

Global Research Independence Policy

Protecting the independence and impartiality of the Investment Bank Research Department



WHY

We need to ensure research is produced in an independent and unbiased way, being mindful of our 2003 US Global Settlement obligation and regulatory requirements in many other jurisdictions. In addition, analysts must be free from pressure and conflicts involving issuers, clients, other business areas, as well as any personal conflicts that may arise.



WHO

This policy applies to all staff at UBS, but primarily guides staff in Investment Bank (IB) Global Research and Evidence Lab (GR-EL), all staff in IB Global Banking (GB), and those staff in Wealth Management (WM) who sit behind the Global Banking (GB) information barrier. This relates to all Investment Research product prepared by GR-EL.



WHAT

to know about **HOW** to comply

1. Independence

- To uphold research independence, we need to ensure that (i) conflicts are managed properly; (ii) objective and reliable research that reflects an analyst's truly held opinions is produced; and (iii) research reports are not used to manipulate or condition the market or favor the interests of UBS or its clients.

2. Management of conflicts

- Actual and potential conflicts of interest related to the preparation, content and distribution of research reports, public appearances, and the interactions of Research Analysts with those outside of the Research department, including, Global Banking, Global Markets, Investors and Companies need to be handled and managed properly.

3. Objectivity

- In coming up with investment opinions and recommendations, research analysts need to have a reasonable basis.
- Research content should be balanced and objective.
- Analysts should refrain from engaging in activities which could compromise their objectivity.
- There can be no promise of favorable research either by research dept staff or staff in other areas of the firm.

4. Governance, reporting lines and hiring

- Reporting lines of research analysts are entirely separate from GM and GB.
- Additional controls relate to analysts who write about derivatives.
- GB staff may not be involved in any way in the hiring or termination of staff by GR-EL. GM and WM may have involvement in the hiring of non-derivative analyst as required by Research management.
- GR-EL budget decisions and budget allocations are limited to senior management of the Investment Bank.
- Compensation of research analysts cannot be done in a way that may cause a conflict of interest.

5. Information Barriers

- GR-EL sits behind its own information barrier to protect independence.



Need help?

Research C&ORC



References

Name references and [links](#)

This page is to be read in conjunction with the details set out in the Appendix, which is an integral part of the policy

Appendix

Global Research Independence Policy



Why do we have this appendix

Here you will find additional information and variation to the policy on a page



Applicability

This policy is applicable to all UBS Employees (including permanent and temporary staff).

This policy is supported by detailed policies and procedures and as noted, these may be more restrictive in some jurisdictions. This policy will be updated as appropriate for changes in organizational structure and regulatory requirements. Amendments to supplemental documents associated with this policy on POLO should be approved by the relevant Global Head of Research (or delegate) or appropriate management committee

Breaches of this policy may be dealt with in line with the Violations Policy (1-P-004710) and could result in disciplinary action, including dismissal, in serious cases.



Additional policy content

Below you can find additional information on the key topics addressed in the policy one-pager

1. Independence

Global Research produces research independently of other business areas and business divisions. No analyst may permit himself/herself to be biased or inappropriately influenced by the interests of any issuer, by any internal or external client or class of clients, or by the personal interests of the analyst. Research must not be used by UBS Investment Bank to advance its own interests over those of its clients, or to advance analysts' own interests. It is a requirement for all Analysts to certify to certain language in their reports. Specifically, Equity and Credit Research Analysts subject to Reg AC must certify that the views expressed in their research reports accurately reflect their own views and no part of their compensation is related to any specific recommendation. In addition, Research Analysts subject to Reg AC are required to make quarterly certifications for any public appearances. If an Analyst is unable to make, or is uncomfortable making these certifications, they must contact Research C&ORC.

Potential sources of risk to Research Independence includes, but is not limited to, the following:

1) Within Research.

- Personally held views different to published view, in violation of Regulation AC.

2) With Global Banking (GB) –

- Research independence may conflict with GB's interest in promoting and maintaining its own reputation/attracting business or protecting its clients' reputations e.g. if Research publish an adverse/encouraging note when GB is working or seeking to work on a transaction.
- GB may directly or indirectly offer coverage or favorable research by Global Research as a means of obtaining business or compensation from a company

3) With Global Markets (GM)/Investors/WM (collectively "Investor Clients")

- Investor Clients (whether directly or indirectly) may seek to exert pressure as to the content and/or timing of research e.g. to adjust/update recommendation. For example, if they hold a significant position in the stock; or they are also part of the management of the company that is the subject of the research.
- Investor Clients may try to influence the ongoing coverage decisions made by Research Management which in turn could have potentially adverse impact on other business divisions.

