

# UBS MTF User Guide

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## 1. Introduction

- 1.1. This Guide explains the policies, procedures and technology used by UBS AG London Branch (UBSAGLB) to operate the UBS multilateral trading facility.
- 1.2. Terms defined in the UBS MTF Rulebook shall have the same meaning in this Guide. In the event of a conflict between the provisions of this Guide and those of the UBS MTF Rulebook, the latter will prevail.

## 2. Overview of How UBS MTF Works

- 2.1. UBS MTF is an FCA regulated Multilateral Trading Facility (UBS MTF). It operates two Order Books:
  - 2.1.1. PeggedDark Order Book:
  - 2.1.2. The PeggedDark Order Book is a dark pool that allows professional investors to trade pan-European securities. Trades are matched anonymously through the UK based UBS MTF matching engine at the midpoint of the most relevant primary exchange market. UBS MTF offers a simple, transparent fee structure based on value traded.
  - 2.1.3. The PeggedDark Order Book is eligible for the pre-trade transparency waivers available to reference price systems and to orders that are large in scale compared to Normal Market Size under the Markets in Financial Instruments Directive
  - 2.1.4. Periodic Auction Order Book:
  - 2.1.5. UBS MTF also operates as a periodic auction. It meets the MiFID II publication requirements as defined in MiFID Annex I Table I and will publish auction prices and auction volumes.
  - 2.1.6. The Periodic Auction Order Book supports the same order type as in the dark, i.e. a Pegged Order but also supports Limit Order. Members can also specify a limit price as a price constraint on the Pegged Order.
  - 2.1.7. Matching in the Periodic Auction Order Book currently only occurs at the mid-point of the two most aggressive orders. Pegged Orders and Limit Orders can determine the Auction Price.
- 2.2. UBS MTF well-formed market checks apply to both order books.
  - ~~2.2.2.3.~~ This Guide aims to provide you with a high-level understanding of UBS MTF's most relevant features but you should also read the related documents, including but not limited, to the UBS MTF Rulebook and the UBS MTF Membership Agreement.
  - ~~2.3.2.4.~~ UBS MTF has an obligation to report to the UK Regulator all transactions executed by non-TR Members. Non-TR Members must provide all relevant fields for UBS MTF to meet its obligation, using the end of day MiFID Identifier file.

## 3. Technology

- 3.1. UBS AGLB has a wealth of experience of providing and managing data, developed through its extensive Equities businesses. UBS MTF was delivered by similar standards of excellence, using IT systems already in place.

## 4. Participation in UBS MTF

- 4.1. Participation in UBS MTF is open to all who meet the Eligibility Criteria delineated in the UBS MTF Rulebook.

- 4.2. UBS MTF ~~Pegged~~Dark Order Book offers complete pre- and post-trade anonymity. The Periodic Auction Order Book also offers anonymity but the Auction Price and volume are published in real-time. All trades in both Order Books are reported to CBoe BXTR on a real-time basis.

## 5. Applications

- 5.1. Applications for participation may be made using the UBS MTF application form, available upon request.
- 5.2. UBS MTF may also request additional information in relation to the application and such additional information as may be required from time to time.

## 6. Continuing Obligations

- 6.1. Members are responsible for ensuring that, at all times, they, their directors, officers, employees and agents who have access to the UBS MTF have adequate experience, knowledge and competency to conduct transactions on UBS MTF.
- 6.2. Members must have and maintain adequate internal procedures and controls to ensure the competency of their staff. The procedures are detailed further in the UBS MTF Rulebook.
- 6.3. Members must have in place a valid agreement with a UBS MTF central counterparty for clearing and settlement services in accordance with the Rules in the MTF Rulebook.

## 7. UBS MTF Information

The following table gives the key items of information in respect of both UBS MTF Pegged Order Book and Periodic Auction Order Book:

	Pegged Order Book	Periodic Auction Order Book
<b>Regulatory Status</b>	UK Regulated <del>pan-European</del> MTF operated by UBS AGLB	
<b>Contact details</b>	UBS MTF 5 Broadgate London EC2M 2QS  Richard Semark – Head of UBS MTF E-mail: Richard.Semark@ubs.com  Jean-Philippe Minet & Andrew Lynch MTF Supervisors Telephone: 0207 568 2052 E-mail: ubs_mtf@ubs.com	
<b>MIC</b>	XUBS	XUMP
<b>Market Calendar</b>	UBS MTF observes the market practice for open business days. Where a primary local market is closed on a business day or will not trade a particular stock, UBS MTF will be closed for that market (or will not trade the stock in question, as the case may be).	
<b>Currencies Quoted</b>	Securities are traded in their local currency (EUR, GBX, GBP, SEK, DKK, NOK, CHF, HUF, CZK and USD).	
<b>Throttling limit</b>	1,500	1,500
<b>Connectivity</b>	Standard FIX 4.2 connectivity	
<b>Bloomberg Exchange code</b>	S2	
<b>TSO code</b>	V	
<b>Symbology</b>	Uniform Symbology as set out in the FIX Rules of Engagement	
<b>CCP</b>	SIX x-Clear, LCH.Clearnet, and EuroCCP	
<b>No CCP functionality</b>	Members can opt in to settle internalised trades manually	

<b>Markets coverage</b>	Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Hungary, Ireland, Italy, the Netherlands, Norway, Portugal, Spain <del>(October 2018)</del> , Sweden, Switzerland and the United Kingdom.	Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Hungary, Ireland, Italy, the Netherlands, Norway, Portugal, Sweden, Switzerland and the United Kingdom.
<b>Market hours</b>	08:00 to 16:30 UK time. Crossing within the UBS MTF follows the hours of the underlying primary market but always stops at 16:30 UK Time.	
<b>Order Type</b>	Pegged order only	<del>Pegged order and</del> Limit order <del>only</del>
<b>Time in Force</b>	IOC and Day	Day and Good For Auction (GFA)
<b>Matching logic</b>	Waiver and time priority with execution at the mid of the Most Relevant Market. Well-formed market checks are applied- <u>to enhance quality of execution at the time of the trade.</u>	Price determination: the Auction Price is determined by the most aggressive buy and most aggressive sell orders; the volume is not used for price determination. Well-formed market checks are applied as in the <del>Pegged</del> Dark Order Book. The share allocation priority is broker, size and time.
<b>Order to transaction ratio</b>	1,500	1,500
<b>UBS MTF pre-trade Market Data</b>	N/A	Pre-trade auction price and volume are available real-time to Members and also published on UBS MTF website

## 8. Trading Sessions

Each of the trading days within UBS MTF is divided into the sessions described in the following table.

<b>Period</b>	<b>Time</b>
Technical Connectivity	From 06:35 UK time.
Pre-Market Continuous Trading Period	N/A
Continuous Trading Period	08:00 – 16:30 UK time.
Post Trading Administration Period	N/A
Order Expiry	Open orders are expired at 16:45 UK time.
Technical Connectivity Ends	19:00 UK time.
Time in Force	IOC, Day and Good For Auction orders only. All unexecuted Orders automatically expire after market close. <u>A Good For Auction order will expire at the end of the first auction.</u>

UBS MTF does not cross Orders during suspensions or trading halts on the primary markets, or when crossing is prevented due to well-formed market checks. Please note that UBS MTF has no opening or closing auctions and there will be no matching on UBS MTF during Auctions on the primary markets.

## **9. Securities Available On UBS MTF**

UBS MTF offers trading in pan-European Equity instruments, including shares, Depository Receipts and ETFs. Those available from time to time on one, other or both Order Books will be published by UBS MTF. UBS MTF Stock Universe is available online and via SFTP to direct Members.

## **10. Order Functionality Available On UBS MTF**

### **10.1. Duration**

UBS MTF accepts only IOC or Day Pegged Orders in the ~~PeggedDark~~ Order Book, and Pegged and Limit Orders that are specified as Day or Good For Auction ~~Limit~~ Orders in the Periodic Auction Order Book. (See Rulebook for definitions of Order types).

### **10.2. Minimum order size**

The minimum order size is 1.

### **10.3. ~~Pegged Types~~ / MAQ**

~~Orders must be pegged to the mid of the most relevant market.~~

UBS MTF permits a Member to place an order which excludes matching against another order unless that other order is of a minimum acceptable quantity.

### **10.4. Self-Cross Prevention**

Orders may be instructed not to cross against other orders entered under the same participant ID. If no such instruction is given, orders are eligible to cross against any matching order, including orders entered by the same participant. Orders from the same Member with self-cross prevention will not trigger an Auction.

### **10.5. No CCP instructions**

A Member may specify that where Orders from that Member match, that such Matching Orders are not sent to a CCP for clearing. These instructions cannot be given on an Order by Order basis.

#### 10.6. Throttling limit

UBS MTF throttling limit is set at 1,500 messages per second per trading session. New Order and Order Amend messages will be rejected when the limit above is breached. Order Cancel messages will be accepted.

