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Frequently asked questions

Consent to execute orders outside a trading venue

Instructions not to publish unexecuted limit orders



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This information relates to our markets business. For further information visit www.ubs.com/ibterms

Frequently asked questions

Consent to execute orders outside a trading venue

1 Why are you seeking my prior express consent to execute my orders outside a trading venue?

Under EU legislation (and applicable UK and German rules), where we categorise you as a professional client, we need to seek your *prior express consent* to execute your orders outside a trading venue.

2 What types of orders are affected?

This requirement applies only to instruments which are admitted to trading on a trading venue and where we owe a duty of best execution.

If an instrument cannot be traded on a trading venue, we do not need your permission to execute that order elsewhere.

3 What is a trading venue?

A trading venue is a regulated market, multilateral trading facility or organised trading facility in the EU. The organised trading facility is a category of venue introduced by MiFID II.

4 What are the advantages of enabling execution of my orders outside a trading venue?

Price improvement through spread-capture by executing at (or nearer to) the mid-price than on a trading venue.

We can provide risk pricing where you request it or it is advantageous to you.

Implicit cost control by minimising market impact through a reduction in information leakage.

We can continue to trade bilaterally with you off venue as we do today.

5 What are the risks of having my orders executed outside a trading venue?

Regulators have identified certain potential risks associated with the internalisation of orders. We do not believe that these concerns apply to the services that we offer:

When executing orders subject to best execution requirements, our order handling system is designed to route orders to the execution venue offering the best execution given the client's stated preferences.

Therefore we will trade outside a trading venue only where doing so provides us with a means to achieve a better execution for our client as required by our MiFID order handling & execution policy.

Furthermore, our best execution obligations require that we do not structure or charge commissions in such a way as to discriminate unfairly between execution venues.

Note, however, that even if you do provide a general consent to execute outside a trading venue, you can still provide us with specific instructions as to how your orders should be handled. Our obligation to provide best execution requires us to take account of these instructions.

6 What happens if I don't reply to this request?

We will continue to contact you in order to seek your consent. If you haven't replied by 3 January 2018 we may be unable to execute your orders outside a trading venue.

7 What if I don't want my orders executed outside a trading venue?

If you do not wish us to execute your affected orders outside a trading venue, please let your regular UBS contact know. We will configure our systems accordingly.

Should you then change your mind, you will need to tell us as we will need your prior express consent on file before we are able to execute your orders outside a trading venue.

Please bear in mind that with the continued expansion of products and venues, particularly organised trading facilities, it is likely that more orders will be impacted by this consent requirement in the future.

Please contact your regular UBS sales contact if you would like any further information.

Limit orders

1 Why are you asking for my instructions not to make unexecuted limit orders public?

EU legislation (and applicable UK and German rules) require that where you have given us a limit order relating to shares traded on a trading venue and that order is not immediately executed under prevailing market conditions, we must make that limit order public immediately unless you expressly instruct us otherwise.

Our experience is that many of our clients prefer their unfulfilled limit orders not to be made public. So we can accommodate that preference without the need for an express instruction for each transaction, we have framed our terms of business such that our clients will be presumed to have instructed us not to make their unfulfilled limit orders public unless they tell us otherwise.

We are, however, required to obtain your express instruction confirming this approach.