

**UBS LIMITED**

**RULEBOOK FOR THE UBS MULTILATERAL TRADING FACILITY**

August 2011

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UBS Limited is a private company limited by shares, incorporated in England & Wales whose registered offices are at 1 Finsbury Avenue, London EC2M 2PP Company No. 02035362 Authorised and regulated by the Financial Services Authority.

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## 1. INTERPRETATION AND DEFINITIONS

### 1.1 Interpretation

- (a) References to times shall mean those times in London unless stated otherwise.
- (b) References to days are to Business Days unless stated otherwise.
- (c) To the extent that there is any conflict between this UBS MTF Rulebook and any other document relating to the UBS MTF, the former shall prevail.

### 1.2 Definitions

In this UBS MTF Rulebook:

<b>Applicant</b>	means a person applying to become a Member in accordance with Rule 2;
<b>Business Day</b>	means the days that banks are usually open for business in London, being all days except Saturdays, Sundays and UK national holidays;
<b>CCP</b>	means SIX x-clear and any other central counterparty that may be appointed by UBS MTF;
<b>Competent Authority</b>	means the authority designated by each member state of the EU in accordance with Article 48 of MiFID;
<b>Day Order</b>	means a Pegged Order which will be available for matching on UBS MTF on the Business Day on which it is submitted; the order or any unmatched portions thereof remaining at the end of that Business Day will be cancelled automatically;
<b>Eligibility Criteria</b>	means the criteria for eligibility for participation on UBS MTF set out in Rule 2.2;
<b>Erroneous Order</b>	means an order submitted to UBS MTF in error either as to price, quantity, currency, side or symbol;
<b>Erroneous Trade</b>	means Erroneous Order that takes place on UBS MTF;
<b>Event of Default</b>	means in relation to a Member: <ul style="list-style-type: none"><li>(a) failure by that Member to comply with any obligation in accordance with the Rules;</li><li>(b) a misrepresentation made by that Member;</li><li>(c) the repudiation or rejection, in whole or in part, of a Relevant Transaction by that Member;</li><li>(d) a breach of the terms of the UBS MTF Membership</li></ul>

	Agreement; or
	(e) an Insolvency Event;
<b>FSA</b>	means the UK Financial Services Authority;
<b>FSA Rules</b>	means the FSA Handbook of Rules and Guidance as amended from time to time;
<b>FSMA</b>	means the Financial Services and Markets Act 2000 of the United Kingdom as amended from time to time;
<b>Insolvency Event</b>	means any of the following: <ul style="list-style-type: none"><li>(a) a Member is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness;</li><li>(b) the value of the assets of a Member is less than its liabilities; or</li><li>(c) a moratorium is declared in respect of any indebtedness of a Member;</li></ul>
<b>IOC Order</b>	means a Pegged Order which is “immediate or cancel”, i.e. which requires that (a) all or part of the order be executed immediately after submission to the UBS MTF, and (b) any portions not executed immediately will be cancelled automatically;
<b>MAR</b>	means the Market Conduct sourcebook of the FSA Rules as amended or replaced from time to time;
<b>Market Abuse Directive</b>	means the Directive issued by the European Parliament and of the Council dated 28 January 2003 on market abuse (Directive No 2003/6/EC) as amended or replaced from time to time;
<b>Matching Engine</b>	means the system for the acceptance and matching of Orders and the execution of trades operated by UBS MTF;
<b>Member</b>	means a Member of UBS MTF admitted in accordance with Rule 2 who is able to submit Orders to the Matching Engine and whose admission has not been terminated;
<b>Membership Agreement</b>	means the agreement entered into between a Member and UBSL regarding membership of UBS MTF;
<b>MiFID</b>	means the Markets in Financial Instruments Directive (Directive 2004/39/EC of the European Parliament and Council) as amended or replaced from time to time;