#### 10.7. Order to Transaction Ratio

UBS MTF has published two *Order to Transaction ratios* for each Order Book, published on the UBS MTF website. These ratios may be amended from time to time and Participants will be notified by Market Notice:

Order to Transaction Ratio is set to set to 1,500; and

Order volume to transaction volume ratio is set to 15000 shares

### 11. Fees

- 11.1. Fees and charges are applicable as laid out in the Fee Schedule as notified to all Members from time to time and published on the UBS MTF website at <http://www.ubs.com/mtf>.
- 11.2. Members will pay settlement fees to the central counterparty it has chosen to settle transactions on the MTF. Pricing of this service will depend on the terms of the agreement between the central counterparty and the Member.
- 11.3. There are no order entry fees and no per trade or cancellation fees. However, Members shall pay to UBS MTF all applicable Membership, subscriptions, charges, fees and any other costs due in accordance with the UBS MTF Rulebook, the UBS MTF Membership Agreement or the fee schedule for UBS MTF as notified to all Members from time to time.

### 12. Tick Sizes

- 12.1. UBS MTF follows the tick size structure as defined by the most relevant market for each instrument and as published by ESMA. For non EU ~~market such as Switzerland markets~~, UBS MTF ~~will~~may track the tick size of the Primary Market: as determined by UBS MTF. All Limit Orders submitted to the Periodic Auction Order Book must be on a tick (though matching may occur at full or half tick sizes). UBS MTF publishes a tick size table on its website at <http://www.ubs.com/mtf>.

### 13. Notifications

- 13.1. Notification of changes to UBS MTF by Members (as delineated within the UBS MTF Rulebook) should be made as soon as is reasonably practicable. Changes to the Rulebook will be communicated by Trading Notice and will take effect 10 days' after the issuance of such notice. UBS MTF Management will endeavour to inform Members of any forthcoming changes at least twenty-one (21) calendar days prior to the effective date of any such change.

### 14. Substantial Shareholdings

- 14.1. A Member should ensure that, where necessary, any Relevant Transactions executed on UBS MTF are incorporated into its calculations with regard to any applicable substantial shareholdings rules.
- 14.2. 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, Members must ensure compliance with such obligations. Please note that notification to UBS MTF will not discharge any obligations under any applicable substantial shareholding rules or their equivalent.

### 15. Rules of fair practice

- 15.1. Each Member shall ensure its compliance with the UBS MTF Rulebook and the rules and guidance of the FCA and any other relevant regulatory authority, the EU Market Abuse Directive 2014/57/EU, Market Abuse Regulation (EU) No 596/2014, and any other applicable regulation or law.

**16. Erroneous transactions**

- 16.1. The UBS MTF Management has discretion to cancel an order or transaction where it decides that an Order or transaction is erroneous.

**17. Default**

- 17.1. If at any time a Member suffers an Event of Default, UBS MTF may take action in accordance with Rule 8 of the UBS MTF Rulebook. Pursuant to Rule 8, UBS MTF shall be entitled, without prior notice to the relevant Member, to take any actions it deems appropriate at its sole discretion. Such actions may include but shall not be limited to the following:
- a) to cancel some or all orders or 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.

## **18. Clearing and Settlement**

- 18.1. Members must have in force a valid clearing agreement with a CCP. The CCP concerned will administer the clearing and settlement of all transactions on UBS MTF and the relevant CCP's rules will govern such clearing and settlement in addition to these Rules.
- 18.2. The standard settlement cycle / the standard place for settlement for the relevant security will apply to transactions on the MTF.
- 18.3. As specified in 10.5 above, a Member may use the No CCP functionality offered by UBS MTF and configured at Member level. This functionality prevents internalised trades going to the CCP for clearing and requires the Member to settle manually.
- 18.4. Members must ensure that securities and/or cash delivered in settlement of a transaction are free of any lien, charge or encumbrance.
- 18.5. 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. However, 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.

## **19. Transaction Reporting**

- 19.1. Members operating out of Switzerland, the US, and, in a Brexit Scenario (i.e. a "Hard Brexit"), any other jurisdiction outside the UK, must provide specific order information as requested in the UBS MTF Identifier Management document published on the MTF website under the Member Information section.
- 19.2. These additional values must be provided so UBS MTF can meet its Regulatory obligations.
- 19.3. UBS MTF Management may restrict access to the matching engine if a Member fails to submit the necessary information within the deadlines specified by UBS MTF.

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