- Global Markets staff have an interest in generating and providing engaging content to clients, which could overlap with and/or contradict Research content
- Investors may seek to gain advantage by asking the Analyst for additional information/color on their recommendations and published views
- The Analyst may be incentivized to share protected Research Information (e.g. unpublished change in view or opinion on a stock) with certain investors prior to that information being widely disseminated, to gain more Broker votes.
- Trading staff may try to influence an analyst's view in order to move positions on the trading books.

4) Interactions with Corporates

- Decisions of coverage changes made by Research Management could potentially have an adverse impact on other business divisions of the firm (GM, GB etc.) e.g. a corporate ends its trading relationship with UBS after Global Research ceases coverage of the company.
- Potential conflict between an analyst trying to build and maintain a relationship with company management/get better Corporate Access to company management, and providing unbiased views/opinions about the Company which management may not agree with.

5) Derivatives Research

In addition to concerns elaborated throughout this policy, UBS Global Research Derivatives Analysts are prohibited from engaging in any activity that could rise to the level of 'solicitation' as defined by the Commodity Futures Trading Commission ("CFTC"). While normal course publication of derivatives research reports via NEO would not constitute a 'solicitation', Derivatives Research Analysts must not engage in client-facing interactions (e.g. via phone, email, or chat) that provide tailored advice to individual clients, e.g. discussing how a recently published research reports applies specifically to a client's portfolio. The requirements in this paragraph apply to both swaps regulated under CFTC rules and security-based swaps regulated under SEC rules.

6) Other

- Global Research is perceived as not being fully independent if publishing on issuers where UBS has a significant holding.
- When engaging Expert Speakers there may be a potential conflict where the experts view is contrary to that of Global Research, or if the expert is being paid and agrees with Research's published view it may create the appearance that the expert is not independent.

1.1. Coverage Policy

It is essential that Global Research independently make all final decisions regarding initiation and termination of coverage of companies. GB personnel may not have any input into company specific coverage decisions, although outside of the US they may request Research Management considers names under the IPO process. It is UBS IB Research's general practice to provide equity research coverage on companies where it has served as a book runner or joint book runner in a public offering (initial or follow-on) of common stock/units or convertible securities, or for a de-SPAC transaction where UBS has been involved as placement agent, capital markets advisor, or buy-side advisor, with the exception of closed-end funds, block trades; or where UBS are Corporate Broker to a company. All final coverage decisions, including but not limited to the assignment of a coverage analyst, initiation, publication schedule and termination decisions will be made independently and at the sole discretion of Research Management. Initiations and termination of coverage remain subject to Investment Review Committee (IRC) approval. Exceptions to this general practice may be made at Research Management's discretion, including on the basis of resource allocation, market capitalisation, overlap with existing coverage, free float, strategic significance, or for legal or regulatory purposes, among others. GB revenues or potential revenues may not be taken into account when Research Management make coverage decisions. The same applies in relation to the input of GM staff and Principal Trading in relation to credit coverage decisions.

Where an issuer is already listed Research Management will additionally take into account institutional demand/interest in a stock and consider whether such demand is sustained and not prompted by a special situation (e.g. announced M&A).

Research Analysts may not be contacted directly with regard to coverage requests and any such requests should be escalated to Research C&ORC. Outside of the US, requests for research coverage must be made via the relevant business area to Research Management only. Research Management may acknowledge receipt of the request but provide no specific feedback to the requestor regarding whether, when or if initiation of coverage may happen except where done in accordance with the Information Barriers Policy, as both the content and timing of Research is considered Protected Information.

1.2. Prohibition on Pressure and/or Retaliation against Research Analysts

UBS staff, including GB, GM, WMA & WM, may not, directly or indirectly, retaliate against or threaten to retaliate against a Research Analyst as a result of an adverse, negative or otherwise unfavorable Research report or public appearance made by the analyst that may adversely affect the Firm's present or prospective business interests with the subject company.

In addition, UBS staff, including GB, GM, WMA & WM, cannot influence or seek to influence the content or timing of a Research report, to change or take a specific view or opinion, or otherwise influence the activities of analysts for the purpose of obtaining or retaining investment banking or other client related business. Any such attempts to direct or pressure an analyst must be reported immediately to Research Management, GGC, or Research C&ORC. Further guidelines on Pressure are included in [Addendum 1](#) of this policy.

2. Management of Conflicts

2.1. Conflicts of Interest

Actual or potential conflicts of interest are inherent to integrated financial services groups such as UBS. A failure to identify and manage these conflicts of interest appropriately could harm our clients and undermine the integrity and efficiency of financial markets, as well as UBS's reputation and brand. It could also cause us to breach our legal and/or regulatory obligations. See the [Group Policy on Conflicts of Interest \(1-P-001296\)](#) which sets out the measures for managing and recording conflicts of interest, the requirements on the business, and the processes of escalation.

This section and below describe the potential Conflicts of Interest that can arise in relation to Global Research and potentially impair the objectivity and/or the independence of a Research Analyst. Research staff must escalate any potential or actual conflict of interest to Research Management and/or Research C&ORC for guidance.

