



UNION BANCAIRE PRIVÉE

## UBP SECURITIES (UK) LIMITED ORDER EXECUTION POLICY

### 1. INTRODUCTION

The EU Market in Financial Instrument Directive (MiFID) requires that investment firms establish a Best Execution Policy and take all reasonable steps to obtain the best possible result for their clients when providing an investment service.

This document sets out UBP Securities (UK) Limited (formally "CBI - UNP International Ltd") order execution policy and enables the obtaining of client consent to such policy. Consent to this policy will be deemed to have been granted when you give an order after 1st November 2007 unless you have provided objections in writing (see section 1).

The execution policy applies to UBP Securities (UK) Limited ("CBI").

The execution policy applies to:

- All the **financial instruments**;
- All **Opt-up, Per se Professional Clients** (collectively "client" or "clients").

Every time CBI executes an order or provides an investment service to a per se professional client, it owes a duty of best execution to him.

CBI owes a duty of best execution to a client when it makes decisions that will affect the interests of the client. In other words, CBI owes a duty of best execution when the client relies on it to protect his or her interests in relation to the pricing and other elements of the transaction.

***However please note that eligible counterparties do not benefit from the regulatory protection granted by MiFID for best execution and order handling.***

### 2. CBI ACTIVITY

CBI acts exclusively as a Securities Broker. Its activity is limited to execution and/or reception and transmission of orders in financial instruments. It primarily executes an **order** on behalf of a client by dealing as a riskless principal on behalf of a client. It may on occasions execute an order by dealing as agent.

### 3. THE CBI APPROACH TO BEST EXECUTION

#### 3.1 Approach to best execution

There are four elements on which CBI relies to assure its clients of best execution:

##### **a) Appropriate technology for routing and executing the order**

For the most part CBI uses automated systems to route and execute customer orders. The system as implemented has features which enable CBI:

- 1) To access the main pools of liquidity – these would generally be off-exchange on the case of fixed-income securities;
- 2) To route the orders toward the **execution venues** that present the best market conditions;
- 3) To ensure order execution compliant with the best execution policy established by CBI. In particular, the system allows CBI to execute client's orders by prioritizing some execution factors (price, cost, liquidity) over others.

##### **b) Careful consideration of the factors of order execution**

CBI relies on the extensive day to day experience of its staff to execute all clients' orders.

In order to protect client's interests, traders are able to monitor execution and to notify clients of transactions which encounters an execution difficulty if deemed appropriate.

Normally, the Department agrees with the client the details of the execution especially where an order requires a manual execution because of its particular nature (large order, volatility impact of the underlying financial instrument, etc.). However, in exceptional circumstances, where the client doesn't give specific instruction about the way to execute an order, the Department decides, on a best efforts basis, upon the best strategy to work the order.

### **c) Careful selection and monitoring of Counterparties and Brokers**

CBI puts a particular emphasis on the selection of Counterparties and Brokers used to execute client's orders.

Among the others, these are the most important factors considered by CBI when selecting a Counterparty or a Broker:

- 1) Size, creditworthiness and reputation of the broker (company rating);
- 2) A well established reputation in relation to a particular market or financial sector;
- 3) Clearance and settlement capabilities;
- 4) Access to markets and distribution networks.

In addition, CBI will consider, as a criterion, the fact that the broker is MiFID compliant.

The client has to be aware that for some specific execution venues located outside the EEA it may not be possible to rely on a MiFID compliant Counterparty or Broker.

### **d) Regular and rigorous examination of overall execution quality**

CBI regularly evaluates the overall quality of its executions. CBI monitors on a sample basis, the quality of executions for all types of orders included those handled by selected counterparties. Risk Management and Compliance Desk senior management meet periodically to evaluate the quality of execution and make recommendations regarding order execution and routing practices.

CBI reviews:

- Its order execution arrangements regularly;
- Its best execution policy at least annually or whenever a material change occurs that can affect its ability to obtain the best possible result for the client.

CBI evaluates periodically the adequacy of the services offered by Counterparties and Brokers with the needs of CBI. Whenever it seems necessary it renegotiates with the counterparties the contract itself.

## **3.2 Methods of execution for Financial Instruments**

When an order to buy or sell a bond is received, CBI executes it as riskless principal outside a Regulated Market or MTF with a market maker, a systematic internaliser or any other venue that allows an execution of the order on the over-the-counter (OTC) markets. Many of the trades in bonds are executed under the rules of the International Capital Markets Association ("ICMA") of which CBI is a member.

In certain other circumstance CBI matches clients' orders if this is favourable to the clients concerned.

## **3.3 Specific Instructions**

When a client gives specific instructions (for example a limit order or the client requests execution of an order on a specific venue) in relation to the execution of an order, the order will be executed according to these instructions. For the aspects of the order execution not covered by the specific instructions of the client, CBI will apply its Order Execution Policy.

A specific instruction given to CBI for the execution of an order can prevent CBI from taking all the steps set up in its execution policy in order to obtain the best possible result for the client.

## 4. THE FUNDAMENTAL FACTORS FOR BEST EXECUTION

### 4.1 Execution Factors

CBI takes into account the following factors when it makes a determination on where and how to route and execute a client order:

- Price;
- Size;
- Availability of price improvement;
- Cost;
- Speed;
- Likelihood of execution and settlement;
- Any other consideration relevant to the execution of the order.

Under normal circumstances **total price** will assume a fundamental role in obtaining the best possible result for the client. Other factors can assume a relative higher importance in consideration of the nature of the order, client or market conditions.

### 4.2 Execution Criteria

In assessing the relative importance of the best execution factors when executing a client's order CBI will consider the following criteria:

- The characteristics of the client;
- The characteristics of the order (e.g. a limit order);
- The characteristics of the financial instrument subject of the order;
- The characteristics of the execution venues.

### 4.3 Execution Venues

On the website of its parent Union Bancaire Privée CBI lists the Execution Venues used for each class of Financial Instruments. Although the list can not be considered exhaustive, it reflects all the execution venues on which CBI places significant reliance.

CBI reserves the right to use different execution venues in all the circumstances where it considers that another execution venue not included in the list can assure the best possible result for the client according to its execution policy.

CBI will take all the reasonable steps to ensure that it will not structure or charge its commissions in such a way as to discriminate unfairly between execution venues.

CBI will review the list of the execution venues on a regular basis. In addition, CBI has the right to delete or add execution venues to the list that appears on the web site in order to reflect always those which allow it to obtain the best possible result on a consistent basis.

CBI will not inform its clients separately of changes to the list of execution venues.

For this reason CBI strongly suggests to its clients to review the list of execution venues on a regular base.

## 5. BEST EXECUTION POLICY UP-DATE

CBI will notify its clients of material changes of its Best Execution Policy and or arrangements only by posting an updated version of the document on the website of its parent Union Bancaire Privée.

## 6. CONFLICTS OF INTEREST

CBI handles all possible Conflicts of Interest that can arise in the execution of a client order according to its Conflict of Interest Policy.

## 7. CONSENT

CBI is required to obtain clients' consent to its execution policy. Please be aware that starting November 1, 2007 the sending of an order to CBI after having received information on the execution policy will be interpreted as an expression of consent.

