

# MIFID 2 BEST EXECUTION REPORT (RTS 28)

Information on the quality of execution obtained by UBP Europe S.A.

2020

This report summarizes the analysis and the conclusions drawn from detailed monitoring of the quality of execution obtained on the execution venues where client orders were executed in the previous year, as per Art. 27.6 of Directive 2014/65/EU ("MIFID II") and Art. 3 of Commission delegated Regulation 2017/576 ("RTS 28")

This report covers the period from 1 January 2020 to 31 December 2020 and should be read in conjunction with UBP Europe S.A. Best Execution Policy and UBP Europe S.A. Top 5 Execution Venues and top 5 Brokers report. Both documents are available on the Bank's website.

## (a) Equities – Shares & Depositary Receipts

### (a) **Relative importance the firm gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution**

In order to assess the quality of execution, the Compliance team focuses on the price factor. Alerts are generated when the price of execution is superior (in case of buy) or inferior (in case of sale) to the market price and investigated based on a sampling. Some of the alerts can be closed considering the characteristics of the order (e.g., limit orders), volume, or probability of settlement.

### (b) **Close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders**

Union Bancaire Privée, UBP SA (hereinafter UBP SA) has a participation of 1.22% in SIX group AG, the Swiss stock exchange. Neither UBP SA nor Union Bancaire Privée (Europe) S.A. (hereinafter UBP Europe) have conflicts of interests or common ownerships with respect to any execution venues used to execute equity orders.

### (c) **Specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received**

There are no specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received for the trading of equity instruments

### (d) **Factors that led to a change in the list of execution venues listed in the firm's execution policy, if such a change occurred**

UBP SA has a detailed internal process for validating and modifying its authorised third party broker list. As a first step, the Management Committee of UBP Europe validates new brokers. As a second step, UBP SA and Broker Committee is responsible at Group level for validating and maintaining the authorised broker list, including for UBP Europe. UBP SA will obtain assurance by means of execution arrangements from the authorised third party brokers that they have procedures in place equal to the ones adopted and implemented by UBP SA. UBP SA also ensures the ongoing monitoring and oversight of these third party brokers.

UBP SA considers the following as the most important factors when selecting a third party broker:

1. Size, creditworthiness and reputation of the broker (company rating);
2. A well established reputation in relation to a particular market or industry sector;
3. Clearance and settlement capabilities (such as the ability to settle DVP);
4. Access to markets and distribution networks; and
5. Availability and effectiveness of algorithmic trading strategies (Note: this is only relevant when considering an electronic trading relationship)
6. This list shall be completed with qualitative factors such as clearing schemes, circuit breakers, scheduled actions, or any other relevant consideration, and the relative importance of each factor.

Due to the unbundling of execution and research, the price factor is also taken into account in addition to the above criteria.

(e) **How order execution differs according to client categorisation, where the firm treats categories of clients differently and where it may affect the order execution arrangements**

UBP Europe focuses on the price of execution for all of his clients, including retail clients.

(f) **Other criteria that were given precedence over immediate price and cost when executing retail client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the client**

In specific situations other criteria can take precedence over price, such as the characteristics of the order (e.g., limit orders), volume, or the probability of settlement.

(g) **An explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Commission Delegated Regulation EU 2017/575**

For the year 2020, UBP SA used Transaction Cost Analysis reports of brokers to corroborate the qualitative assessment of best selection by its internal clients. In addition UBP SA has computed the average difference between the price of execution and the Bloomberg benchmark, weighted by the trade value, as a quantitative indicator of best selection.

(h) **Where applicable, an explanation of how the investment firm has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU**

For the year 2020, the bank used no data from consolidated tape providers established under Article 65 of Directive 2014/65/EU.

(b) **Bonds**

(a) **Relative importance the firm gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution**

For fixed income trading, the explicit cost of execution is included in the price executed via a spread that is not public. Trading costs and fees are determined by the liquidity of the security influencing the size of the spread.

In order to assess the quality of execution, Compliance checks in the Bloomberg audit trail if the asset manager considered three different prices before deciding which broker would execute the transaction. If less than 3 prices were available, Compliance checks if the price of execution is in line with CBBT considering the size of the order versus the volume available on the market.