<b>MTF User Guide</b>	means the guide given to Members upon commencement of their membership (as amended from time to time) providing, amongst other things, guidance regarding trading on UBS MTF;
<b>Order</b>	means a Pegged Order;
<b>Pegged Order</b>	means an IOC Order or Day Order submitted to the UBS MTF to buy or sell Securities which will peg to the bid, mid or offer price for the relevant Security on the Primary Market;
<b>Primary Market</b>	means the market on which UBS MTF determines a Security has its primary listing;
<b>PTM Levy</b>	means the Levy determined by and payable to the Panel on Takeovers and Mergers;
<b>Relevant Information</b>	means the details as prescribed in MAR 5.9.3 as amended or replaced from time to time;
<b>Relevant Transaction</b>	means a transaction that takes place on UBS MTF;
<b>Rules</b>	means this UBS MTF Rulebook, the Membership Agreement, the MTF User Guide, any Trading Notices, and any amendments thereto;
<b>Security</b>	means a security eligible for trading on UBS MTF in accordance with Rule 6;
<b>Trading Notice</b>	means a notice issued published or disseminated by UBS MTF to Members pursuant to Rule 4.2(a) from time to time;
<b>Transaction Report</b>	means a report provided to a regulator detailing such information as the regulator may require relating to a trade;
<b>UBS Group</b>	means UBS AG and any subsidiary or associated company of UBS AG
<b>UBSL</b>	means UBS Limited, a company incorporated in England and Wales under company number 2035362 and authorised by the FSA to operate the MTF in the UK and throughout the EEA;
<b>UBS MTF Management</b>	means the management team of UBS MTF; and
<b>UBS MTF</b>	means the Multilateral Trading Facility operated by UBSL and which is authorised and regulated by the FSA.

## **2. PARTICIPATION**

### **2.1 Authorisation and Admission**

- (a) Applicants wishing to become Members shall:
  - (i) complete and sign the UBS MTF Member application form;
  - (ii) sign the Membership Agreement; and
  - (iii) provide such other additional information as UBS MTF may require.
- (b) Upon satisfactory fulfilment of this Rule 2.1 and the eligibility criteria in Rule 2.2 below, UBS MTF participation shall become effective on such date and at such time as UBS MTF may specify.

### **2.2 Eligibility**

- (a) Applicants are eligible to apply to participate on UBS MTF provided that they meet the Eligibility Criteria set out in Rule 2.2.(b) below.
- (b) The Applicant must:
  - (i) be either:
    - (A) an EEA regulated investment firm or credit institution (as defined under MiFID); or
    - (B) be a member of another EEA Regulated Market (cash equities); and
  - (ii) satisfy capital adequacy and financial resources requirements. The levels of financial resources required by any or all Members may vary for each Member; and
  - (iii) be fit and proper; and
  - (iv) have financial, business or personal standing suitable to enter into Relevant Transactions; and
  - (v) satisfy UBS MTF as to the Applicant's arrangement for clearing and settlement; and
  - (vi) have sufficient level of trading ability and competence; and
  - (vii) have adequate execution, order management and settlement systems in place; and
  - (viii) be able to satisfy the general organisational and technical requirements for participation in UBS MTF.
- (c) UBS MTF may grant an application, refuse an application or grant a conditional application subject to any conditions it considers appropriate.

### 2.3 **Continuing Obligations**

- (a) Members must have and maintain adequate internal procedures and controls to prevent the submission of Erroneous Orders to UBS MTF and to ensure its continuing compliance with the Rules.
- (b) Members shall be bound by these Rules (including any amendments or Trading Notices), and supplementary documentation issued by UBS MTF and by any direction or decision of UBS MTF relating to a Member's trading activity on UBS MTF.
- (c) Members must have and maintain adequate execution, voice recording, order management and settlement systems in place.
- (d) Members must ensure that any persons, whether staff or clients, who submit Orders to UBS MTF through the Member are sufficiently trained, are adequately supervised, and have adequate experience, knowledge and competency to abide by and comply with the Rules.
- (e) UBS MTF may rely on any instructions, commitments, notices or requests or other communications in any form which purport to have been made and which it reasonably accepts in good faith as having been made by the Member or on the Member's behalf without further enquiry as to the genuineness, authority or identity of the person giving or purporting to give such instruction. The Member will be bound by any contracts or obligations and will be liable to indemnify UBS MTF in full for any loss or expenses entered into or incurred by UBS MTF, whether or not on behalf of the Member, in consequence of, or in connection with any such communication.
- (f) Each Member shall, at all times, have one or more persons, who must be identified to UBS MTF, who are competent to advise the relevant Member on the application of these Rules.
- (g) Each Member must continue to meet the Eligibility Criteria at all times whilst they continue to be a Member.
- (h) Members will co-operate with UBS MTF and the FSA (or any other Competent Authority) in any investigation conducted in relation to trading on UBS MTF.

