

# Account protection you can count on

UBS deeply values the trust you place in us and our ability to help you grow and protect your assets. You can feel confident that your UBS Financial Services Inc. account is one of the safest places to hold your assets. Your account is protected in a variety of ways that all work together to give you greater peace of mind, including the:

- Financial strength of the parent company, UBS Group AG.
- Security and stability of UBS Financial Services Inc.<sup>1</sup>
- Control policies and procedures employed across all our organizations to segregate customer assets.
- Protection provided by the Securities Investor Protection Corporation (SIPC®) and our supplemental insurance policy.
- Eligibility of Federal Deposit Insurance Corporation (FDIC) insurance for UBS Bank USA deposit accounts.
- Capital strength of UBS Bank USA, where most UBS Financial Services Inc. clients' bank deposits are held.

## **We're strong and secure.**

### **So you can feel the same way.**

For 160 years, UBS clients have benefited from the firm's ability to demonstrate financial strength through ever-changing economic climates. UBS AG remains one of the world's best-capitalized banks in its peer group as witnessed by BIS Basel III Common Equity Tier 1 (CET1) capital ratio of 14.2% as of December 31, 2022.

UBS Group AG, our parent company, owns UBS Financial Services Inc. and UBS Bank USA as well as a number of businesses that offer specialized services for the needs of its clients, while also contributing to the consolidated firm's diversification and growth globally. In the US, wealth management services are provided primarily through UBS Financial Services Inc., a registered broker-dealer and an indirect wholly owned subsidiary of UBS Group AG. This means that the parent company, UBS Group AG, and its subsidiaries are separate corporate entities. The separation helps to ensure that assets held at one entity will not be at risk due to the failure of or lack of capital at a related entity.

### **Exceeding net capital requirements set by the SEC**

As a registered broker-dealer, UBS Financial Services Inc. is subject to oversight by the US Securities and Exchange

Commission (SEC), whose "Net Capital" rule is designed to protect you against the risk of a broker-dealer's failure. The Net Capital rule specifies levels of positive net worth the firm must maintain. UBS Financial Services Inc. must meet capital requirements at all times, and regulators carefully monitor these levels. If a firm's net capital were to fall below the required minimum level, that firm would be immediately forced to obtain additional capital, merge with a financially stronger firm or cease all operations as a broker-dealer and return all client property.

UBS Financial Services Inc. has an established history of operating in compliance with the SEC's net capital requirements and maintaining net capital at levels substantially exceeding those required under the Net Capital rule.

As of December 31, 2022, UBS Financial Services Inc.'s net capital was \$1.182 billion, which exceeds the minimum net capital requirement by \$1.040 billion.

### **Rigorous controls that keep your securities safe**

A number of rigorous control and segregation requirements help ensure that the securities you hold with us are as safe as those held at other regulated financial institutions.

- **Your securities are legally your property, not part of a broker-dealer's assets or capital.** The SEC imposes a stringent "Customer Protection" rule that governs the custody and use of clients' securities and cash. As a UBS Financial Services Inc. client, your securities are not exposed to the claims of its general creditors because, similar to custody accounts with banks and trust companies, client securities are not assets of the financial institution.
- **UBS Financial Services Inc. may not use your securities without your written consent.** A broker-dealer may not lend (rehypothecate) client securities unless they are held in a margin account, and a margin debit balance exists in that account. Strict regulatory limits and protections govern the use of client securities.
- **You benefit from the safety of rigorous security holding practices.** Under the "Customer Protection" rule, clients' fully paid and excess margin securities

must be in the broker-dealer's possession or control and must be segregated for the exclusive benefit of the clients. Broker-dealers are also obligated to establish a "Special Reserve Bank Account" for the exclusive benefit of their clients. They must account for and physically inspect or otherwise verify every security owned by them or by clients or due from broker-dealers, at least once every calendar quarter. The firm regularly balances and reconciles the records of its securities holdings at its depositories.

### **Your accounts are protected by SIPC<sup>2</sup>**

UBS Financial Services Inc. is a broker-dealer, so your securities, including money market mutual funds and cash held in your securities accounts with us, are further protected by the Securities Investor Protection Corporation (SIPC) and by supplemental insurance we maintain with London Insurers.