(b) **Close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders**

UBP SA has no conflicts of interests or common ownerships with respect to any execution venues used to execute fixed income orders.

(c) **Specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received**

There are no specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received for the trading of debt instruments

(d) **Factors that led to a change in the list of execution venues listed in the firm's execution policy, if such a change occurred**

UBP SA has a detailed internal process for validating and modifying its authorised third party broker list. As a first step, the Management Committee of UBP Europe validates new brokers. As a second step, UBP SA and Broker Committee is responsible at Group level for validating and maintaining the authorised broker list, including for UBP Europe. UBP SA will obtain assurance by means of execution arrangements from the authorised third party brokers that they have procedures in place equal to the ones adopted and implemented by UBP SA. UBP SA also ensures the ongoing monitoring and oversight of these third party brokers.

UBP SA considers the following as the most important factors when selecting a third party broker:

1. Size, creditworthiness and reputation of the broker (company rating);
2. A well established reputation in relation to a particular market or industry sector;
3. Clearance and settlement capabilities (such as the ability to settle DVP);
4. Access to markets and distribution networks; and
5. Availability and effectiveness of algorithmic trading strategies (Note: this is only relevant when considering an electronic trading relationship)
6. This list shall be completed with qualitative factors such as clearing schemes, circuit breakers, scheduled actions, or any other relevant consideration, and the relative importance of each factor.

Due to the unbundling of execution and research, the price factor is also taken into account in addition to the above criteria.

- (e) **How order execution differs according to client categorisation, where the firm treats categories of clients differently and where it may affect the order execution arrangements**

UBP Europe focuses on the price of execution for all of its clients, including retail clients.

- (f) **Other criteria that were given precedence over immediate price and cost when executing retail client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the client**

In specific situations other criteria can take precedence over price, such as volume or the probability of settlement (in case of illiquid instruments).

- (g) **An explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Commission Delegated Regulation EU 2017/575**

For the year 2020, the Bank relied on the qualitative assessment made by its internal clients to assess best selection.

- (h) **Where applicable, an explanation of how the investment firm has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU**

For the year 2020, the bank used no data from consolidated tape providers established under Article 65 of Directive 2014/65/EU

(c) Interest rates derivatives

- (i) Futures and options admitted to trading on a trading venue

No trade

- (ii) Swaps, forwards, and other interest rates derivatives

No trade

(d) Credit derivatives

- (a) **Relative importance the firm gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution**

UBP SA decided to allocate all its transactions on exchange traded credit derivatives to UBS as of December 2018, based on the quality of its operational set-up. The first criteria to assess best execution remains price as UBS gives UBP SA an access to all the quotes available on the market and the bank selects the best price available.

- (b) **Close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders**

Neither UBP SA nor UBP Europe have closed links, conflict of interests or common ownerships with respect to any execution venues used to execute credit derivatives.

- (c) **Specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received**

There are no specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received for the trading of credit derivatives.

- (d) **Factors that led to a change in the list of execution venues listed in the firm's execution policy, if such a change occurred**

UBP SA decided to allocate all its transactions on exchange traded credit derivatives to UBS acting both as executing and clearing broker as of December 2018, based on the quality of its operational set-up.

- (e) **How order execution differs according to client categorisation, where the firm treats categories of clients differently and where it may affect the order execution arrangements**

UBP Europe focuses on the price of execution for all of his clients, including retail clients.

- (f) **Other criteria that were given precedence over immediate price and cost when executing retail client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the client**

Price availability and operational risk were the two factors used to select executing brokers enabling UBP SA to deal in listed credit derivatives.

- (g) **An explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Commission Delegated Regulation EU 2017/575**

For the year 2019, the bank relied on the qualitative assessment made by its internal clients to assess best selection.

- (h) **Where applicable, an explanation of how the investment firm has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU**

For the year 2019, the bank used no data from consolidated tape providers established under Article 65 of Directive 2014/65/EU.

(e) Currency derivatives

(i) Futures and options admitted to trading on a trading venue

(a) **Relative importance the firm gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution**

UBP SA decided to allocate all its transactions on futures and options to UBS as of December 2018, based on the quality of its operational set-up. The first criteria to assess best execution remains price as UBS gives UBP SA an access to all the quotes available on the market and the bank selects the best price available.