### 2.4 **Suspension or termination of a Member**

- (a) If, at any time, a Member:
  - (i) does not comply with the Rules or breaches the Membership Agreement; or
  - (ii) suffers an Insolvency Event; or
  - (iii) does not enter any Orders into the Matching Engine for a period of six (6) months or more; or
  - (iv) is a subject of an intervention order or regulatory investigation by the FSA or any other Competent Authority; or
  - (v) fails to meet or ceases to meet the Eligibility Criteria,

UBS MTF Management may, at its absolute discretion, suspend, restrict or terminate that Member's access to the Matching Engine or the business conducted by the Member on the Matching Engine.

- (b) UBS MTF Management will suspend, restrict or terminate that Member's access to the Matching Engine or the business conducted by the Member on the Matching Engine if requested to do so by the FSA.
- (c) The Member will be notified in writing of any action taken, proposed to be taken, by UBS MTF Management in accordance with this Rule.

## 2.5 Confidentiality

- (a) UBS MTF Management will treat as confidential any information received from Members in relation to any business carried out on UBS MTF except where:
  - (i) the information is in the public domain;
  - (ii) disclosure is required by law or requested by any tax or regulatory authority anywhere in the world;
  - (iii) disclosure is in accordance with any regulatory investigation conducted by a Competent Authority;
  - (iv) disclosure is expressly permitted by law;
  - (v) disclosure has been agreed to in writing by the Member; or
  - (vi) disclosure is made to facilitate the clearing and settlement of Relevant Transactions.

## 2.6 Substantial Shareholdings

- (a) A Member shall ensure that, where necessary, any Relevant Transactions executed on UBS MTF are incorporated into its calculations with regard to any applicable substantial shareholdings rules.
- (b) Where there is a requirement under any applicable substantial shareholdings rules to notify any person or body as to the existence of a substantial shareholding, each Member must ensure that it complies with any such obligations applicable to it. Notification to UBS MTF will not discharge any obligations under any applicable substantial shareholding rules or their equivalent.

## 2.7 Resignation

- (a) Members may resign by giving UBS MTF at least three (3) calendar months' written notice, unless such notice period is waived by UBS MTF in its absolute discretion.
- (b) UBS MTF Management may, in its absolute discretion, refuse to accept notice of resignation in the event that UBS MTF Management considers there is an outstanding matter concerning the Member that is subject to an ongoing investigation (in particular pending settlement of any unsettled market positions in respect of Securities).
- (c) Notwithstanding either the resignation by a Member of its membership of UBS MTF or the termination of a Member's membership of UBS MTF by UBS MTF Management, a Member shall continue to be bound by these Rules in respect of all activity on UBS MTF until the latest of:
  - (i) one year after it ceases to be a Member.



- (ii) the date on which all Relevant Transactions are settled and completed.
- (iii) the date on which all outstanding charges, or other sums due relating to activity on UBS MTF have been settled.

### **3. PAYMENTS**

#### **3.1 Fees and Charges**

A Member shall pay to UBS MTF all applicable subscriptions, charges, fees and any other costs due pursuant to these Rules, the Membership Agreement or any fee schedule for UBS MTF as notified to all Members from time to time.

#### **3.2 Taxes**

- (a) A Member shall be liable for the payment of any applicable taxes, duties or deductions that arise from its trading of a Security on the Matching Engine, including, inter alia, stamp duty reserve tax.
- (b) Each Member is required to determine whether taxes, duties or deductions arise from its trading of a Security on the Matching Engine, and to apply for any exemptions from such taxes, duties or deductions.

#### **3.3 PTM Levy**

- (a) A Member is liable for the payment of the PTM Levy on behalf of itself or on behalf of its clients in respect of transactions, wherever they take place (including Relevant Transactions on UBS MTF), where the PTM Levy is applicable.
- (b) A Member is required to determine whether the PTM Levy is applicable, and also the rate at which it is payable.

