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# Information on the Order Execution and Order Allocation Policy for UBS AG London Branch and UBS AG, Jersey Branch, Global Wealth Management

UBS AG is a public company incorporated with limited liability in Switzerland domiciled in the Canton of Basel-City and the Canton of Zurich respectively registered at the Commercial Registry offices in those Cantons with new Identification No: CHE-101.329.561 as from 18 December 2013 (and prior to 18 December 2013 with Identification No: CH-270.3.004.646-4) and having respective head offices at Aeschenvorstadt 1, 4051 Basel and Bahnhofstrasse 45, 8001 Zurich, Switzerland and is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. Registered in the United Kingdom as a foreign company with No: FC021146 and having a UK Establishment registered at Companies House, Cardiff, with No: BR 004507. The principal office of UK Establishment: 5 Broadgate, London EC2M 2QS.

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Each of the terms which appear in **bold** below is defined in the 'definitions' section at the end of this document.

**Please read this document carefully. It includes important information relating to the execution of your orders.**

## **1. Purpose**

We, UBS AG London Branch UBS AG Jersey Branch, Global Wealth Management ('UBS', 'us', 'we') are required to put in place an Order Execution and Order Allocation policy and to take all sufficient steps to obtain the best possible results (Best Execution) for our clients when executing, receiving and transmitting their orders.

We will follow any local rules and regulations that apply to the reception and transmission of client orders as well as to their execution. If any provision of our Order Execution policy is prohibited by applicable local law or regulation, the relevant provision will not apply.

## **2. Scope of application**

Our policy is applied to orders in **financial instruments** from **retail** and **professional** clients if we:

- receive and transmit client orders.
- execute orders on behalf of clients; and/or
- provide portfolio management services.

The Order Execution policy is not applied:

- to the execution of orders for the sale or purchase of financial instruments through UBS on behalf of **eligible counterparties** unless UBS has agreed with the eligible counterparty to treat it as a professional client or a retail client; or
- where clients are engaged in a direct order execution arrangement with UBS Investment Bank or other UBS affiliates in addition to the GWM legal entities.

## **3. Executing orders – obtaining the best possible result**

Subject to any express instructions that may be given by you (see section 7), when executing orders in your name, when receiving and transmitting your orders, and/or when providing portfolio management services, we will take all sufficient steps to obtain the best possible result for you taking into account the **execution criteria** and **total consideration** – overall cost - in accordance with section 3.1 and 3.2. We will apply our commercial judgment and experience, incorporating available market information.

### **3.1. Execution criteria**

Unless you have told us otherwise, in addition to taking into account the **total**

**consideration** from Section 3.2 we will consider the following criteria when executing orders:

- a) characteristics of the client order.
- b) the **financial instruments** which are the subject of the order; and
- c) the **execution venues** or intermediaries to which that order can be directed.

### **3.2. Total consideration and other factors**

In order to obtain best execution for our clients, the same approach is applied regardless of whether you are a **retail** or **professional** client. This offers the highest level of protection and uses the overall cost, or **total consideration** as the primary guideline for obtaining the best possible result for you.

The **total consideration** is made up of the price of the **financial instrument** and all related execution costs. We will look at other factors which could influence the outcome only if they could be instrumental in delivering the best possible result.

**Total consideration** and **execution factors** are made up of the following:

- a) the price of the financial instruments offered by the intermediary or the execution venue; and
- b) the direct and indirect costs which are connected to executing orders in financial instruments, including:
  - i. all expenditures that arise, which are directly connected with executing the order.
  - ii. fees relating to execution venues.
  - iii. clearing and settlement fees; and
  - iv. all other fees which are paid to third parties in connection with the execution of the order.
- c) speed.
- d) the likelihood of the client order being executed and settled.
- e) size and nature of the order; and
- f) other relevant factors (such as market effects and implicit transaction costs).

### **4. Execution venues**

When acting as the executor of orders, UBS will choose execution venues that it considers to be the most appropriate to meet its Best Execution obligations. UBS maintains a list of the main execution venues it uses for each product class, a link to which is included in the appendix. This list of execution venues is not exhaustive nor fixed but comprises the execution venues that UBS considers enable it to obtain Best Execution and on which UBS places significant reliance. UBS may use other execution venues where it deems such use appropriate in accordance with this Policy and may amend the list of execution venues at any time. If necessary, UBS takes measures regarding the commissions it charges in order to avoid unjustified disadvantages between the venues where the orders are executed.