(b) **Close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders**

Neither UBP SA nor UBP Europe have closed links, conflict of interests or common ownerships with respect to any execution venues used to execute listed currency derivatives.

(c) **Specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received**

There are no specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received for the trading of currency derivatives.

(d) **Factors that led to a change in the list of execution venues listed in the firm's execution policy, if such a change occurred**

There were no changes in the list of execution venues used to execute currency derivative transactions in 2020

(e) **How order execution differs according to client categorisation, where the firm treats categories of clients differently and where it may affect the order execution arrangements**

UBP Europe focuses on the price of execution for all of its clients, including retail clients.

(f) **Other criteria that were given precedence over immediate price and cost when executing retail client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the client**

Price availability and operational risk were the two factors used to select executing brokers enabling UBP SA to deal in currency derivatives.

(g) **An explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Commission Delegated Regulation EU 2017/575**

For the year 2020, the Bank relied on the qualitative assessment made by its internal clients to assess best selection.

(h) **Where applicable, an explanation of how the investment firm has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU**

For the year 2020, the Bank used no data from consolidated tape providers established under Article 65 of Directive 2014/65/EU.

(ii) Swaps, forwards, and other currency derivatives

No trade

(f) Structured finance instruments

(a) **Relative importance the firm gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution**

For structured finance instruments, UBP SA sought primarily to minimize operational and settlement risks in order execution through efficient processes. Among the selected brokers and where applicable, a request for quote is made and the best price is selected for our clients. Level 2 controls will be put in place in 2021 to ensure that those OTC transactions are executed at a fair market price.

(b) **Close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders**

UBP SA is the head office of UBP Europe and offers actively managed certificates to its clients.

(c) **Specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received**

Not relevant as there are no execution venues involved in those transactions

(d) **Factors that led to a change in the list of execution venues listed in the firm's execution policy, if such a change occurred**

Not relevant as there are no execution venues involved in those transactions

- (e) **How order execution differs according to client categorisation, where the firm treats categories of clients differently and where it may affect the order execution arrangements**

Order execution does not differ according to client categorization.

- (f) **Other criteria that were given precedence over immediate price and cost when executing retail client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the client**

UBP SA sought primarily to minimize credit, operational and settlement risks in the selection of structured finance instrument brokers. Where applicable, request for quotes are made among approved brokers and the selection is made based on the best price available. Level 2 controls will be put in place in 2021 to ensure that those OTC transactions are executed at a fair market price.

- (g) **An explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Commission Delegated Regulation EU 2017/575**

For the year 2020, the Bank relied on the qualitative assessment made by its internal clients to assess best selection.

- (h) **Where applicable, an explanation of how the investment firm has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU**

For the year 2020, the Bank used no data from consolidated tape providers established under Article 65 of Directive 2014/65/EU.

(g) Equity derivatives

- (a) **Relative importance the firm gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution**

UBP SA decided to allocate all its transactions on equity derivatives to UBS as of December 2018, based on the quality of its operational set-up. The first criteria to assess best execution remains price as UBS gives UBP SA an access to all the quotes available on the market and the bank selects the best price available.

- (b) **Close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders**

Neither UBP SA nor UBP Europe have closed links, conflict of interests or common ownerships with respect to any execution venues used to execute equity derivatives.

- (c) **Specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received**

There are no specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received for the trading of equity derivatives.

- (d) **Factors that led to a change in the list of execution venues listed in the firm's execution policy, if such a change occurred**

There were no changes in the list of execution venues used for equity derivative transactions in 2020

- (e) **How order execution differs according to client categorisation, where the firm treats categories of clients differently and where it may affect the order execution arrangements**

UBP Europe focuses on the price of execution for all of his clients, including retail clients.

- (f) **Other criteria that were given precedence over immediate price and cost when executing retail client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the client**

Price availability and operational risk were the two factors used to select executing brokers enabling UBP SA to deal in equity derivatives.

- (g) **An explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Commission Delegated Regulation EU 2017/575**

For the year 2020, the Bank relied on the qualitative assessment made by its internal clients to assess best selection.

- (h) **Where applicable, an explanation of how the investment firm has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU**

For the year 2020, the Bank used no data from consolidated tape providers established under Article 65 of Directive 2014/65/EU.