2.2. Review and approval of Pending Research

Global Research staff may not share any information regarding the content or timing of pending research reports with anyone outside of the Global Research barrier. This includes the review of unpublished research reports except in limited circumstances, and then with approval from Research Management and in accordance with [Information Barriers](#) policy e.g. for the purpose of factual accuracy in relation to Investor Education outside the U.S.

If permitted by Research Management and local regulations, an Analyst may provide a draft research report to the company for the purpose of Factual Accuracy review. See [Guidelines for Global Research Interaction with Global Banking and Corporates \(including US\) \(5-G-002169\)](#) for further details.

2.3. Means and Timing of Distribution of Research

Research is deemed widely distributed once published, e.g. on Neo for IB clients. Potentially market moving information such as new or changed investment opinions, price targets, earnings estimates or ratings produced by Global Research or the timing of such changes, are confidential, and will remain confidential to that department until published. Initiations, terminations and any proposed changes to already published research views and opinions must not be discussed outside of Global Research before publication except where in accordance with the Information Barriers Procedures policy and with the approval of Research Management (See Sections 2.2 & 5).

In certain circumstances regulatory requirements, market practice and/or the involvement of another part of UBS IB in a corporate transaction may mean that publication of research on a certain security may be restricted or limited, for example by the use of blackout periods. Further detail can be found in the Global Grey & Restricted List Policy, and also the Restricted List ([goto/rlist](#)). For further details, speak to the C&ORC Control Room

2.4. Disclosures

Global Research content contains certain disclosures as required by various global regulatory requirements. These disclosures include, but are not limited to, a definition of the Global Research rating system, significant holdings (if any) of UBS, holdings of the analyst or connected persons (e.g. household member) in the securities, commodities or other financial instruments which are the subject of the research, whether UBS IB is acting or has acted in investment banking and capital markets activities for the issuer of the securities which are the subject of the research and any other material conflicts.

Global Research disclosures also include, where applicable, any other material conflict of interest known to the analyst or other UBS staff, including the analyst's team members, supervisory analysts, Research Management or other individuals with the ability to influence the content of a research report, where known at the time of publication or distribution of a research report.

Additionally, UBS has record retention procedures designed to meet global regulatory requirements as well as procedures for submission of copies of research reports to various regulatory entities as required.

2.5. Research Involvement in IB Global Banking Transactions

The [Guidelines for Global Research Interaction with Global Banking and Corporates \(including US\)](#) set out the basis on which Global Research can interact with Companies and GB. Provided always that such communications are consistent with conversations Analysts might have with an investor client, and subject to the policies and procedures listed in the Standard Information section, Analysts may (i) communicate to GB their views regarding market/industry trends, conditions or developments and (ii) discuss with GB their current published views across their coverage, noting that such communications require a Control Room C&ORC Chaperone.

Analysts must not participate in GB pitches, solicit banking business, or be used to solicit banking business. This includes preparing or commenting on pitch materials or deal-related roadshows for which UBS is involved. The [Global C&ORC Guidance for GB Pitch Books and Other Related Marketing Materials](#) sets out what research references are permitted in pitch books and RFPs.

The [Guidelines for Global Research Interaction with Global Banking and Corporates \(including US\)](#) and the [Global Procedures for Investor Education Research outside of the US](#) set out the requirements an Analyst's engagement in conducting vetting and diligence on a company, and in the preparation of Investor Education outside of the US.

2.6. Corporate Access & Expert Events

Corporate Access is the term used to describe events arranged by individuals within UBS IB which brings together investors and corporates. These will typically be hosted/chaired by a Global Research Analyst with Corporate Access team managing the logistics of the event and investors being invited by GM and Research. Such events include, but are not limited to Conferences, Non-Deal Roadshows, Reverse Roadshows, Field / Sector Trips and Expert Events.

The Corporate Access procedures and the [Global Research Handbook \(5-G-007022\)](#) set out the review and approval requirements for Analysts wanting to organize such events, which can give rise to potential conflicts of interest, e.g. there is a potential risk that an Analyst is incentivized to provide favorable coverage, or to avoid downgrading a stock, for the purpose of maintaining their relationship with company management and to continue to secure Corporate Access for investor clients. Reg.AC requires an Analyst to certify the truthfulness of views expressed in research reports and public appearances such that they accurately reflect their personal views, in addition to disclosing whether or not they have received compensation in connection with the recommendation or view.

There is further risk that, in responding to a Corporate Access event, an analyst may be incentivized to provide colour regarding the impact of that event on his/her published view to those investors who participated in it, or otherwise to GM staff prior to having published research on those thoughts. An Analyst must always follow the **"Do I Need to Publish? guidance" before speaking to clients** which is available for all Research Analysts on the Global Research Risk SharePoint, whenever engaging in any Corporate Access or Expert Event, to avoid the potential risk of selectively sharing the impact of the event on their published views.