Types of execution venues which UBS may use are:

- a. Exchanges
- b. Multilateral Trading Facilities, Alternative Trading Systems
- c. Electronic Communication Network (ECN), broker/dealer networks
- d. External liquidity solutions (crossing by external broker or exchange)
- e. UBS itself or a UBS affiliate (e.g., UBS Investment Bank) acting as the execution venue

## **5. Selection of a venue where orders are executed**

When selecting and assessing execution venues, UBS typically may include, to the extent relevant and appropriate for the product class in question, consideration of factors such as liquidity and price offered, credit and settlement risk, realized performance (e.g., latency, liquidity, price improvement, fill rates, pricing analysis), commercial positioning, market mechanism, resilience and reliability.

In addition, subject to any specific instructions that may be given by the client, UBS may select execution venues using the following logic:

- Taking into consideration the relevant **execution criteria** and **execution factors**, UBS will select the execution venue that it considers the most appropriate to achieve Best Execution.
- UBS may use UBS itself or any of its affiliates as the execution venue, if after appropriate consideration of the relevant execution criteria and execution factors UBS concludes that it can do so to the advantage of (or at no disadvantage to) the client.

Any client order may be assigned for execution across one or multiple venues, as determined by UBS. It is possible that the choice of execution venue may change during the life cycle of the transaction.

For some instruments there may only be a single execution venue on which they can be traded. In these cases, UBS will route orders for such instruments to the relevant single execution venue and this will be considered as achieving Best Execution with regard to the execution factors and execution criteria which depend on the venue selection.

Where there is more than one competing venue to execute an order, we will take into account our own commissions and the cost of executing the order for each eligible execution venue. UBS will not receive any incentives (remuneration, discount, or non-monetary benefit) for routing client orders to a particular Execution 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.

## **6. Execution methods**

Subject to any express instructions that may be given by you, UBS executes orders in accordance with the following methods and/or combinations of methods:

- Outside of a trading venue by means of:
  - i. a different legal entity of the UBS Group which itself, acts as an execution venue where orders are executed; and/or
  - ii. third party brokers and/or market maker
- Directly in a regulated market or Multi-Lateral Trading Facility (MTF) or Organised Trading Facility (OTF), if UBS is not a direct participant in the relevant regulated market and/or MTF, or with a third party, if there is an agreement for executing orders in this regulated market or MTF with this party.

Orders can be handled via various execution venues, wherein all relevant information is stated in the confirmation of the trade. Upon your request, further information can be made available to you.

When executing orders or taking decisions to deal in OTC products including bespoke products, UBS shall check the fairness of the price proposed to the client, by gathering market data used in the estimation of the price of such product and, where possible, by comparing with similar or comparable products.

## **7. Express client instructions**

If you give express instructions for executing an order, we will execute the order in accordance with these meaning that we will have satisfied our best execution obligations. If your instructions only relate to part of the order, we will still apply our policy for executing orders to the part not covered by your express instructions.

Please note that under certain circumstances your express instructions for executing an order may affect our ability to get the best possible result for that (partial) order.

## **8. Limit orders**

With reference to market and limit orders, we shall neither block nor cancel your orders for our own benefit or that of a third party. For equities, regulated markets and MTFs shall be prioritized for placement of unexecuted limit orders, which can then be easily executed as soon as market conditions allow.

If you provide an instruction to place an order for a specific size and/or at a specific price limit or better, (a limit order), then it may not always be possible to immediately execute that order under prevailing market conditions. Specifically, we may withhold the placement of your limit order, where the placement of such an order has a low likelihood of execution due to a wide spread between limit and market price and the placement of such an order would be further detrimental to us achieving a best price for you. The duration of limit orders will be confirmed with you at the point of placing your order with your Client Advisor. We are required to make client orders of this type public (i.e. disclose to the market) unless you expressly instruct us otherwise.

The Execution and Order Handling clause in our Terms and Conditions contains your express instruction. This means that by signing our Terms and Conditions you expressly instruct us not to make such orders public immediately unless you issue specific instructions

to the contrary or we consider publication will be in your best interest.

## **9. Receipt and forwarding of orders**

Subject to any express instructions that may be given by you (see section 7), we can transfer an order to another legal entity in the UBS Group or to a third party (e.g., an external broker) for execution. We would do this if the intermediary can prove that it has principles for executing orders which allow us to fulfill our best execution obligations to you. After checking the execution policies and methods of potential execution locations, we have decided that the execution venues listed in the appendix to this document best enable us to comply with our best execution obligations. We reserve the right to use other intermediaries if we deem these suitable.

## **10. Processing orders**

We ensure that client orders are immediately and fairly executed in relation to other client orders and our trading interests. When executing orders, we ensure that:

- a) all executed orders are immediately and accurately documented and assigned.
- b) similar orders are executed immediately and in the sequence in which they are received, unless the order characteristics or the prevailing market position makes this impossible or the interests of the client require a different procedure; and
- c) where practical, orders which are entered via several different media are processed with the aim of handling them in the sequence in which they are entered.