(h) Securitised derivatives

- (a) **Relative importance the firm gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution**

Execution cost is the main criteria used to assess the quality of execution for warrants and certificate derivatives, as those products are listed. The probability of execution is also taken into account as some markets are covered by specific brokers only.



- (b) **Close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders**
- Neither UBP SA nor UBP Europe have close links, conflicts of interests, or common ownerships with any execution venues used to execute orders in warrants and certificate derivatives.
- (c) **Specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received**
- There are no specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received for the trading of warrants and certificate derivatives.
- (d) **Factors that led to a change in the list of execution venues listed in the firm's execution policy, if such a change occurred**
- UBP SA has a detailed internal process for validating and modifying its authorised third party broker list. As a first step, the Management Committee of UBP Europe validates new brokers. As a second step, UBP SA and Broker Committee is responsible at Group level for validating and maintaining the authorised broker list, including for UBP Europe. UBP SA will obtain assurance by means of execution arrangements from the authorised third party brokers that they have procedures in place equal to the ones adopted and implemented by UBP SA. UBP SA also ensures the ongoing monitoring and oversight of these third party brokers.
- UBP SA considers the following as the most important factors when selecting a third party broker:
1. Size, creditworthiness and reputation of the broker (company rating);
  2. A well established reputation in relation to a particular market or industry sector;
  3. Clearance and settlement capabilities (such as the ability to settle DVP);
  4. Access to markets and distribution networks; and
  5. Availability and effectiveness of algorithmic trading strategies (Note: this is only relevant when considering an electronic trading relationship)
  6. This list shall be completed with qualitative factors such as clearing schemes, circuit breakers, scheduled actions, or any other relevant consideration, and the relative importance of each factor.
- (e) **How order execution differs according to client categorisation, where the firm treats categories of clients differently and where it may affect the order execution arrangements**
- UBP Europe focuses on the cost of execution for all of his clients, including retail clients.
- (f) **Other criteria that were given precedence over immediate price and cost when executing retail client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the client**
- The probability of execution is also taken into account as some markets are covered by specific brokers only.
- (g) **An explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Commission Delegated Regulation EU 2017/575**
- For the year 2020, no data was publicly available in application of the Commission Delegated Regulation EU 2017/575.
- (h) **Where applicable, an explanation of how the investment firm has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU**
- For the year 2020, no data was publicly available from consolidated tape providers established under Article 65 of Directive 2014/65/EU.

(i) Commodities derivatives and emission allowances Derivatives

- (i) Options and Futures admitted to trading on a trading venue
- (a) **Relative importance the firm gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution**
- UBP SA decided to allocate all its transactions on futures to UBS as of December 2018, based on the quality of its operational set-up. The first criteria to assess best execution remains price as UBS gives UBP SA an access to all the quotes available on the market and the bank selects the best price available.
- (b) **Close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders**
- Neither UBP SA nor UBP Europe have closed links, conflict of interests or common ownerships with respect to any execution venues used to execute listed commodity derivatives.
- (c) **Specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received**
- There are no specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received for the trading of commodity derivatives.

- (d) **Factors that led to a change in the list of execution venues listed in the firm's execution policy, if such a change occurred**

There were no changes in the list of execution venues used to execute commodity derivative transactions in 2019

- (e) **How order execution differs according to client categorisation, where the firm treats categories of clients differently and where it may affect the order execution arrangements**

UBP Europe focuses on the price of execution for all of its clients, including retail clients.

- (f) **Other criteria that were given precedence over immediate price and cost when executing retail client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the client**

Price availability and operational risk were the two factors used to select executing brokers enabling UBP SA to deal in commodity derivatives.

- (g) **An explanation of how the investment firm has used any data or tools relating to the quality of execution, including any data published under Commission Delegated Regulation EU 2017/575**

For the year 2020, the Bank relied on the qualitative assessment made by its internal clients to assess best selection.

- (h) **Where applicable, an explanation of how the investment firm has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU**

For the year 2020, the Bank used no data from consolidated tape providers established under Article 65 of Directive 2014/65/EU.

- (ii) Other commodities derivatives and emission allowances derivatives No trade

- (j) Contracts for difference

No trade

- (k) Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities)

No trade

- (l) Emission allowances

No trade

- (m) Other instruments

No trade