Finally, the provision of any gifts, entertainment, travel, or other expenses in relation to a Corporate Access or Expert Event, will be subject to the applicable UBS policy on gifts and entertainment, the purpose of which is to ensure that neither the giving or receiving of gifts, or providing or accepting of business entertainment compromises the Research Analyst, or the recipient's independence or create a conflict of interest. More details can be found in the [Gifts and Business Entertainment](#) policy.

3. Objectivity

Research must have a reasonable basis for investment opinions and recommendations, be balanced, and objective. Analysts must not engage in activities which may compromise their objectivity or improperly interfere with the interests of the firm. Where such conflicts potentially exist (e.g. instances per below), appropriate disclosures and pre-approval from Research C&ORC must be in place. Examples of potential conflicts include:

- Owning or trading in securities or related financial instruments by covered companies [or companies in his/her industry area of coverage], including, for Derivatives Research Analysts, any derivatives of a type, class or category that the analyst follows.
- Participating in an outside business activity, or receipt of payment, which could impact the analysts ability to produce independent research
- Publishing research in which the content or timing of the report was influenced by a firm or client trading position
- A personal relationship with a senior executive of a covered company or company with read-across to a covered company.

In addition, analysts may never use their role at the firm to obtain any personal benefit, notwithstanding any gifts and entertainment received consistent with the policy on [Gifts and Business Entertainment \(1-P-001056\)](#)

The [Global Policy on Personal Investment](#) and the policy on [External Directorships, Positions and Activities](#) help identify, manage and mitigate employee-related conflicts of interest, and enable UBS and its employees to avoid the appearance of impropriety; thereby protecting UBS's reputation.

3.1. Prohibition on Promising of Favorable Research

No UBS staff member may, directly or indirectly, promise or otherwise offer, favorable research by Global Research, nor may they indicate who a coverage Analyst will be without having Research Managements prior approval, nor promise a specific rating or price target or specific research or coverage as a means of obtaining business or compensation from an issuer or a client. Please escalate to Research Management and Research C&ORC where an issuer has made it known that its selection of an underwriter will be based on their expectation of a favorable research view. Analysts and other staff involved in the production of research must not accept any inducement offered to them to provide biased research coverage or to offer a specific rating or price target on any security. If any such inducement is offered, Research Management and Research C&ORC must be informed immediately. Further, questionable or problematic contact from issuers and/or sponsors, including threats to reduce business, access to corporates, or communications that convey an expectation of favorable research in return for banking business, particularly around the selection of underwriters for an offering, or any attempt by an issuer to extract a promise of favorable research by explicitly stating or suggesting that positive research coverage will be a condition to the selection of underwriters must be escalated to Research C&ORC who will advise whether additional action is needed (e.g. heightened supervision of the rating changes, documented express repudiation, etc.)

4. Governance, Reporting Lines and Hiring

Global Research, part of UBS Investment Bank, has a reporting line entirely separate from GM and GB, under the leadership of the Global Head of Research and Evidence Lab who reports to the IB President.

Individuals in Global Research must not be subject to the supervision or control of GB or any other function, such as Global Markets. Further, Derivatives Research Analysts cannot be subject to the supervision or control of any employee of the Derivatives Sales and Trading unit or Derivatives Clearing unit. Further, no employee of the Derivatives Sales and Trading unit or Derivatives Clearing unit may have any influence or control over the evaluation or compensation of a Derivatives Research Analyst.

UBS uses Enhanced Information Barriers to physically and systematically segregate Research from other areas of the UBS group who might be biased in their judgment or supervision, but also to safeguard the Protected Information that is generated within Global Research. See Section 4.2 below for further details.

Under no circumstances may GB recommend a specific candidate for hire (or termination) by Global Research, including where made via a referral through HR. Additionally, GB may not conduct interviews of prospective analysts. Similarly, Research may not recommend or interview prospective bankers.

Where requested by Research Management, GM and/or WM staff may have input to Global Research hiring decisions for Equity Analysts. No input from GM and/or WM is permitted in relation to Derivatives Research Analysts.

4.1. Budget Determination

Determination of the Global Research budget and allocation of the expenses attributed to Global Research can only be limited to senior management of the Investment Bank. It has to exclude those engaged in investment banking services or in principal trading activities¹. The determination must not take into account specific revenues from GB. Group-wide revenues and results, as well as the demand for and quality of the Global Research product, trends and customer interests, and overall strategic priorities of the IB and its business divisions, may be taken into consideration.

