

Best selection policy - UBS (France) S.A.

Obligation to obtain the best possible result in terms of execution of orders

1. Introduction

UBS (France) S.A., in its constant effort to offer the best service to its customers, presents in this document which constitutes its policy, the methodology it has adopted to select the *investment firms* which yield the best possible results with regards to the execution of customers' orders, in accordance with Articles L. 533-18 and L. 533-19 of the Monetary and Financial Code.

This policy applies to the service of reception and transmission of orders (hereinafter referred to as *RTO*) provided by UBS (France) S.A. as a result of receiving orders from its non-professional clients (private clients) as professionals.

This policy does not apply when UBS (France) S.A. does not provide this RTO service for its customers. For instance, this policy does not apply when UBS (France) S.A. only provides the account / custody service. In this situation, it registers customers' transactions on their accounts, following the client having transmitted or had an authorised third party transmit their orders to a third party who ensures their execution.

2. Critical factors for the execution of the received orders

Each time UBS (France) S.A. provides the service of RTO, it will take all the necessary measures to act in the best interests of its customers so as to obtain the best possible result for all its customers **on a regular basis**.

To achieve this result, UBS (France) S.A. has evaluated each category of *financial instruments* with the aim of identifying and determining the relative importance of the factors set out below, taking into account (i) the characteristics of the order in question (ii) the financial instruments that are the subject of that order; and (iii) the places of execution to which the order can be directed.

Subject to what is mentioned in the previous paragraph, UBS (France) S.A. will place a particular weight on the total cost of executing the orders of its clients, regardless of the status of the customers (*private or professional*).

The total cost includes the following elements:

- The **price** of the financial instruments;
- The direct and indirect **costs** related to the execution of these financial instruments, such as:
 - the charges incurred that are directly related to executing the order,
 - the costs related to the choice of execution methods,
 - payment/delivery charges;
 - any other costs paid to third parties engaged in the execution of the order.

Depending on the circumstances, the following factors may be more important for a particular order if they play a role in providing the best possible outcome in terms of total consideration:

- The speed of execution,
- The likelihood of execution and payment,
- The size and nature of the order.
- Any other considerations relating to the execution of the order (such as implied market impact and transaction costs).

UBS (France) S.A. can provide the RTO service for all categories of financial instruments listed in Chapter 5.

3. Transmission of orders

Client orders will, in principle, be executed at the execution location, which consistently provides the best result to the client with respect to the above factors. This best result will not necessarily be achieved on a case-by-case basis, for each individual customer order; it will have to be assessed on a series of transactions. Indeed, the best execution is assessed overall, not transaction by transaction and follows a best-effort basis.

We have at your disposal a list of the places of execution selected by the *executing entities* which we have chosen, for each category of *financial instruments*. This list is updated as often as necessary to obtain the best possible result. You can also obtain it upon request from your Personal Advisor.

UBS (France) S.A. is likely to have to deviate, in exceptional *circumstances*, from the *execution venues* determined in the *investment firms* it has selected, to satisfy the requirements of a client who wishes to execute orders at a specific *execution venue* (see chapters 6 and 7 on specific instructions).

UBS (France) S.A. must, in application of the texts referenced at the beginning of this document:

- enable the execution of orders received from its customers in a rapid, honest and transparent manner and
- ensure that orders are executed according to the principles outlined in this policy and that they are properly allocated and assigned to the accounts of their clients.

UBS (France) S.A. undertakes to transmit client orders in a comparable and sequential manner and according to the time of receipt of such orders unless:

- Instructed otherwise by the customer,
- the characteristics of the client's order, or the dominant market, make the application of these principles impractical
- the client's interests require proceeding differently or
- these are foreign exchange transactions (including induced foreign exchange transactions) which will be aggregated with the instructions of other clients and executed against UBS (France) S.A.'s proprietary capital in transactions of a defined size and according to its specified frequency.

3.1 Aggregation of orders

Customer orders will not be aggregated with orders from other customers unless:

- The aggregation of orders and transactions does not disadvantage the client for whom the order has been aggregated;
- clients for whom an order is going to be aggregated have been informed that aggregation may have a detrimental effect on the performance of that particular order.
- they are foreign exchange transactions (including induced foreign exchange transactions) which will be aggregated with the instructions of other clients and executed against UBS (France) S.A.'s proprietary account in transactions of a defined size and according to a specified frequency.

