manner.

The relevant venues are listed below:

- UBS Multilateral Trading Facility [100%]
- UBS Europe SE Systematic Internaliser [100%]
- UBS AG, London Branch Systematic Internaliser [100%]

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

UBS will not accept any incentives (remuneration, discount or non-monetary benefit) for routing client orders to a particular venue if they would result in UBS breaching any legal or regulatory obligations. UBS will also not enter into any Payment for Order Flow arrangements in the United Kingdom.

The MiFID Order Handling & Execution Policy is available at: <https://www.ubs.com/global/en/investment-bank/regulatory.html>

### **(d) 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;**

The list of execution venues was reviewed and updated for MIFID II.

In the context of other securitized derivatives the primary change has been the addition of UBS entities that have registered as systematic internalisers and therefore now classify as execution venues. This change is driven by the introduction of a new category of execution venue introduced by MIFID II.

### **(e) 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;**

The investment banking division of UBS provides services to Professional Clients and Eligible Counterparties. The investment banking division of UBS does not provide services to retail clients.

Under MiFID II, UBS is required to put in place an order execution and handling policy and to take all sufficient steps to obtain the best possible result on behalf of its Professional Clients either when executing client Orders or receiving and transmitting Orders.

Where a client elects to be treated as an eligible counterparty, UBS is not be under an obligation to provide best execution. For further information about the consequences of categorisation as a professional client or an eligible counterparty please refer to the MiFID Order Handling and Execution Policy and eligible counterparty disclosures available at: <https://www.ubs.com/global/en/investment-bank/regulatory.html>

### **(f) 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 as the investment banking division of UBS does not provide services to retail clients.

### **(g) an explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Commission Delegated Regulation (EU) 2017/575 [RTS27];**

In the context of this class of financial Instrument (COFIA) category all venue selection is client driven.

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

UBS does not make use of the output of a consolidated tape provider in this COFIA class.

# Qualitative Assessment - 2019

Other commodities derivatives and emission allowances derivatives

# Other commodities derivatives

On 1st March 2019, UBS Limited ceased to exist after merging into UBS Europe SE. References in this Qualitative Assessment to UBS Europe SE should be read as references to UBS Limited for the period prior to 1st March 2019.

Investment firms shall publish for each class of financial instruments, a summary of the analysis and conclusions they draw from their detailed monitoring of the quality of execution obtained on the execution venues where they executed all client orders in the previous year. The information shall include:

## **(a) 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;**

The Execution Criteria that will be taken into account when weighting the Execution Factors are the characteristics of:

- the Client;
- the Order;
- the Financial Instruments that are the subject of that Order; and
- the Execution Venues to which that Order can be directed.

The primary Execution Factor for the purposes of satisfying our Best Execution obligation will usually be price. However, the relevant UBS trader will consider all pertinent Execution Factors in light of the Execution Criteria, assessing their relative weighting in light of a wide range of elements that could influence the outcome of the execution. The assessment of these considerations will determine the appropriate interaction with market with a view to achieving the best outcome for the Client.

By way of example, where a Client places an Order which requires a stock/underlying hedge trade that is very large, covering many days trading volume, the approach may be to execute the hedge over the course of several days, then reprice the derivative based on the performance of the hedge each day until completion. In these circumstances, the approach may be to deprioritise speed as an Execution Factor given that liquidity on the markets may be insufficient 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 in such cases.

In other situations, the Order may create an FX exposure. In such circumstances the Equity Derivatives trader will hedge this exposure through the UBS FX desk (as relevant). The FX desk will then execute those hedges in accordance with their execution procedures, subject to any instructions provided to them by the Equity Derivative traders on behalf of the Client.

For information on how UBS applies Best Execution in these areas, please refer to the Product General Procedures.

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.

The MIFID Order Handling and Execution Policy and the Product General Procedures are available at <https://www.ubs.com/global/en/investment-bank/regulatory.html>

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

### **Conflicts of interest**

There are two potential material conflicts of interest relating to execution venues that are monitored and mitigated as described as:

1. A conflict may arise between UBS, or a UBS employee, as part shareholder in, or operator of, or due to some other economic interest in, an execution venue (including a Multilateral Trading Facility ("MTF") or an Alternative Trading System ("ATS")) and UBS's responsibility to obtain best execution for clients by seeking the most appropriate execution venue for the security concerned.
2. A conflict may arise where UBS routes orders to an execution venue based on volume discounts or fees rather than best execution.

