

Execution Commissions for Give-up Transactions Disclosure

This disclosure document is intended to (i) clarify the treatment of Execution Commissions and (ii) confirm where CASS 7 client money protection applies to EB Commissions under our terms and conditions.

When you enter into a give-up transaction pursuant to a standard give-up agreement (**GUA**) and UBS acts as your Clearing Broker (**CB**), we will (1) calculate EB Commissions based on the fee schedule to the GUA (if available), (2) collect EB Commissions from the ETD account you maintain with us (**Account**), (3) review and validate the invoice submitted by the Executing Broker (**EB**) to us and (4) remit payment to your EB.

We collect EB Commissions from your Account under the terms of the GUA and our terms of business. If you benefit from CASS 7 client money protection, the EB Commissions we collect from your Account will not be held as CASS 7 client money and if we fail, the client money distribution and transfer rules (CASS 7A) would not apply to these amounts.

Whilst CBs and EBs aim to settle EB Commissions on a monthly basis, it can take several years to fully reconcile and settle all outstanding payables and receivables.

There are a variety of factors which can delay timely settlement, including differences between amounts collected and amounts billed (**Differences**).

Differences

Differences can arise due to several factors, including but not limited to:

1. differences in determining applicable rates due to incomplete or out of date fee schedules
2. incomplete trade information made available to UBS when calculating EB Commissions, including missing trade flags – for example Voice vs DMA or block trade indicators, causing default logic to be used to calculate EB Commissions

The Differences will either represent an over-collection or an under-collection of EB Commissions by us. Where we have under-collected EB Commissions from you, we will make a further debit from your Account to resolve the difference.

Over-collections

Where we determine that the Differences are caused by UBS over-collecting EB Commissions from you, we will (where possible) return these amounts to you, your representative or your successor (if any) as soon as reasonably practicable, unless otherwise instructed by you.

If you benefit from CASS 7 client money protection, over-collected sums will be held as client money at the point over-collections are identified.

To mitigate the risk of there being a shortfall in the CASS 7 client money we hold for you, we will pay additional sums from our own funds into client money pool under a provision in the CASS rules called “prudent segregation”. These sums are held away from UBS AG in client money bank accounts maintained with third party banks.



What we aim to do

As your CB, we aim to regularly reconcile with your EBs so that any Differences do not exceed USD 500 per EB for each calendar year (**Threshold**). Where applicable, and in accordance with our contractual terms, we will rely upon your EB's invoice where Differences fall below the Threshold. We believe this approach will help improve the timely settlement of EB Commissions for all parties involved.

Once we have agreed a settlement amount with one of your EBs resulting in a Difference below the Threshold, we will settle and post any residual sums to your Account. We may amend our Threshold from time to time by giving you prior notice.



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