3.2 Allocation of orders

In the event that UBS (France) S.A. groups an order with one or more other customer orders, and the grouped order is partially executed, it must distribute the transactions promptly and fairly, in accordance with its order distribution policy.

When UBS (France) S.A. groups one or more customer orders, it must not distribute the corresponding orders to the detriment of any of the customers whose orders are grouped.

3.3 Limit orders

In the case of limit orders for shares admitted to trading on a regulated market, or traded on a trading venue, which are not immediately executed under prevailing market conditions, UBS (France) S.A. transmits the order to the executing entity by making it immediately public in a form easily accessible to other market participants unless:

- the client gives instruction otherwise; or
- the size of the limit order is unusually high compared to the size of the normal market.

See Chapter 6 for specific instructions.

4. Selecting runtime entities

Subject to any exceptions such as the receipt of *specific* client instructions, all orders received by UBS (France) S.A. will be forwarded to executing entities that are able to demonstrate to UBS (France) SA that they have put into place measures enabling them to comply with their obligations, thereby allowing UBS (France) S.A. to act in the best interests of its customers.

The following criteria are taken into consideration in the evaluation and selection of *implementing entities*:

- the terms policy of best execution proposed by the executing entity,
- the entity's methodology in determining the relative importance of the factors in Chapter 2, in addition to the entity's business and technical experience;
- the assessment of the entity and the use of modes / locations of execution to enable the entity, on a reliable basis, to consistently achieve the best possible result when executing client orders;
- the approach chosen for the aggregation of client orders;
- processes and control systems for best execution procedures.

5. Execution provisions by category of financial instruments

UBS (France) S.A. must, each time it provides an RTO service, and for each category of instruments listed

below, ensure that the interests of customers are preserved, in accordance with the predefined factors.

For all categories of financial instruments below, UBS (France) S.A. has put in place specific provisions and agreements to obtain the best result for its clients according to the following criteria:

5.1 Shares, warrants and certificates

For equities, the price of the instrument and the costs of execution are the most important factors.

The preferred place of *execution* for equities is the place providing the best liquidity, deemed the place offering the best price.

While less important than the previous two factors, price and cost, timeliness is also a significant criterion, especially when the cost of the instrument in a competing market is higher.

Finally, the likelihood of execution of the transaction is an important factor for orders of significant size and for orders placed for less liquid instruments; therefore, if the place of performance offering the best price cannot guarantee full execution of the order, the price factor becomes secondary to the prevailing likelihood of execution.

The expertise and quality of service of *the executing entity* are also taken into consideration, as these criteria are complementary within the selection process.

5.2 Debt Securities (Bonds, Money Market Instruments, etc.)

For debt instruments, the most important factors are instrument price and execution cost. Although less important than these two factors, the likelihood of execution remains an important criterion for orders of significant size; therefore, if the *execution venue* offering the best price can not guarantee full execution of the order, the price factor becomes secondary compared to the prevailing likelihood of execution.

Speed of execution, expertise and quality of service are also taken into account.

5.3 Units of Funds / Undertakings for Collective Investment in Transferable Securities (UCITS)

As regards the execution on the primary market, the relevant orders can only be executed by the issuer and at a single net asset value. Thus, no choices are offered in terms of execution venue or price, and the most important factors in practice will be the likelihood of execution and the settlement / delivery.

With regard to the execution on the secondary market for units of funds, a distinction must be made between mutual funds and Exchange Traded Funds (ETFs), the latter of which are exchanged continuously on market places:

- If the issuer creates a fund in the secondary market, no choice is offered in terms of execution venue. Then, as stated above for the primary market, the most important factors in practice will be the probability of execution and settlement / delivery.
- For ETFs, the execution price and transaction costs are the most important factors. Although less important than these two factors, speed of execution is an important factor. For orders of significant size, the

likelihood of execution can also be a determining factor.

5.4 Structured products

For structured products on the secondary market, the most important factors are instrument price and execution cost. Likelihood of execution is also an important factor for large orders.

Although not as important as these three factors, speed of execution and likelihood of settlement/delivery may also be decisive factors.

If the product is sold by UBS (France) S.A., orders are only filled on the primary market. For this type of instrument, UBS (France) S.A. has chosen to transmit orders on its structured products directly to the issuer (s) of these products.