Conflict (1) is mitigated via the provision of mandatory computer based training for UBS employees, the required adherence to the internal Conflicts of Interest Policy and the Order Execution and Handling Policy by employees and the monthly monitoring and review of trades for Best Execution using a documented set of controls.

Conflict (2) is mitigated via the required adherence to the internal Conflicts of Interest Policy, the Order Handling and Execution Policy and the UBS Code of Conduct as well as the monthly monitoring and review of trades for Best Execution using a documented set of

controls.

Conflicts are recorded and maintained in the Conflicts register, which is reviewed and affirmed annually.

#### **Close Links, Common Ownerships**

MiFID II – Level 1 text – Article 4 (Definitions) defines Close Links as a situation in which two or more natural or legal persons are linked by participation in the form of ownership, direct or by way of control, of 20 % or more of the voting rights or capital of an undertaking.

Common Ownership is understood to be superseded by Close Links and has been interpreted in the same manner.

The relevant venues are listed below:

- UBS Multilateral Trading Facility [100%]
- UBS Europe SE Systematic Internaliser [100%]
- UBS AG, London Branch Systematic Internaliser [100%]

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

UBS will not accept any incentives (remuneration, discount or non-monetary benefit) for routing client orders to a particular venue if they would result in UBS breaching any legal or regulatory obligations. UBS will also not enter into any Payment for Order Flow arrangements in the United Kingdom.

The MiFID Order Handling & Execution Policy is available at: <https://www.ubs.com/global/en/investment-bank/regulatory.html>

#### **(d) 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;**

The list of execution venues was reviewed and updated for MiFID II.

In the context of other commodities derivatives the primary change has been the addition of UBS entities that have registered as systematic internalisers and therefore now classify as execution venues. This change is driven by the introduction of a new category of execution venue introduced by MiFID II.

#### **(e) 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;**

The investment banking division of UBS provides services to Professional Clients and Eligible Counterparties. The investment banking division of UBS does not provide services to retail clients.

Under MiFID II, UBS is required to put in place an order execution and handling policy and to take all sufficient steps to obtain the best possible result on behalf of its Professional Clients either when executing client Orders or receiving and transmitting Orders.

Where a client elects to be treated as an eligible counterparty, UBS is not be under an obligation to provide best execution. For further information about the consequences of categorisation as a professional client or an eligible counterparty please refer to the MiFID Order Handling and Execution Policy and eligible counterparty disclosures available at: <https://www.ubs.com/global/en/investment-bank/regulatory.html>

#### **(f) 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 as the investment banking division of UBS does not provide services to retail clients.

#### **(g) an explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Commission Delegated Regulation (EU) 2017/575 [RTS27];**

In the context of this class of financial Instrument (COFIA) category all venue selection is client driven.

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

UBS does not make use of the output of a consolidated tape provider in this COFIA class.



# Qualitative Assessment - 2019

Exchange Traded Products: Exchange traded funds, exchange traded notes and exchange traded commodities



# Exchange traded funds, exchange traded notes and exchange traded commodities

On 1st March 2019, UBS Limited ceased to exist after merging into UBS Europe SE. References in this Qualitative Assessment to UBS Europe SE should be read as references to UBS Limited for the period prior to 1st March 2019.

Investment firms shall publish for each class of financial instruments, a summary of the analysis and conclusions they draw from their detailed monitoring of the quality of execution obtained on the execution venues where they executed all client orders in the previous year. The information shall include:

## **(a) 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;**

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) Sales trader knowledge of the Clients' Order-handling preferences; and
- (vii) The Execution Venues to which the Order can be directed.

The primary Execution Factor for the purposes of fulfilling the best execution obligation will usually be price. However, the sales trader will consider all key Execution Factors in light of the Execution Criteria, assessing their relative weighting in light of a wide range of elements that could influence the outcome of the execution. The assessment of these considerations will determine the appropriate interaction with the market.

In certain markets and subject always to any specific instructions that may be given by our Clients, UBS may transmit an order UBS receives to Connected Parties or Third Party Brokers, for execution. In such cases those Connected Parties have affirmed their compliance with local best execution regulations and guidelines.

In transmitting orders to Connected Parties UBS will comply with the considerations outlined above. Execution through Connected Parties can provide particular benefits, which can include increased certainty of execution, increased transparency, more effective communication and efficient resolution of issues for our Clients. UBS keeps the performance of Connected Parties and Third Party Brokers under review including the formal evaluation of their performance to help ensure appropriate standards of execution which are consistent with our MiFID Order Handling and Execution Policy.