### **4. NOTIFICATIONS AND AMENDMENTS**

#### **4.1 Notification by Members**

- (a) All notifications by a Member under these Rules shall be made as soon as is reasonably practicable to the UBS MTF compliance team using the details supplied to the Member upon successful completion of the application process. Where a notification is initially made verbally or via electronic mail there may be a requirement for the notice to be confirmed in writing.
- (b) A Member will notify UBS MTF in writing, or by electronic mail, at least twenty-one (21) calendar days in advance of the proposed effective date of any significant changes to its structure. The types of changes which would be considered relevant would include:
  - (i) a change in control within the meaning given under FSMA;
  - (ii) a change of name;
  - (iii) a change of address;
  - (iv) a change in its legal status;

- (v) an Insolvency Event;
- (vi) a material breach of these Rules;
- (vii) the commencement of any investigation or disciplinary action by the FSA or a Competent Authority relating to the Member's activities on the UBS MTF or which may otherwise be material in the exercise of the Member's obligations under these Rules;
- (viii) a material adverse change which affects the ability to comply with these Rules;
- (ix) a change which results in the Member being unable to fulfil the Eligibility Criteria; or
- (x) a change in the Member's UBS MTF contacts or the Member's list of authorised persons (as supplied by the Member upon completion of the UBS MTF Member application form).

## 4.2 Amendments

- (a) UBS MTF may implement new Rules, amend existing Rules or revoke Rules in their entirety and will inform Members by an appropriate means, whether it be via letter, email, facsimile, notice on a website or by issuing some other communication (such means being a **Trading Notice**). In the event that UBS MTF proposes a material change in the Rules, it may, at its sole discretion, consult with Members for comments.
- (b) Trading Notice shall be given to Members at least ten (10) Business Days prior to the changes taking effect.
- (c) If any modification of the Rules, other than as required by European Community law, national laws or any Competent Authority, materially adversely affects the rights or obligations of any Member, that Member may terminate its UBS MTF membership by written notice given to UBS MTF within five (5) Business Days from the date of the relevant Trading Notice, it being understood that such request will be handled pursuant to the principles set out in Rules 2.7(b) and (c).

## 5. RESPONSIBILITY OF MEMBERS

### 5.1 Transaction Records

Each Member must retain a record of each Relevant Transaction entered into by it on UBS MTF in accordance with;

- (a) the five (5) year standard required pursuant to MiFID; and
- (b) any further regulatory or legal requirements applicable to the Member.

### 5.2 Misleading acts, conduct, security and prohibited practices

- (a) A Member shall not, in respect of its business on UBS MTF:
  - (i) do or engage in any conduct which is in breach of the Market Conduct sourcebook of the FSA Handbook. This may include but is not limited to:

- (A) commit any act or engage in any course of conduct which creates, or is likely to create, a false or misleading impression of the market in, or the price or value of, any Security;
  - (B) cause or enter into any artificial transaction;
  - (C) submit an Order with a fictitious quantity or price onto the Matching Engine;
  - (D) effect a pre-arranged transaction that is designed to give the market a false view of supply, demand or pricing of a Security or index; or
- (ii) commit any act or engage in any course of conduct which is likely to damage the fairness or integrity of UBS MTF;
  - (iii) commit any act or engage in any course of conduct which causes, or contributes to, a breach of the Rules by another Member;
  - (iv) do or engage in any conduct in breach of the Rules; or
  - (v) procure, require or encourage another to engage in conduct falling within any of the principles in this Rule 5.2(a).
- (b) A Member shall not commit any act or engage in any course of conduct the sole or main intention of which is to move the price of that Security or the level of any index of which that Security is a component.
  - (c) UBS MTF Management may take disciplinary action under Rule 9.5 in relation to a Member's conduct which in the opinion of UBS MTF Management falls or could potentially fall within this Rule 5.
  - (d) Each Member shall implement reasonable security procedures to prevent unauthorised use or misuse of the UBS MTF. Such procedures shall include, but are not limited to:
    - (i) ensuring that the UBS MTF is only accessible by authorised personnel; and
    - (ii) ensuring that data entries entered by a Member are not altered, lost or destroyed.

## **6. TRADING RULES**

### **6.1 Securities traded on UBS MTF**

- (a) UBS MTF Management will determine in its absolute discretion which Securities are eligible for trading on UBS MTF.
- (b) Orders shall be made in the same currency as the currency in which the relevant Security trades on the Primary Market. If a Security trades in more than one currency on the relevant Primary Market, UBS MTF may in its absolute discretion support multiple order books representing each of the currencies in which that Security trades.
- (c) UBS MTF may in its absolute discretion prohibit or suspend any transaction or class of transactions from being dealt at any time for any reason.