6. Specific Customer Instructions

When the client provides specific execution instructions, or certain elements regarding the order, the latter will be executed according to these instructions. Customers are advised that this **may prevent UBS (France) S.A. from taking any measures it has drawn up and established in this policy in order to obtain the best possible result for the execution of these orders with respect to the items contained in these instructions**.

7. Orders executed outside regulated markets (RM) or Multilateral Trading System (MTF)

UBS (France) S.A. emphasises that an order received from its customers could ultimately be executed outside a RM or MTF. Customers should be aware of the consequences of this type of execution, such as, in particular, counterparty risk or the absence of an order book.

8. Monitoring, Control and Review

8.1 Monitoring and Control

UBS (France) S.A. will periodically review the effectiveness of the implementation of agreements it has put in place with the selected executing entities and the arrangements which have been made; it will assess the retained criteria on an annual basis by evaluating the executing entities against the executing entities which cover the same scope and the same level of service as the selected executing entities.

This review will also be conducted whenever there is a significant change that affects the ability of the selected entity(ies) to achieve the best possible outcome for clients.

All identified shortcomings and deficiencies should be reported and corrected.

8.2 Policy Review

UBS (France) S.A.'s general policy of execution and selection of investment firms will have to be reviewed regularly. The provisions of this policy will be reviewed annually and any significant changes reported to customers.

Whenever a change affects the ability of UBS (France) S.A. to maintain the best possible result for its customers, UBS (France) S.A. will also notify its

customers of any changes to the execution agreements or this policy.

Finally, UBS (France) S.A. publishes annually on its website, for each class of financial instruments, the ranking of the first five executing entities in terms of trading volumes, to which it has transmitted customer orders for execution over the previous year, as well as a summary of the level of quality of execution attained. This information is available via the link: <https://www.ubs.com/fr/fr/wealth-management/about-us/execution-policy.html>

© Copyright UBS (France) S.A.

Annex A – Glossary

Client

An individual or company to which UBS (France) S.A. provides investment or related services.

Client order

A transaction to buy or sell one or more financial instruments, made on behalf or at the request of a client.

Execution platform or investment firm

An entity instructed by UBS (France) S.A. to execute an order.

Execution venue

A regulated market, MTF, OTF, systematic internaliser, market maker or other liquidity provider or an entity that performs a similar function in a third country to the functions performed by the execution platform.

Financial instrument

See Annex I Section C of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments (MiFID II).

For the avoidance of doubt, “Financial Instruments” do not include spot transactions or loans.

Investment services

Includes:

- (i) Reception and transmission of client orders in relation to one or more financial instruments;
- (ii) Execution of orders on behalf of clients;
- (iii) Dealing on own account;
- (iv) Portfolio management;
- (v) Investment advice;
- (vi) Underwriting of financial instruments and/or placing;
- (vii) of financial instruments on a firm commitment basis;
- (viii) Placing of financial instruments without a firm commitment basis;

- (ix) Operation of a multilateral trading facility (MTF); and
- (x) Operation of an OTF.

MiFID II

Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and all directives, regulations and laws for the implementation or transposition of the Markets in Financial Instruments Directive

MiFID

Markets in Financial Instruments Directive

Regulated market (RM)

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 duly authorised and functions in accordance with Title III of Directive 2014/65/EU.

Multilateral Trading Facility (**MTF**) a multilateral facility, 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 manner that results in a contract.

OTF

A multilateral system which is not a regulated market or 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.

RTO

has the meaning presented in the introduction

Appendix B

List of executing entities selected by UBS (France) S.A.

Class of financial instruments	Executing body	List of places of execution
Shares, warrants and non-domestic certificates	UBS Switzerland AG	Link to the list of places of execution selected by UBS Switzerland AG
French shares	<u>UBS Europe SE</u>	List available on request from the Personal Advisor
Non-domestic <u>ETFs</u>	UBS Switzerland AG	Link to the list of places of execution selected by UBS Switzerland AG
Domestic <u>ETFs</u>	<u>UBS Europe SE</u>	List available on request from the Personal Advisor
Debt Securities (Bonds, Money Market Instruments, etc.)	UBS Switzerland AG	Link to the list of places of execution selected by UBS Switzerland AG
Structured products	UBS Switzerland AG	Link to the list of places of execution selected by UBS Switzerland AG
Units of Funds / Undertakings for Collective Investment in Transferable Securities (UCITS)	BPSS	
Units of Funds / Undertakings for Collective Investment in Transferable Securities (UCITS)	UBS Switzerland AG	