The terms Connected Parties and Third Party Brokers have the meanings given to them in the MiFID Order Handling and Execution Policy.

The MiFID Order Handling and Execution Policy and the Cash Equities Product General Procedure are available at <https://www.ubs.com/global/en/investment-bank/regulatory.html>

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

### **Conflicts of interest**

There are two potential material conflicts of interest relating to execution venues that are monitored and mitigated as described as:

1. A conflict may arise between UBS, or a UBS employee, as part shareholder in, or operator of, or due to some other economic interest in, an execution venue (including a Multilateral Trading Facility ("MTF") or an Alternative Trading System ("ATS")) and UBS's responsibility to obtain best execution for clients by seeking the most appropriate execution venue for the security concerned.
2. A conflict may arise where UBS routes orders to an execution venue based on volume discounts or fees rather than best execution.

Conflict (1) is mitigated via the provision of mandatory computer based training for UBS employees, the required adherence to the internal Conflicts of Interest Policy and the Order Execution and Handling Policy by employees and the monthly monitoring and review of trades for Best Execution using a documented set of controls.

Conflict (2) is mitigated via the required adherence to the internal Conflicts of Interest Policy, the Order Handling and Execution Policy and the UBS Code of Conduct as well as the monthly monitoring and review of trades for Best Execution using a documented set of

controls.

Conflicts are recorded and maintained in the Conflicts register, which is reviewed and affirmed annually.

### **Close Links, Common Ownerships**

MiFID II – Level 1 text – Article 4 (Definitions) defines Close Links as a situation in which two or more natural or legal persons are linked by participation in the form of ownership, direct or by way of control, of 20 % or more of the voting rights or capital of an undertaking.

Common Ownership and Close Links have been interpreted in the same manner.

The relevant venues are listed below:

- UBS Multilateral Trading Facility [100%]
- UBS Europe SE Systematic Internaliser [100%]
- UBS AG, London Branch Systematic Internaliser [100%]

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

UBS will not receive any incentives (remuneration, discount or non-monetary benefit) for routing client orders to a particular venue if they will result in UBS failing to meet its best outcome obligations or result in contravening requirements on conflicts of interest or inducements. UBS will also not enter into any Payment for Order Flow arrangements in the United Kingdom.

The MiFID order handling & execution policy is available at: <https://www.ubs.com/global/en/investment-bank/regulatory.html>

### **(d) 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;**

The list of execution venues was reviewed and updated for MiFID II. The list of execution venues will be reviewed periodically.

In the context of Exchange Traded Products, the primary change has been the addition of UBS entities that have registered as systematic internalisers, and therefore now classify as execution venues.

### **(e) 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;**

The investment banking division of UBS provides services to Professional Clients and Eligible Counterparties. The investment banking division of UBS does not provide services to retail clients.

Under MiFID II, UBS is required to put in place an order execution and handling policy and to take all sufficient steps to obtain the best possible result on behalf of its Professional Clients either when executing client Orders or receiving and transmitting Orders.

Where a client elects to be treated as an Eligible Counterparty, UBS is not under an obligation to provide best execution. For further information about the consequences of categorisation as a Professional Client or an Eligible Counterparty please refer to the MiFID Order Handling and Execution Policy and Eligible Counterparty disclosures available at: <https://www.ubs.com/global/en/investment-bank/regulatory.html>

### **(f) 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 as the investment banking division of UBS does not provide services to Retail clients.

### **(g) an explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Commission Delegated Regulation (EU) 2017/575 [RTS27];**

We undertake proprietary venue level analysis to support the review and assessment of venues in the provision of Best Execution for our clients.

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

UBS does not make use of the output of a consolidated tape provider in this class of financial Instrument (COFIA) class.

# Qualitative Assessment - 2019

Other Instruments



# Other Instruments

On 1st March 2019, UBS Limited ceased to exist after merging into UBS Europe SE. References in this Qualitative Assessment to UBS Europe SE should be read as references to UBS Limited for the period prior to 1st March 2019.

Investment firms shall publish for each class of financial instruments, a summary of the analysis and conclusions they draw from their detailed monitoring of the quality of execution obtained on the execution venues where they executed all client orders in the previous year. The information shall include:

**(a) 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;**

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) Sales trader knowledge of the Clients' Order-handling preferences; and
- (vii) The Execution Venues to which the Order can be directed.

