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Information on our MiFID order handling & execution policy

Product general procedure - Global Banking



Product general procedure - Global Banking

This is a supplement to the information on our MiFID order handling & execution policy.

1 Purpose

- (a) This document provides information on the application of UK best execution by UBS investment bank entities in the UK or the EEA¹ (**UBS**) when handling or executing **Global Banking (GB)** transactions for Professional Clients² (**Clients**).
- (b) For the purpose of this document Global Banking includes (collectively **GB Services**):
 - (i) Primary Debt Capital Markets
 - (ii) Debt Capital Markets Derivatives
 - (iii) Cash Equity Capital Markets
 - (iv) Strategic Equity Solutions Group
 - (v) Special Situations Group,
- (c) Franchise Loans, Leveraged Loans, Syndicated Loans, Margin Loans and Advisory are not within the scope of Best Execution (as defined below).
- (d) This document should be read as a supplement to Information on our MiFID Order Handling & Execution Policy (**Policy Information**) available at: <http://www.ubs.com/ibterms>.
- (e) Capitalised terms not defined in this document shall have the same meaning as in the Policy Information document.

2 Scope & Application of Best Execution to GB Services

(a) General

- (i) UBS has undertaken a detailed analysis of the application of best execution obligations (**Best Execution**) to the GB Services, in line with the relevant regulatory rules and guidance. Where relevant, orders to which Best Execution applies (**Orders**), will also be executed in line with any instructions and constraints placed on the Order by the Client. In other situations, a review of those GB Services has confirmed that they will not be subject to Best Execution requirements.
- (ii) The paragraphs below explain in more detail when and how Best Execution obligations apply in the context of GB Services. For GB Services, Clients should note that Best Execution is only applicable in the context of VWAP benchmark or limit Orders received by the UBS Strategic Equity Solutions Group (SESG) business.

(b) Primary Debt Capital Markets (including IG and Sub-IG)

- (i) The UBS Primary Debt Capital Markets (**Primary DCM/LCM**) business offers a range of advisory and execution services to Clients which include:
 - (A) Advice and financing in investment grade, high yield, and emerging markets, across all currencies including U.S. dollar, Euro, Sterling, Swiss Franc, Australian dollar and RMB;
 - (B) Private placements;
 - (C) Financial institutions and corporate hybrid capital structuring solutions;

¹ Information on legal entities comprising UBS investment bank entities in the UK and EEA can be found on our website at www.ubs.com/ibterms. The EEA does not include Switzerland.

² UBS does not deal directly with Retail Clients and dealings with Eligible Counterparties are not subject to regulatory best execution and order handling requirements

- (D) Debt raising and advice on optimization of regulatory or rating agency capital both in standalone, M&A or restructuring situations; and

- (E) Liability management including advising on and executing public and private debt transactions including tenders, exchange offers and consent solicitations.

- (ii) Primary DCM/LCM services are not in scope of Best Execution.

(c) Debt Capital Markets Derivatives

- (i) The UBS Debt Capital Markets Derivatives (**DCM Derivatives**) business offers customised risk-management solutions including cross-currency and interest rate risk management and bespoke derivatives solutions. The following are key characteristics of the DCM Derivatives offering:

- (A) Clients may request a quote (**RFQ**) for a price from UBS which is the predominant way in which the DCM Derivatives business operates. This is not a Best Execution service.

- (B) Clients may submit **Indications of Interest (IOIs)** where the Client indicates their interest to trade with UBS at or near a certain price. If UBS is subsequently prepared to trade at or near that price, UBS will contact the Client and quote the price at which UBS is willing to trade. The decision to proceed or not with that trade at the UBS price offered will be with the Client. This service is not a Best Execution service.

(d) Cash Equity Capital Markets

- (i) The UBS Cash Equity Capital Markets (**Cash ECM**) business offers a range of advisory and execution services which include:

- (A) Initial Public Offering;
- (B) Fully Marketed Follow-on Offerings;
- (C) Block Trades;
- (D) Rights Issue;
- (E) Private Placements; and
- (F) Public Convertibles.

- (ii) Cash ECM services are not in scope of Best Execution.

(e) Strategic Equity Solutions Group

- (i) The SESG business offers a range of products to Clients which include:

- (A) Collar with financing or margin loans;
- (B) Pre-IPO shareholder financing;
- (C) Non-recourse financing against shares, baskets of shares, hybrid baskets or funds;
- (D) Hedging techniques such as buying puts, put spreads and proxy hedging;
- (E) Yield enhancement through sale of calls and puts;
- (F) Total Return Equity Swaps;
- (G) Derivative and Cash Solutions for accumulation / sale of shares;
- (H) Forward purchase and sale; and
- (I) Investment opportunities.

- (ii) The majority of these GB services are not in scope of Best Execution. However, we have concluded that Best Execution requirements will apply in respect of a worked

delta execution for a transaction where a Client requests UBS to either target VWAP benchmark or gives UBS a limit order.

(E) Provision of liquidity on the back of sourcing credit default swap (CDS) protection on a client order.

(iii) Where we accept such Orders from Clients, we will execute that Order on the Client's behalf in accordance with our MiFID Order Handling and Execution Policy, giving appropriate consideration of the Execution Factors and Execution Criteria. Generally, the Execution Factors for any order to which Best Execution requirements apply are, subject to any specific instruction or fixed element, price, cost, speed, likelihood of execution and settlement fees, size, 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:

(ii) In the context of the SSG business the activities involve "lending" and therefore fall outside the scope of Best Execution..

(A) Order typology;

(B) The size of the order;

(C) The Execution Venues to which the order can be directed; and

(D) Specific instructions given by the Client.

(iv) Where the Client is able to provide specific instructions with respect to the execution of an Order, it will be executed in accordance with those instructions. To the extent that UBS accepts and follows Client instructions, UBS will have satisfied any Best Execution requirements with respect to those aspects of the Order. Any remaining elements of the Order not covered by the Client's specific instructions will remain subject to Best Execution requirements and will be determined by UBS according to the Execution Factors and Execution Criteria, as set out above.

(v) The execution of these Orders can be handled in the following ways:

(A) Orders are passed to and handled by Global Equity Derivative ("GED") traders: for information on how GED traders approach delivery of Best Execution to Clients in this context, please refer to the GED Product General Procedures, also available at <http://www.ubs.com/ibterms>

(B) Routing the Order to Cash Trading Book (if execution involves usage of multiple avenues in bespoke manner) or Central Risk Book (if UBS is executing versus benchmarks). For information on how Cash Equities delivers Best Execution to Clients, please refer to the Cash Equities Product General Procedures, also available at <http://www.ubs.com/ibterms> or

(C) External brokers, depending on the Execution Factors of the Order.

(vi) Clients should be aware that when asking UBS either to quote a risk price or to execute to a guaranteed benchmark, this service is not a Best Execution service.

(f) **Special Situations Group**

(i) The UBS Special Situations Group (**SSG**) business offers a range of bespoke structured lending solutions which include:

(A) Cashflow and asset based lending;

(B) Bridge financing in advance of IPOs, asset sales or any liquidity event;

(C) Private debt capital for closely held businesses;

(D) Monetization of discrete assets such as contracts, royalties and intellectual property; and

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