## 6.2 Hours of operation

- (a) UBS MTF will be open for business every day that the Primary Market is open in respect of the relevant Security.
- (b) The hours of operation will be as decided by UBS MTF Management and communicated to Members.

## 6.3 Access to UBS MTF

- (a) A Member is responsible for all obligations and liabilities arising from the entry, deletion and execution of all Orders submitted to the Matching Engine by that Member.
- (b) UBS MTF Management reserves the right to restrict a Member's access to and use of the Matching Engine.
- (c) UBS MTF Management reserves the right to delete any Order submitted to the Matching Engine where UBS MTF Management believes it necessary in order to preserve market orderliness.

## 6.4 Orders

- (a) All Orders submitted to the Matching Engine must be Pegged Orders and Members must specify whether their Order is
  - (i) pegged to the bid, mid or the offer price; and
  - (ii) an IOC Order or a Day Order;Orders that do not comply with these requirements will be rejected.
- (b) When submitting a Pegged Order, a Member may also specify a maximum or minimum price at which its Order will be permitted to match.
- (c) A Member may submit an instruction to the Matching Engine that its Order must not be matched against another Order unless that other Order is of a minimum acceptable quantity.
- (d) Orders shall be made in accordance with such technical specifications as UBS MTF Management may specify from time to time.
- (e) All Orders entered on to the Matching Engine will be treated by UBSL as firm and available for execution and therefore, when executed, will be binding on the Member placing the Order (unless otherwise provided in these Rules) even if the Order was placed on behalf of a third party.
- (f) A Member that submits or routes Orders to the Matching Engine shall, at all times, have sufficient order management systems, procedures and controls designed to prevent the entry of Erroneous Orders to the Matching Engine.

## 6.5 Order Matching

- (a) Continuous matching will occur during normal trading sessions.
- (b) Orders will be matched using the following criteria in order of precedence:

- (i) price; and
  - (ii) time (time priority in the Matching Engine is based on the time stamped on an Order when it arrived in the Matching Engine).
- (c) When an Order is matched on UBS MTF, it will create a binding contract on the Member placing the order (unless otherwise provided for in these Rules).

#### 6.6 **Auctions**

- (a) UBS MTF will neither operate an opening nor a closing auction.
- (b) UBS MTF will not match Orders whilst an auction is underway on the relevant Primary Market on which the Security concerned is listed.

#### 6.7 **Entry and deletion of Orders**

- (a) A Member may only submit, amend, or delete Orders from the Matching Engine during the times specified by UBS MTF.
- (b) A Member shall not submit Orders or amend Orders on the Matching Engine in a Security which is subject to a regulatory suspension. Orders which are unmatched in UBS MTF in such a Security may be deleted from the Matching Engine.

#### 6.8 **Suspension of automatic execution**

- (a) UBS MTF Management may suspend the automatic execution of Orders on the Matching Engine in one or more Securities if:
  - (i) UBS MTF Management determines a system problem has occurred or is likely to occur; or
  - (ii) it is requested to do so by the FSA or a Competent Authority; or
  - (iii) it considers in its sole discretion that there has been or is likely to be a threat to the stability of fair and orderly markets by trading a Security; or
  - (iv) the Primary Market of the Security has suspended or cancelled trading of the relevant Security; or
  - (v) UBS MTF Management, in its absolute discretion, considers it appropriate to do so; or
  - (vi) UBS MTF Management, in its absolute discretion, considers that a Member has failed, or is likely to fail, to comply with its obligations under Rule 5.

#### 6.9 **Cancellation of Relevant Transactions**

- (a) UBS MTF Management has discretion to cancel a Relevant Transaction in whatever circumstances it considers appropriate, including but not limited to circumstances where UBS MTF Management decides that a Relevant Transaction is an Erroneous Trade.

- (b) If an Order appears to be an Erroneous Trade in the opinion of UBS MTF Management, UBS MTF Management may contact the relevant Member to verify the validity of the Order (but shall be under no obligation to do so).
- (c) When considering whether to cancel an Order or a Relevant Transaction, UBS MTF Management will take into account:
  - (i) the size of the Order or the Relevant Transaction; and
  - (ii) the price of the Order or the Relevant Transaction.