SIPC provides customer protection in the event that one of its member firms fails. SIPC insurance does not come into play unless two conditions are met:

1. A broker-dealer fails; and
2. At the time of the failure, client securities held in custody cannot be accounted for. In these unlikely events, SIPC would step in as quickly as possible and work to return clients' cash, stock and other securities.

If no client securities are missing, clients will receive all their securities back. If sufficient assets are not available in the broker-dealer's client accounts (including the Special Reserve Bank Account) to satisfy claims for the net equity value of client accounts, SIPC's reserve funds are used to supplement the distribution, up to a ceiling of \$500,000 per client, including a maximum of \$250,000 for cash claims. These limits apply to each "separate" client. A client who holds accounts in separate capacities (single name, joint tenant, trust accounts) may be entitled to separate protection for those accounts if SIPC requirements are met. Additional funds may be available to satisfy the remainder of client claims after the cost of liquidating the brokerage firm is taken into account. For more information, you may visit [sipc.org](http://sipc.org).

### **Supplemental protection for greater peace of mind**

UBS Financial Services Inc. and certain affiliates have purchased supplemental insurance from London Insurers to augment the SIPC protection. The supplemental policy is subject to policy conditions and limitations and has an aggregate policy limit of \$500 million. Within this

aggregate policy limit, each separate client has up to \$1.9 million in protection for cash held in all of the client's accounts. The aggregate policy limit applies to all of the UBS broker-dealers covered by this policy (primary broker-dealers: UBS Financial Services Inc. and UBS Securities LLC) as a group, not to each individually. A full copy of the policy wording is available upon request. UBS Financial Services Inc. also carries a Stockbrokers Blanket Bond covering customers' securities in our possession (which covers losses due to employee dishonesty, theft, destruction, or other perils) and Excess Vault Insurance (which provides all-risk coverage for the physical loss or damage to securities held by UBS Financial Services Inc.)

### **UBS Bank USA**

For many clients, available "cash" in their UBS Financial Services Inc. securities account(s) is "automatically swept" daily to bank deposit accounts held at UBS Bank USA (member FDIC), or depending on the sweep program, the FDIC-insured banks listed at [ubs.com/bankprioritylists](http://ubs.com/bankprioritylists). UBS Bank USA is an indirect wholly owned subsidiary of UBS Group AG. UBS Bank USA is capitalized separately from UBS Financial Services Inc. and is considered "well-capitalized."

### **FDIC insurance<sup>3</sup>**

Deposits at UBS Bank USA are not protected by SIPC but are instead eligible for insurance by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 (including principal and accrued interest ) for each insurable capacity (e.g., single, joint, corporate, etc.) in which you hold the deposits. Funds held under any form of joint ownership valid under applicable state law are eligible for deposit insurance up to \$250,000 per owner, in accordance with FDIC rules.

Your funds become eligible for deposit insurance immediately upon placement in your deposit accounts. Generally, any accounts or deposits (including certificates of deposit issued by UBS Bank USA, UBS Bank USA Core Savings deposits, and deposits held through the UBS Bank Sweep Programs and the UBS FDIC Insured Deposit Program) that you maintain directly with UBS Bank USA, or through an intermediary (such as UBS Financial Services Inc.) in the same insurable capacity in which the deposits in the deposit accounts are maintained, will be aggregated with the deposits in your deposit accounts for purposes of calculating the maximum insurance amount.

Note that if you hold multiple securities accounts with UBS Financial Services Inc. in the same insurable capacity that sweep available cash balances through the bank sweep programs, once cash in those securities accounts exceeds \$250,000 in the aggregate (per insurable capacity), then your funds on deposit with UBS Bank USA will exceed FDIC insurance coverage limits.

**You are responsible for monitoring the total amount of deposits that you have with UBS Bank USA in order to determine the extent of deposit insurance coverage available to you.**

The FDIC, in turn, is backed by the full faith and credit of the US government. UBS Bank USA's most recent regulatory call report may be found on the FDIC website at [fdic.gov](https://www.fdic.gov).

