

Order execution policy for Private Banking

(Best execution policy)

1. Introduction

Under the Securities and Futures Commission's ("SFC") Code of Conduct for Persons Licensed by or Registered with the SFC and MAS' proposed Notice and Guidelines on Execution of Customers' Orders, all financial institutions are required to put in place a best execution policy and to take all necessary measures to obtain the best possible results for their clients in executing their orders, in keeping with the category of financial instrument and the type of service provided.

This document defines the order execution policy of Union Bancaire Privée (Hong Kong and Singapore) S.A. (the "Bank"). This policy applies to:

- To all staff employed by the Bank that would be part of or has oversight on the order execution process;
- All financial instruments (foreign exchange, precious metals, equities, fixed income, derivatives, money market instruments, financial contracts for differences, collective investments, etc.) and including FX spot transactions.
- Below are certain exceptions to best execution monitoring, namely:
 - Loans
 - Deposits

Every time the Bank executes an order, it has an obligation of best execution towards its clients. The Bank also has an obligation of best selection relative to the entities to which the Bank sends its clients' orders for execution (the "Executing Entities"). The Bank executes its clients' orders by sending them to third parties for execution and also by executing directly with counterparties when acting as Principal. Hence, the Bank is under a general obligation to act in the best interests of its clients.

2. The Bank's best selection strategy

Whenever the Bank calls on third-party brokers and/or counterparties that it has selected to execute its clients' orders, it acts as an entity that receives and sends client orders.

Where the Asia Executing Entity is subject to Best Execution directive DF31199 and DF33199, the Bank ensures that they have an order execution policy that ensures the best execution of client orders to the best of its capabilities.

Where the Bank executes an order on behalf of a client, the best possible result is determined in terms of the total consideration, representing the price of the financial instrument and the costs relating to execution, which include all expenses incurred by the client which relate directly to the execution of the order, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order.

In exceptional cases, the Bank may use Executing Entities that were not previously selected, in order to allow the execution of orders from clients with execution criteria that justify the use of such Executing Entities.

In selecting Executing Entities, the Bank takes the following into consideration:

- The legal or contractual obligation of reviewing / signing execution-related agreements such as ISDA, CSA, GMRA, SLBA etc the content of the Executing Entities' best execution policy or equivalent document and the factors they take into account to obtain the best execution for clients. These factors include price, cost, speed, likelihood of execution and settlement, size, type or any other consideration relating to order execution;
- the methodology used by Executing Entities to determine the importance of the order execution factors in view of the Executing Entities' experience and judgement. This methodology must take into account the client's characteristics, including the client's categorisation as an Accredited Investors and Professional Investors client; the characteristics of the client's order, including the fact that the order involves a securities financing transaction; the characteristics of the financial instruments involved in the order; and the characteristics of the execution platforms to which this order may be routed;
- the compatibility of the Executing Entities' chosen execution criteria with those contained in this policy;
- whether the Executing Entity verifies the fairness of the price offered to the client, by gathering market data used to estimate the product's price and, if possible, by comparing it to similar or comparable products;
- the Executing Entities' processes, methods and decisions that result in their executing a client order in a certain way; and the financial situation of the Executing Entities;
- the Executing Entities' internal control processes and systems for its best execution procedures;
- the fees charged by the Executing Entities; and the Executing Entities' reputation in a given market or financial sector;
- clearing and settlement capabilities; and access to markets and distribution networks. With regard to the orders sent to them, the Executing Entities selected by the Bank may execute client orders:
 - over the counter (OTC); or
 - by sending the order to any other entity for execution, in which case those Executing Entities will be able to use one of the aforementioned execution methods.

As a general rule, all client orders received by the Bank are sent to the Execution Desk of Union Bancaire Privée, UBP SA (hereinafter "Union Bancaire Privée, UBP SA Singapore Branch") for execution.

3. Executing Entity

Depending on the types of financial instruments involved, the Executing Entity will select different counterparties.

The following methods will be used:

- For unlisted derivatives: UBP SA or selected third-party brokers;
- For forex: UBP SA.
- Listed Instruments: Selected third-party brokers
- Structured Products: UBP SA or selected third-party brokers
- OTC products: Selected third-party brokers

The Executing Entity must take care to obtain in most cases the best possible result in executing client orders by using the platforms mentioned in their execution policy.

For FX trades where the Bank acts as Principal, client orders are executed in the market by the Bank directly with the counterparties and no brokers are involved. For such trades, The Bank faces the counterparty directly and for the client, Bank acts as the Executing Entity.

4. Reporting requirements

Upon a client's reasonable request, the Bank shall provide its clients with information on the Executing Entities with which orders are placed or to which the firm sends orders for execution.

5. Specific instructions / Carve outs

It is important to emphasise that, if a client gives specific instructions for the execution of an order (e.g. if the client asks for a limit order or a specific execution venue), the order is carried out in accordance with the client's instructions.

Any specific instructions given by the client to the Bank for the execution of an order may prevent the Bank from taking all the steps defined in its order-execution policy to obtain the best possible results for clients.

Decisions regarding transaction criteria (such as price, counterparty, venue, time and size) by clients who have "direct market access" are considered to be specific instructions given to the Bank.

In some cases, especially where the processing of a client order requires specific know-how, the Bank will call on sophisticated counterparties with the required expertise.

When processing a client order, the Bank informs the client, as quickly as possible, of any significant problems likely to affect successful order execution.

When UBP relies on single broker for execution (for e.g. order execution on restricted currencies and Certificate of Deposits), necessary disclosures where applicable should be made to clients.

Where the External Manager*, on the EAM client's behalf, gives specific instructions about the terms on which to execute an order with a designated counterparty such as a price limit, an execution venue and/or counterparty for a trade. By giving the Bank such specific instructions, the External Manager acknowledges and agrees that the Bank shall have no obligation at all to take all the steps defined in its execution policy to obtain the best available terms for the trade.

In cases where multiple quotes exist and where pricing information is insufficient, or quotes are absent; clients are informed, and acknowledgement is received before execution of such orders

6. Updating the best-execution policy

The Bank will inform its clients of any changes made to its best-execution policy and/or to its best selection approach exclusively via the publication of an updated version of the document on its website. The Bank will review its best-execution approach every year and in the event that important changes affect the Bank's capacity to continue to obtain the best possible results for its clients. The Bank assesses whether an important change has taken place and whether it plans to change execution platforms or entities it calls on in order to meet their execution obligations most effectively. The Bank regularly analyses the quality of execution obtained. In addition, the Executing Entity verifies the effectiveness of its best-execution policy by reviewing the quality of execution obtained from counterparties selected under this policy and, where applicable, corrects deficiencies. Its findings are then submitted to the Bank.

7. Conflicts of interest

The Bank handles all conflicts of interest that might arise during the execution of a client order in accordance with its policy on conflicts of interest.

8. Approval

Clients should note that if they send an order after receiving information on the Bank's best-execution policy, this will be deemed to constitute their acknowledgement of agreeing to this policy.