## **11. Aggregation and allocation of orders**

Client orders or transactions will not be carried out in aggregation with another client order unless:

- a) aggregation of orders and transactions does not disadvantage any client whose order is to be aggregated.
- b) each client involved has been informed that the effect of aggregation may work to their disadvantage in relation to a particular order; and
- c) the provisions relating to order allocation set out in our internal policies have been complied with.

In respect of market orders and limit orders, we will not withdraw or withhold client orders for our own convenience, or for the convenience of any other party.

If we aggregate one or more client orders and the aggregated order is partially executed, we will allocate the related trades promptly and fairly in accordance with our relevant internal policies. If we aggregate one or more client orders, we will not allocate the related trades in a way which is detrimental to any client.

## 12. Monitoring and review

We regularly monitor the effectiveness, quality and adherence to our arrangements for executing orders.

The policy and arrangements are reviewed annually and whenever a material change or significant event occurs, which might affect our ability to continue getting the best possible result for you. We will notify you of any material changes to the execution arrangements or our execution policy.

## 13. Client consent

This document provides important information on the Order Execution and Order Allocation Policy we have put in place to meet our best execution obligations. You are deemed to have understood and accepted the arrangements we describe within this document when you next place an order for execution with us.

Where you only wish to receive discretionary portfolio management services, you understand and accept our Order Execution and Order Allocation policy at the point you ask us to provide these services.

## Definitions

**ECN broker** - a financial intermediary that uses electronic communications networks (ECNs) to give clients direct access to other participants in equity and currency markets

**Eligible counterparty** - means an investment firm, credit institution, insurance company, UCITS and their management companies, other regulated financial institutions and in certain cases, other undertakings.

**Execution criteria** – describe the criteria listed in section 3.1 of this document.

**Execution factors** – describe the factors listed in section 3.2 of this document.

**Execution venue** - describes a regulated market, a MTF, an SI, an OTF, a market maker or different liquidity provider and/or an entity that performs a similar function.

**Financial instrument(s)** – include, but are not limited to:

- a) equities and stock market-traded investment funds (so called ETFs);
- b) bond issues and money-market instruments;
- c) securitised derivatives;
- d) non-securitised standardised forward contracts (futures) and options (ETD) handled on a stock exchange;
- e) non-securitised and non-standardised derivatives traded on the open market; and
- f) shares in open investment funds.



In order to rule out misunderstandings, "Financial instrument(s)" does not include "spot transactions".

**MIFID II** means the Directive 2014/65/EC of the European Parliament and the Council of 15 May 2014 on Markets in Financial Instruments, Regulation (EU) No 600/2014 of the European Parliament and of the council of 15 May 2014, and all implementing directives, local regulations and application and applicable UK legislation.

**Multilateral trading facility ("MTF")** - means a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments – in the system and in accordance with non-discretionary rules – in a way that results in a contract in accordance with MIFID II.

**Order** – describes the instruction to buy or sell a financial instrument which is accepted by UBS for execution or for passing on to a third party.

**Organised trading facility ("OTF")** - means a multilateral system which is not a regulated market or an MTF and in which multiple third-party buying and selling interests in bonds, structured finance products, emission allowances or derivatives are able to interact in the system in a way that results in a contract.

**Over The Counter (OTC)** – means the execution of client orders outside of regulated markets or MTF, directly between two parties without any supervision or exchange.

**Professional client** – means authorised financial service firms or pension funds, large companies that exceed certain size thresholds, and national government or central bank bodies.

**Regulated market** - means a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments – in the system and in accordance with its non-discretionary rules – in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules and/or systems, and which is authorised and functions regularly and in accordance with MIFID II.

**Retail client** - a client who is not considered to be a Professional Client or an Eligible Counterparty.

**Systematic internaliser ("SI")** - means an investment firm which, on an organised, frequent, systematic and substantial basis, deals on own account when executing client orders outside a regulated market, an MTF or an OTF without operating a multilateral system.

**Total consideration** - the price for the financial instrument and all external costs associated with execution of the order.

**Trading venue** - means a regulated market, MTF or an OTF.

**APPENDIX:****Execution venues provided by UBS entities**

UBS AG London Branch and UBS AG, Jersey Branch, Global Wealth Management may route orders to another UBS entity for execution therefore the list of execution venues below includes those also used by other UBS entities.

Note that this list of Execution Venues is not exhaustive. This list will be kept under review and updated in accordance with UBS' Order execution practices. UBS reserves the right to use other Execution Venues additional to those listed here where it deems appropriate in accordance with UBS' Order execution practices. Where UBS acts as the Execution Venue, it will consider all sources of reasonably available information, including MTFs, local exchanges, brokers and data vendors, to obtain the best possible result for the Order.

The list of Execution Venues can be found here:

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

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