## **7. CLEARING AND SETTLEMENT**

7.1 The relevant CCP will administer the clearing and settlement of all Relevant Transactions on UBS MTF and the relevant CCP's rules will govern such clearing and settlement in addition to these Rules.

7.2 A Member must comply with the rules and procedures of the relevant CCP in respect of the clearing and settlement of the Relevant Transactions. Where the rules and procedures of the CCP with respect to clearing and settlement conflict with this Rule 7, the rules and procedures of the relevant CCP shall take precedence.

### **7.3 Obligations on Members**

- (a) A Member must be a clearing member of a central counterparty approved by UBS MTF Management or have made satisfactory arrangements with an entity that is.
- (b) Where a Member is acting as agent for another person, and failure to deliver Securities and/or cash is the fault of another person, that Member will be bound as principal with the counterparty to the Relevant Transaction.
- (c) A Member must settle a Relevant Transaction on the standard settlement cycle and in the standard place for settlement for the relevant Security.
- (d) A Member shall ensure that Securities and/or cash delivered in settlement of a Relevant Transaction are free of any lien, charge or encumbrance.
- (e) UBS MTF may postpone or extend a settlement period for all transactions or for transactions in specified Securities affected on a given day, indefinitely or for a specified period.
- (f) In case of settlement default by a Member, or its client, with regard to a Relevant Transaction, the rules and procedures of the relevant CCP shall be applied.

### **7.4 Corporate Actions**

- (a) A Member shall treat a Security as being 'ex' a benefit from the time that security is marked 'ex' that benefit on the Primary Market.
- (b) UBS MTF will take no responsibility for marking a Security as 'ex' or 'cum' a benefit on the UBS MTF. The responsibility for accurately pricing a Security undergoing a corporate action is solely with the Member.

## **8. DEFAULT**

- 8.1 If at any time a Member suffers an Event of Default, UBS MTF may take action in its sole discretion as it deems appropriate. Such actions may include but shall not be limited to the following:
- (a) to cancel some or all Orders or Relevant Transactions;
  - (b) to suspend the Member's participation on UBS MTF;
  - (c) to treat any or all Orders or Relevant Transactions then outstanding as having been repudiated by the Member, in which case UBS MTF's obligations under such Orders and / or Relevant Transactions shall be cancelled and terminated.
- 8.2 UBS MTF is not responsible for and shall not be liable for the default of any Member on any Relevant Transaction. Relevant Transactions undertaken on the Matching Engine are not subject to any compensation scheme.

## **9. INFORMATION, MONITORING AND INVESTIGATION**

### **9.1 Monitoring**

- (a) UBS MTF Management will have systems in place to monitor compliance with the Rules, disorderly trading conditions and conduct that may amount to market abuse.
- (b) UBS MTF Management will report to the FSA any material breaches of the Rules, disorderly trading conditions and any conduct that may involve market abuse, will supply information to the FSA as required and will assist the FSA, any other Competent Authority or relevant supervisory or investigative public body in any investigation of market abuse.

### **9.2 Information**

- (a) UBS MTF Management requires each Member to notify UBS-IB Equities Compliance team immediately it becomes aware of a significant contravention by itself, or any other Member, of these Rules.
- (b) UBS MTF Management may require the immediate provision by a Member of accurate information about its Relevant Transactions in a format, electronic or otherwise, as specified by UBS MTF.
- (c) UBS MTF Management may require the immediate production of documents relating to UBS MTF in the Member's possession, custody, power or control.
- (d) Notwithstanding Rule 2.5, UBS MTF Management may disclose any information or documents for the purpose of enabling it to institute, continue, or defend any proceedings, including any court proceedings.
- (e) UBSL may keep information or documents which come into its possession under these Rules for such period as it considers appropriate.