4.2. Performance and Compensation

Global Research must not be incentivized in such a way that gives rise to conflicts of interest. Analysts must not have any specific objectives (e.g. related to investment banking activities) which would encourage behavior related to prohibited activities under this policy. Final compensation decisions for any Global Research staff member must be at the sole discretion of Research Management, in consideration of the individual's overall institutional contributions, including:

- The Analyst's individual performance, including productivity and the quality of research,
- The correlation between an Analyst's recommendations and actual performance,
- Overall ratings received from clients, peers, and from independent rating services,

¹ Such persons may include the IB President, IB Chief of Staff, IB CFO and such other senior management personnel who are not directly engaged in such activities, as determined from time to time in consultation with IB GGC and Compliance.

- Overall ratings received from internal clients. (NB, see below for further guidance)
- The market for hiring and retention of Analysts.

In relation to performance rating or review: no member of GB may participate in any evaluations relating to Global Research staff, including but not limited to MyImpact, objective setting, promotion decisions, and the annual global ranking surveys. In addition, persons engaged in principal trading activities are prohibited from evaluating Derivatives Research Analysts², while employees of a Derivatives Sales and Trading unit or Derivatives Clearing unit are prohibited from evaluating Derivatives Research Analysts. Similarly, Global Research staff may not participate in any reciprocal evaluation for these respective groups.

GB, GM or WM staff may not supervise or influence the compensation of Global Research staff and an Analyst's remuneration must not be based on specific investment banking services transactions or contributions to UBS's Investment Banking services activities. For Derivatives Research Analysts, compensation cannot be based on specific trading transactions or contributions to principal trading activity; and contribution to trading and clearing business cannot be taken into account when determining the compensation of Derivatives Research Analysts.

In relation to Research staff employed by the US Broker Dealer, the compensation of a Research Analyst who is primarily responsible for the preparation of the substance of a research report must be reviewed and approved at least annually by a committee that reports to a members board of directors, or a senior executive officer of the member, where no such board exists. The committee may not include representatives of GB or persons engaged in principal trading activities.

UBS Securities LLC as the US Broker Dealer does not have a Board of directors. It has a board of managers made up of senior individuals including the US Director of Research (US DR), who is also engaged in the departmental employee level review of staff compensation as required under the UBS Rewards framework. That review includes all IB Research Analysts employed by the US Broker Dealer who are primarily responsible for the preparation of the substance of research reports in the US in compliance with FINRA Rule 2241 (F). As outlined above the group considers, among others, all factors required by FINRA Rule.

5. Information Barriers

UBS makes use of Enhanced Information Barriers to protect the independence of its Research function, as required under the [Information Barriers policy \(1-P-004686\)](#). Global Research Analysts are public side Research Analysts who sit behind the Global Research Enhanced Information Barrier. While analysts use information which is generally available or considered public, the content they create can be potentially market-moving information. Such information is therefore considered Protected Information (Unpublished Price Sensitive Information (UPS) or Material Non Public Information (MNPI)) which is safeguarded by the Global Research Enhanced Information Barrier until such time as it is broadly disseminated by publication of a research report, e.g. on Neo for IB clients.

Section 2.2 (Review and approval of Pending Research) sets out the Enhanced Information Barrier requirements should it be necessary to exceptionally share details of unpublished research outside of the Global Research barrier.

The Enhanced Information Barriers around GB and other private side areas of the firm also serve the purpose of allowing public side areas of the firm (e.g. Research, GM) to continue their normal course activities while other parts of the group are in possession of potential UPS.

Occasionally, a Research Analyst may be crossed over another Enhanced Information Barrier e.g. with Research Managements prior approval for the purpose conducting vetting & due diligence in relation to a capital markets transaction, or if the individual is inadvertently exposed to third party information which is UPS. Once crossed over the Enhanced Information Barrier, the individual must comply with the obligations and restrictions as specified in the crossing notification sent by the Global C&ORC Control Room, until advised otherwise.

² GM personnel, who are not engaged in principal trading activities, may contribute to the evaluation of derivatives Research Analysts to convey customer feedback, though final determinations must be made by Research Management.

Addendum 1 – Global Research Guidelines on Pressure

The Global Policy on Research Independence ('the Policy') states that Research must produce investment research in an independent and objective manner. Research Analysts ("Analysts") must not be biased or inappropriately influenced by the interests of any issuer, by other business areas or business divisions, by any client, or by the personal interests of the Analyst

The purpose of these guidelines is to further define pressure and to identify potential sources of pressure that an Analyst may face, and how it might crystallize in terms of behaviors. The guidelines also set out what an Analyst should do if feeling subject to any such potential pressure, including relevant escalation channels, and set out first and second Line of Defense responsibilities in managing any such reports or escalations. Any such attempts to direct or pressure an Analyst must be reported immediately to Supervisor, Research Management, GGC, or Research Compliance and Operational Risk Control ('C&ORC')

1. What is pressure and what might it look like?

Pressure is defined as attempts to inappropriately influence an Analyst's view and it can come from multiple sources (e.g. corporates, investor clients, sovereigns). It might include explicit or implicit threats to stop or reduce business or corporate access; an expectation of favorable research as a condition to being awarded an investment banking mandate; or threats of litigation, regulatory or adverse media notification or hostile communications. For example:

- An Analyst wishes to update his/her published view on a stock but feels unable to because the company has a history of reacting negatively to downgrades and limiting an Analyst's access to management/corporate access where Analysts have downgraded in the past. This could result in an Analyst having a published view which differs from his/her personally held view.
- An Analyst has published an updated view which the company disagrees with and files a complaint.
- An Analyst has published an updated view which the company disagrees with and writes to the UBS CEO threatening to sue.
- The Analyst knows the CEO of a covered company is an important client of UBS Wealth Management who has threatened to move his/her business elsewhere if the Analyst continues to publish 'un-favorable' research on the stock.
- During a permitted Investor Education factual accuracy call, Global Banking could pressure an Analyst to update his/her Investor Education report to read more favorably, driven by the concern that UBS's role on the transaction will be at risk.
- During an Analyst Presentation meeting with a Global Banking client, as part of the investor education process, a company representative behaves negatively or in a threatening way towards an Analyst
- When receiving legitimate feedback on IPO Investor Education documents written by the Analyst some additional non-factual comments are included
- A significant Global Markets client seeks to gain advantage by pressuring the Analyst for incremental information/colour over and above the Analyst's published view, or in anticipation of the Analyst updating their published view in response to relevant news flow.
- A hedge fund client, who the Analyst believes is short the stock, is relentlessly challenging the basis of the Analyst's buy rating, with the aim of influencing the Analyst's published view.
- The equity trading desk in Global Markets tries to influence an Analyst's view in order to move positions on the trading books.
- A Global Banking corporate client that provides software to Global Research tries to leverage its Global Banking relation to get better renegotiated contract terms to the detriment of Global Research.

2. If an Analyst feels pressured, what should they do?

An Analyst must act promptly if they feel potential pressure, and certainly before responding to it, as there are a number of potential regulatory risks that can crystalize. For example:

- Regulatory breach for failing to comply with Reg-AC;
- Regulatory criticism for failing to correctly identify, manage and mitigate potential Conflicts of Interest;

It is imperative that any Analyst who feels subject to any form of pressure that impacts his/her ability to produce impartial, objective and independent research raises his/her concerns with a Supervisor, with Research Management or with GGC or Research C&ORC who will advise on next steps taking into account the roles and responsibilities described below.

3. 1st & 2nd Line of Defense roles & responsibilities in relation to Pressure

Who	Role
Analyst	<ul style="list-style-type: none"> • Escalate: Must notify Supervisor, Research Management, GGC or Research C&ORC immediately if they feel subject to any pressure.
Supervisor	<ul style="list-style-type: none"> • Escalate: If the supervisor is made aware by an Analyst that he/she is subject to any potential sources of pressure, or if the Supervisor has reason to believe such as a result of their supervision of an individual, they must raise that with Research Management and Research C&ORC immediately.
Product Management	<ul style="list-style-type: none"> • Escalate: If, in reviewing key Product Management metrics or interacting with an Analyst in the context of an IRC, Product Management has reason to suspect an Analyst might be subject to pressure, they must raise that with Research Management and Research C&ORC immediately.
Research Management	<ul style="list-style-type: none"> • Escalate: If, in reviewing key controls and/or metrics, Research Management identifies potential sources or pressure, or if an Analyst raises a concern with Research Management directly, it must be raised with Research C&ORC immediately. • Remediate: Work with the Analyst and C&ORC to identify ways to mitigate the potential risk and implement necessary strategy either directly or by working with the Analyst. This may include establishing an enhanced supervision framework (e.g. the US Protocol for Heightened Supervision of Research Following Corporate Pressure below) or similar, which will be reviewed and challenged by C&ORC.
Research C&ORC	<ul style="list-style-type: none"> • Escalate: Will escalate to Research Management any instances of potential pressure that have been raised directly with C&ORC if appropriate. • Investigate: Research C&ORC will investigate the escalation using tools available e.g. ad-hoc e-comms review, interview-based assessment etc., as deemed appropriate. • Remediate: Discuss conclusions of assessment with Research Management if appropriate and agree next steps, including what additional controls might be required e.g. establishment of enhanced supervision framework (e.g. the US Protocol for Heightened Supervision of Research Following Corporate Pressure in Annex 1) or similar. This will also include notifying the global chaperones when the pressure situation relates to banking business.
MS&C C&ORC	<ul style="list-style-type: none"> • Escalate: Undertake independent e-comms testing focused on identifying sources of potential pressure and escalate any problematic communications identified to Research C&ORC.