The primary Execution Factor for the purposes of fulfilling the best execution obligation will usually be price. However, the sales trader will consider all key Execution Factors in light of the Execution Criteria, assessing their relative weighting in light of a wide range of elements that could influence the outcome of the execution. The assessment of these considerations will determine the appropriate interaction with the market.

In certain markets and subject always to any specific instructions that may be given by our Clients, UBS may transmit an order UBS receives to Connected Parties or Third Party Brokers, for execution. In such cases those Connected Parties have affirmed their compliance with local best execution regulations and guidelines.

In transmitting orders to Connected Parties UBS will comply with the considerations outlined above. Execution through Connected Parties can provide particular benefits, which can include increased certainty of execution, increased transparency, more effective communication and efficient resolution of issues for our Clients. UBS keeps the performance of Connected Parties and Third Party Brokers under review including the formal evaluation of their performance to help ensure appropriate standards of execution which are consistent with our MiFID Order Handling and Execution Policy.

The terms Connected Parties and Third Party Brokers have the meanings given to them in the MiFID Order Handling and Execution Policy.

The MiFID Order Handling and Execution Policy and the Cash Equities Product General Procedure are available at <https://www.ubs.com/global/en/investment-bank/regulatory.html>

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

**Conflicts of interest**

There are two potential material conflicts of interest relating to execution venues that are monitored and mitigated as described as:

1. A conflict may arise between UBS, or a UBS employee, as part shareholder in, or operator of, or due to some other economic interest in, an execution venue (including a Multilateral Trading Facility ("MTF") or an Alternative Trading System ("ATS")) and UBS's responsibility to obtain best execution for clients by seeking the most appropriate execution venue for the security concerned.
2. A conflict may arise where UBS routes orders to an execution venue based on volume discounts or fees rather than best execution.

Conflict (1) is mitigated via the provision of mandatory computer based training for UBS employees, the required adherence to the internal Conflicts of Interest Policy and the Order Execution and Handling Policy by employees and the monthly monitoring and review of trades for Best Execution using a documented set of controls.

Conflict (2) is mitigated via the required adherence to the internal Conflicts of Interest Policy, the Order Handling and Execution Policy and the UBS Code of Conduct as well as the monthly monitoring and review of trades for Best Execution using a documented set of controls.

Conflicts are recorded and maintained in the Conflicts register, which is reviewed and affirmed annually.

## Close Links, Common Ownerships

MiFID II – Level 1 text – Article 4 (Definitions) defines Close Links as a situation in which two or more natural or legal persons are linked by participation in the form of ownership, direct or by way of control, of 20 % or more of the voting rights or capital of an undertaking.

Common Ownership and Close Links have been interpreted in the same manner.

The relevant venues are listed below:

- UBS Multilateral Trading Facility [100%]
- UBS Europe SE Systematic Internaliser [100%]
- UBS AG, London Branch Systematic Internaliser [100%]

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

UBS will not accept any incentives (remuneration, discount or non-monetary benefit) for routing client orders to a particular venue if they would result in UBS breaching any legal or regulatory obligations. UBS will also not enter into any Payment for Order Flow arrangements in the United Kingdom.

The MiFID Order Handling & Execution Policy is available at: <https://www.ubs.com/global/en/investment-bank/regulatory.html>

### **(d) 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;**

The list of execution venues was reviewed and updated for MIFID II. The list of execution venues will be reviewed periodically.

### **(e) 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;**

The investment banking division of UBS provides services to Professional Clients and Eligible Counterparties. The investment banking division of UBS does not provide services to retail clients.

Under MiFID II, UBS is required to put in place an order execution and handling policy and to take all sufficient steps to obtain the best possible result on behalf of its Professional Clients either when executing client Orders or receiving and transmitting Orders.

Where a client elects to be treated as an Eligible Counterparty, UBS is not under an obligation to provide best execution. For further information about the consequences of categorisation as a Professional Client or an Eligible Counterparty please refer to the MIFID Order Handling and Execution Policy and Eligible Counterparty disclosures available at: <https://www.ubs.com/global/en/investment-bank/regulatory.html>

### **(f) 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 as the investment banking division of UBS does not provide services to Retail clients.

### **(g) an explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Commission Delegated Regulation (EU) 2017/575 [RTS27];**

We undertake proprietary venue level analysis to support the review and assessment of venues in the provision of Best Execution for our clients.

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

UBS does not make use of the output of a consolidated tape provider in this class of financial Instrument (COFIA) class.