### **9.3 Investigation**

- (a) Once UBS MTF Management has determined in its absolute discretion that a Rule breach has occurred (whether such Rule breach is detected by UBS MTF Management or reported by a Member), UBS MTF Management will consider all the circumstances of the case in

order to determine whether to invoke sanctions under Rule 9.5. In considering whether to impose such sanctions, UBS MTF Management will have regard to the following factors:

- (i) The nature and seriousness of the breach:
  - (A) whether the Rule breached is of high importance to the running of an orderly market;
  - (B) whether the breach was deliberate or reckless and/or whether the Member acted with a lack of integrity in the course of the breach or the subsequent investigation;
  - (C) the market impact of the breach on the orderliness of the market, including whether the integrity of UBS MTF is damaged and whether proper standards of market conduct were disregarded;
  - (D) the duration and/or frequency of the breach;
  - (E) the amount of any benefit gained or loss avoided as a result of the breach;
  - (F) whether the breach reveals systemic weakness in the Member's internal systems and controls relating to the Member's participation and trading on UBS MTF;
  - (G) whether there are a number of small issues, which individually may not justify sanctions, but which do so when taken collectively.
- (ii) The conduct of the Member before and after the breach:
  - (A) If the breach was not identified by UBS MTF Management, how quickly, effectively and completely the Member brought the breach to the attention of UBS MTF Management;
  - (B) The degree of cooperation the Member showed during the investigation of the breach;
  - (C) any remedial action taken by the Member since the Rule breach was identified (including taking disciplinary action against employees, agents or customers involved; addressing any systemic failures; and taking action designed to ensure that similar issues did not arise in the future); and
  - (D) the likelihood that the same type of Rule breach will recur if no action is taken.
- (iii) The previous compliance record of the Member:
  - (A) Whether UBS MTF Management has previously requested the Member take remedial action to rectify the same or similar issue;
  - (B) Whether the Member has previously given undertakings to UBS MTF Management that similar issues have been resolved and a particular behaviour has ceased;



- (C) Whether UBS MTF Management has previously invoked sanctions against the Member for the breach in question; and
  - (D) The general compliance history of the Member.
- (iv) Action taken by UBS MTF Management in previous similar cases:

UBS MTF Management will take account of the action it has taken previously in the same or related cases and will record any investigations on the Member's compliance record.

#### 9.4 Assistance

Members will provide all reasonable assistance to UBS MTF Management and its delegates including without limitation providing access to information, premises and individuals reasonably within the control of the Member regarding:

- (a) the provision of all information and documents requested by UBS MTF Management; and
- (b) investigations by UBS MTF Management of a Member's compliance with these Rules.

#### 9.5 Sanctions

In the interests of maintaining a fair and orderly market, UBS MTF will have absolute discretion in using any/all of the following sanctions for breach of the Rules in relation to a Member or a former Member who is still bound by the Rules in accordance with Rule 2.7 and will notify a Member of any decision to apply any such sanction:

- (i) written warning;
- (ii) temporary suspension;
- (iii) publication of details of the offender and rule infringement;
- (iv) levying a fine;
- (v) issuing a cease and desist order;
- (vi) termination of participation.

#### 9.6 Complaints

- (a) Any complaint about the conduct of a Member or suspicion that any of the foregoing has committed or is about to commit a breach of these Rules, shall be made in writing, where possible, and be addressed to the Head of Legal and Compliance of UBSL.
- (b) If the Head of Legal and Compliance of UBSL considers the complaint to have merit and that it may constitute a breach of these Rules he or she may recommend to UBS MTF Management that it commence an investigation into the potential breach of the Rules. UBS MTF Management may give notice to a Member of the results of any such investigation which may include notice of a sanction pursuant to Rule 9.5.

**9.7 Waiver**

UBS MTF Management may, at its discretion, waive the enforcement of these Rules but any waiver shall not prevent or restrict UBS MTF Management from taking action to enforce these Rules whether in respect of any other infringement of them (even if related) or against any other Member in relation to the same breach.

**10. PRE- AND POST TRADE TRANSPARENCY**

- (a) UBS MTF Management will ensure that, in accordance with the principles in MAR 5.7.1(2)(a), UBS MTF will not make public the current bid and / or offer prices, or the depth of trading interests at those prices in any circumstances.
- (b) UBS MTF Management will ensure that all Relevant Information for each Relevant Transaction is published immediately on the conclusion of such Relevant Transaction regardless of the transaction size. This will constitute a trade report for the purposes of the FSA Rules.
- (c) Members must not submit trade reports for the Relevant Transactions concluded on UBS MTF elsewhere in satisfaction of any trade reporting requirement imposed by MiFID.

**11. GOVERNING LAW**

These Rules are governed by, and shall be construed in accordance with, the laws of England and Wales.