The US Protocol for Heightened Supervision of Research Following Corporate Pressure

U.S. Protocol for Heightened Supervision of Research Following Corporate Pressure

The email template below outlines the components of the typical heightened supervision plan that would be implemented following pressure from a corporate client on a Research Analyst. Increased surveillance and affirmations are required from both the relevant coverage banker and Research Analyst to ensure that no further pressure is exerted on UBS Research by the client in question. This email should be distributed to the [Global Control Room DL](#), Research Management, Research C&ORC, and any other individuals mentioned in the plan.

[Please do not forward]

As a result of a recent communication from [\[insert client\]](#) and the requirements of FINRA's guidance on the prohibition against offering favorable research to induce investment banking business ([Regulatory Notice 11-41](#)), UBS Securities LLC is required to increase oversight of the preparation and content of research on the subject company, both before and after any deal participants are chosen, including any communications between research and banking personnel. Therefore, C&ORC, Research, and GB Management have agreed upon the following:

This plan will take effect on [\[insert date\]](#), and will last for [\[insert time period\]](#), ending on [\[insert date\]](#).

All communications between Research and GB, regardless of whether those communications are permissible under the U.S. Research Settlement, are to be chaperoned by C&ORC and any additional concerns are to be raised to Research C&ORC.

With regards to heightened supervision of GB:

- On a quarterly basis, GB Management will:
 - ask [\[insert coverage banker\]](#) to confirm in writing that communications with the company have not raised any additional concerns for consideration;

- conduct an email review of communications between [insert coverage banker] and [insert client]; and
- document [insert coverage banker]'s confirmation and the results of her review in an email to Research C&ORC.

With regards to increased oversight of the preparation and content of research on *[insert client]*

- On a quarterly basis, Research Management will:
 - ask *[insert Research Analyst]* to confirm in writing that communications with the company have not raised any additional concerns for consideration;
 - conduct an email review of communications between *[insert Research Analyst name]* and *[insert client]*; and
 - document *[insert Research Analyst]*'s confirmation and the results of his review in an email to Research C&ORC

In addition to all existing procedures for the review and approval of research, the Control Room has applied a restriction so that any research cleared in this name will be sent to Research Management for review prior to SA approval for publication.

Please let me know if you have any questions.



Glossary

Derivative means any commodity or securities future, any swap or security based swap, and any retail commodity or FX agreement. It does not include options on a security or security index subject to U.S. securities regulation.

Derivatives Clearing Unit means any department, division, group or personnel that perform, or personnel exercising direct supervisory authority over the performance of, any clearing activities in respect of a future or OTC derivative, whether or not exchange-traded or centrally cleared as well as retail cash-settled transactions in FX and commodities. This includes both swap and security-based swap clearing activity.

Derivatives Research Analyst means any Global Research employee who is primarily responsible for, and any employee who reports directly or indirectly to such a person in connection with, the preparation of the substance of a research report relating to any Derivative, whether or not any such person has the job title of "Research Analyst". Analysts who publish research on Derivatives on behalf of UBS entities that are registered with the Commodity Futures Trading Commission as futures commission merchants, introducing Brokers, Swap dealers or major swap participants ("UBS IB Registered Entities")⁴ or their affiliates or (2) the Securities

subject to requirements defined in this policy. These include, but are not limited to, Analysts in the following Research areas:

- Credit Strategy
- Rates Strategy
- FX Strategy
- Emerging Markets Strategy
- Equity Strategy
- Commodities Research

A Derivatives Research Analyst is not intended to capture employees who produce commodity or currency exchange rate forecasts to facilitate their coverage of a sector or market, where such forecasts are ancillary to their primary coverage, and where that content does not include specific mentions and/or recommendations of derivative transactions.

For example:

- An Equity Analyst that covers the Oil & Gas sector may also be responsible for the UBS Global Research Oil and/or Natural Gas forecast, but the commodities forecasts are ancillary to his/her coverage of the sector, and no commodities trade ideas or recommendations are produced.
- An economist who forecasts currency exchange rates in the overall context of his/her coverage of an economy, and who does so without discussing derivatives or producing any currency related trade ideas or recommendations.

Derivatives Research Report means any written or electronic communication that (i) includes an analysis of the price or market for any Derivative; and (ii) provides information reasonably sufficient upon which to base a decision to enter into a Derivatives transaction; and (iii) is distributed to 15 or more persons. This term does not include: (i) commentaries on economic, political or market conditions; (ii) statistical summaries of multiple companies' financial data, including listings of current ratings; (iii) periodic reports or other communications prepared for investment company shareholders or commodity pool participants that discuss individual derivatives positions in the context of a fund's past performance or the basis for previously-made discretionary decisions; (iv) any communications generated by an employee of the Derivatives Sales and Trading Unit that is conveyed as a solicitation for entering into a derivatives transaction, and is conspicuously identified as such; and (v) internal communications that are not given to current or prospective customers.

Derivatives Sales and Trading Unit This term has the meaning set out in the Global Policy on Derivatives Clearing Unit Independence 5-P-004426.

