



Information on our Hong Kong and Singapore order handling and execution policy

Product General Procedure – B4B Execution Services

UBS AG Hong Kong Branch

UBS AG Singapore Branch

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1 Purpose

This document, intended for use of B4B Execution Services clients of UBS AG Hong Kong Branch and UBS AG Singapore Branch, supplements our Hong Kong Order Handling and Execution Policy and Singapore Order Handling and Execution Policy (the Policy Information Documents) available at: [Global Markets Best Execution – Hong Kong & Singapore | UBS Global](#).

2 Execution Service Categories

UBS Execution Hub offers two Execution Service categories:

- **Managed Execution:** UBS Execution Hub is given full discretion to execute the Client's order in accordance with our Hong Kong Order Handling and Execution Policy and Singapore Order Handling and Execution Policy, and the Client's order handling restrictions and/or instructions.
- **Directed Execution:** the Client may restrict UBS Execution Hub's discretion in the choice of execution venue as well as impose restrictions and/or instructions on UBS Execution Hub's handling of the Client's order.

The Client can designate the Execution Service Category for each order. Upon receipt of a client order, UBS Execution Hub will route it to a broker or dealer which may be a UBS group company or an external party for execution.

3 Client instructions

- a. Where the Client provides specific instructions with respect to the execution of an Order, for example when using the Directed Execution service, it will be executed in accordance with those instructions. Some instructions may be set as standing default trading "preferences". To the extent that UBS Execution Hub accepts and follows the Client instructions, UBS Execution Hub will have satisfied any best execution requirements with respect to that aspect of the Order. The remaining elements of the Order not covered by the Client's specific instructions will remain subject to best execution requirements.
- b. Other order instructions may be given on an order-by-order basis (e.g. limits, inclusion/exclusion of internalization, execution venue).
- c. Instructions relating to high-touch orders requiring manual intervention are not deemed to have been accepted until explicitly acknowledged as such by the relevant UBS Execution Hub sales trader. The client and/or sales trader may, in most situations amend instructions (e.g. such as limit, benchmark, participation rate and algorithm) throughout the life of the Order prior or during execution. Such amendments or instructions, received from clients on manual orders are only effective when explicitly acknowledged by the relevant UBS sales trader.
- d. Where an order is to be executed:
 - i. If the Client does not specify the venue, then UBS Execution Hub may apply smart order routing logic to determine the best exchange or venue that will satisfy Best Execution factors for the order.
 - ii. Good-For-Day orders entered to a venue outside of the trading hours of the Main Exchange, including during a trading holiday, will not be executed and will expire with an unsolicited cancel and corresponding cancel reason being returned to the Client on expiry.
 - iii. Sell orders for 'GB' ISINs in EUR are rejected by UBS Execution Hub if no instruction as to execution venue is given. This is due to the stamp duty treatment where the clearing or custody provider is changed meaning a potentially worse outcome for the client if UBS Execution Hub chooses the execution venue as UBS Execution Hub has not information as to which clearing or custody provider is being used by the Client.
- e. There are circumstances where instructions provided by the Client may be overridden based on other considerations. These can include the following:
 - i. Where an order is to be executed on a venue, if the limit price is an invalid tick size, UBS Execution Hub will round passively to the next valid tick step and place such orders in the market. Limits on

- buy orders are rounded down to the next valid tick size, whereas limits on sell orders are rounded up to the next valid price step.
- ii. Client instructions are subject to Applicable Regulations and Applicable Regulations may prohibit UBS from executing an order according to Client instructions. For example, US Securities and Exchange Commission regulation NMS prescribes that an order may only be executed at the best price that is available on all US market centres. This rule therefore voids a direct instruction to be directed to a specific exchange.
 - iii. Swiss Trading at last (TAL): all unexecuted orders where Main Exchange is SIX for Blue Chip and Mid-/Small-cap segments will automatically be eligible for execution in the TAL phase by default as well as any orders received between the closing of continuous trading and the completion of the auction phase that match the conditions (limit better or equal to closing price).
 - iv. Odd lots: where the remaining size of an order is less than the board lot size of the execution venue (Odd Lot), the Odd Lot may be traded on your behalf against a UBS affiliate trading as principal, including where you provide an instruction to exclude internalization. In certain jurisdictions, such as Hong Kong, we require your prior consent before trading, which may be oral or via electronic communication.
 - v. Fixed income: due to the nature of the fixed income market instructions to exclude internalization are not valid in favour of using all available liquidity to complete an order.
 - vi. CHF bonds: if relevant liquidity is not available based on the client instructions for a directed order, UBS will execute in the OTC market.
- f. Synthetic stop loss orders: on certain stock exchanges where stop loss orders are not supported UBS Execution Hub may emulate the behaviour. However, if the order is triggered due to a misprint on the exchange then these orders types will remain executed at the original price and are not adjusted.
 - g. Structured Product limit orders which are not executable will not be monitored by UBS Execution Hub. In this event, the client will be informed by UBS Execution Hub and the Client is responsible for amending or cancelling the order. Similar treatment is applied to Orders for structured products which are sold out, an issuer can't quote or there are technical issues.

4 Use of Smart Order Routing (SOR) and Algorithms

- a. In order to achieve best execution, where appropriate based on the client instructions or where a Directed Execution order indicates a SOR or algorithm selection by the client, UBS Execution Hub will make use of smart order routers and algorithms provided by UBS affiliates and/or external brokers. The decision as to which Execution Venues and price points to target, including those processed within an algorithm, will be taken based upon both the explicit instructions accompanying the relevant Order and/or the SOR's programmed judgement. The primary objective of using a SOR is to achieve the best possible outcome for our clients.
- b. In the case of fixed income execution, again where appropriate based on the client instructions, UBS Execution Hub may deploy a dynamic approach by aggregating external and UBS affiliate dealer quotes along with exchange/other execution venues prices, whilst excluding those deemed not executable, in order to obtain the best price for the client. In the event that no electronic prices are available, UBS Execution Hub will try to obtain manual quotes from brokers/dealers including UBS affiliates with guidance to obtain prices from at least three (3) dealers in the execution attempt. UBS Execution Hub may only deviate from this requirement if it is in the best interest of the Client, for example if not enough quotes are available, if approaching multiple dealers may negatively impact the outcome for the client, and/or if Order size is relatively small.
- c. Whilst a SOR is not used in the execution of structured products a similar approach is utilised by the UBS Execution Hub sales trader. Where appropriate based on the client instructions, for single listed products, UBS Execution Hub will trade on the exchange or approach the issuer where a better Client outcome is anticipated. For multiple listed products, UBS Execution Hub will trade such orders with first priority on the exchange suited for best for execution or, where a better Client outcome is anticipated, approach the issuer. For non-listed or where a product is tradable with different counterparties, UBS Execution Hub will contact the issuer or can check multiple counterparties and execute based on best price.

5 Foreign Exchange Treatment

For any FX requirements in non-deliverable forward (NDF) currencies, UBS Execution Hub is given discretion to determine the appropriate FX counterparties (which may include UBS and/or any of its affiliates) to execute FX requirements for our Clients. These counterparties have the obligation to deliver best execution in line with UBS Execution Hub best execution guidelines.

6 Review

We will review this Policy regularly.

The up-to-date version of this Policy will be posted on: www.ubs.com/ibregulatory

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