#### **FedFis<sup>4</sup>**

FedFis is a financial institutions data analytics and strategy system, which tracks financial data and Merger & Acquisition activity on every bank and credit union in the US. It uses a comprehensive proprietary rating system that considers factors such as liquidity, asset quality, capital adequacy and earnings to determine overall creditworthiness.

The FedFis rating system ranges from one to five, where one is the highest and five the lowest rating. Banks with a FedFis score above a 3.25 are considered riskier and may require approval before purchase.

As of December 31, 2022 UBS Bank USA had a FedFis rating of 1.54 with one being the best rating.

#### **UBS AG and the AG Stamford branch**

UBS Group AG is organized under Swiss law as an "Aktiengesellschaft," a corporation that has issued shares of common stock to investors. UBS Group AG is the parent company of the UBS Group. Its subsidiary, UBS AG, is authorized to engage in banking activity pursuant to the Federal Banking Law of Switzerland, and through its US branches as a foreign banking organization under federal US banking law.

The UBS AG Stamford branch (the "Stamford Branch") is not a separate legal or capitalized entity from UBS AG.

The Stamford Branch is supervised by the Board of Governors of the Federal Reserve System. The Stamford Branch is authorized to engage in a similarly broad range of banking activities as branches of US banks. Deposit accounts at the Stamford Branch are not eligible for SIPC protection or for insurance by the FDIC, or any governmental agency of the United States, Switzerland or any other jurisdiction.

You may obtain the current credit ratings of UBS AG, as assigned by Moody's and Standard & Poor's at [moodys.com](https://www.moodys.com) and [standardandpoors.com](https://www.standardandpoors.com). You will be asked to register before gaining access to the ratings information, but you will not be charged a fee.

#### **A series of safeguards that all work together**

Rest assured, you can count on UBS to protect your assets through an integrated series of safeguards. Your Financial Advisor is always there to answer your questions, or for more information, you can visit [ubs.com](https://www.ubs.com).

<sup>1</sup> UBS Financial Services Inc. refers to UBS Financial Services Inc. and its subsidiaries.

<sup>2</sup> SIPC and the supplemental insurance do not protect against losses in the market value of investments and do not apply to certain financial assets held away from the broker-dealer (such as insurance products and UBS Bank USA bank deposits) or assets that are not securities, such as precious metals and other commodities, futures, foreign exchange, fixed annuities and life insurance, and certain investments, such as interests in limited partnerships that are not registered with the SEC.

<sup>3</sup> UBS Bank USA is a member of the Federal Deposit Insurance Corporation (FDIC). Funds on deposits at UBS Bank USA are eligible for deposit insurance from the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 (including principal and accrued interest) for each insurable capacity (e.g., single, joint, corporate, etc.) in which you hold the deposits. For purposes of FDIC insurance, your deposits will be aggregated with your other deposit balances held in the same insurable ownership capacity at UBS Bank USA, including any certificates of deposit, UBS Bank USA Core Savings deposits and deposits held through the UBS Bank Sweep Programs and the UBS FDIC Insured Deposit Program. You are responsible for monitoring the total amount of deposits at UBS Bank USA. For more information about FDIC insurance, please visit the FDIC website at [fdic.gov/deposit/deposits](https://www.fdic.gov/deposit/deposits).

<sup>4</sup> As of December 31, 2022, [FedFis.com](https://www.fedfis.com).

**Important information about brokerage and advisory services.**

As a firm providing wealth management services to clients, UBS Financial Services Inc. offers investment advisory services in its capacity as an SEC-registered investment adviser and brokerage services in its capacity as an SEC-registered broker-dealer. Investment advisory services and brokerage services are separate and distinct, differ in material ways and are governed by different laws and separate arrangements. It is important that you understand the ways in which we conduct business, and that you carefully read the agreements and disclosures that we provide to you about the products or services we offer. For more information, please review the client relationship summary provided at [ubs.com/relationshipsummary](https://ubs.com/relationshipsummary), or ask your UBS Financial Advisor for a copy.

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