Global Banking (“GB”). For the purposes of this Policy GB includes Public Capital Markets, Private Financing Markets, M&A and any other private-side GB business that primarily engages in investment banking activities including WM staff that sit behind the Enhanced Global Banking Information Barrier.

Global Research means (1) Research Analysts preparing company-specific and/or sector research, (2) Global Strategists including Derivatives Research Analysts, (3) Quantitative analysts, (4) Economists (5) Global Research Platform (including Supervisory Analysts and Editorial Staff), (6) Global Research Management and (7) Employees reporting to any persons identified under 1-6 above and support staff.

Global Markets (“GM”). For purposes of this Policy “GM” includes Risk / Trading, Distribution and Digital Transformation functions. , excluding Global Research.

Public Appearance by a Derivatives Research Analyst. This term means any participation in a conference call, seminar, forum (including an interactive electronic forum) or other public speaking activity before 15 or more persons (individuals or entities), or interview or appearance before one or more representatives of the media, radio, television or print media, or the writing of a print media article, in which a Derivatives Research Analyst makes a recommendation or offers an opinion concerning a derivatives transaction. This term does not

include a password-protected Webcast, conference call or similar event with 15 or more existing customers, provided (1) all of the event participants previously received the most current derivatives-related research report or other documentation that contains the required applicable disclosures and (2) the Derivatives Research Analyst appearing at such an event corrects and updates any disclosures in the derivatives-related research report that are inaccurate, misleading or no longer applicable.

UBS IB refers to UBS Investment Bank.

UBS IB Registered Entities has the meaning given to it in footnote 4 of this Policy

Abbreviations

Analysts	Research Analysts
CFTC	Commodities Futures Trading Commission
C&ORC	Compliance & Operational Risk Control
GB	Global Banking
GM	Global Markets
GRA	Global Research and analytics
IB	Investment Banking
IRC	Investment Review Committee
MMA	Mid Market Advisory
MNPI	Material Non Public Information
Research	Investment Research
UPSI	Unpublished Price Sensitive Information
US DR	US Director of Research
WM	Wealth Management



Key procedural controls

KPC ID	KPC title
148665	Email Reviews (US only) (GB)
B-105925	Monitoring of Permanent Barrier Status
B-103992	Chat Channel Review (GB)
B-110699	Global Banking Barrier Crossing Approvals
B-110707	Investor Education Research
B-110712	Supervisory Analyst Review
B-111132	Supervisor Review and Sign Off Personal Account Dealing (PAD) alerts in SCP

B-111310	Conflicts of Interest Register Review by C&ORC
B-112140	Internal Research - N-KPC_03.01.01
B-112674	Quarterly Review of Corporate Initiated Interactions
B-112675	Quarterly Review of Investment Review Committee (IRC) Process
B-112685	Regulation AC (Analyst Certification)
B-112689	DMART data accuracy and completeness check for research disclosure purposes
B-113170	Electronic Communications - Annual Review of Routine Maintenance of Research Independence Controls
B-114625	MS&C Quarterly Monitoring of Research Analyst e-Communications
B-116511	Global Banking/Research Personal Account Dealing
B-110705	Conflict of Interest - Compensation
B-116179	Research Interaction with GB Transactions related to US Settlement Companies
B-115626	Chaperone Communication Lexicon Check
B-115736	Reg AC Public Appearance Process for IB Research
B-116875	Annual Director of Research Quality/Reg AC PMM (Performance Management Metrics) Review
B-110457	Global Banking and Equity Research Performance Evaluation Review (GB)
B-115627	Chaperoning - review of agreed exceptions to Communication Blocks
B-116879	Core Band Exception disclosures review
B-116477	Research Models Due-Diligence Review
B-113355	Adherence to KAMP Framework
B-110720	Disclosure



Further references and links

References to other policies, guidelines and procedures

ID on POLO	Type	Title
5-G-002169	Research	Guidelines for Global Research Interaction with GB and Corporates (including US)
5-G-002923	Research	Global Procedures for Investor Education Research outside of the US
1-P-005763	Communications	Employee Conduct Related to Electronic Communications
1-P-001296	Management of Conflicts of Interest	Group Policy on Conflicts of Interest
1-P-001056	Management of Conflicts of Interest	Gifts and Business Entertainment Policy
1-P-000359	Management of Conflicts of Interest	Global Policy on Personal Investment
5-P-004426	Management of Conflicts of Interest	Global Policy on Derivatives Clearing Unit Independence
1-P-004686	Management of Conflicts of Interest	Information Barriers
5-G-002184	Management of Conflicts of Interest	Global Grey and Restricted List Procedures
5-G-007022	Management of Conflicts of Interest	Global Research Handbook



Policy ownership and review

Policy owner: Head of C&ORC IB
NFR Taxonomy: 2. Market Conduct
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