

# UBS Switzerland AG Cost Disclosure

## Article 38(6) Central Securities Depositories Regulation (CSDR)

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### 1. Introduction

In accordance with Article 38 of the Central Securities Depository Regulation ("CSDR"), UBS Switzerland AG ("UBS") offers its clients the choice between two levels of custody account segregation: Omnibus Client Segregated Account ("OSA") and Individual Client Segregated Account ("ISA") at each Central Securities Depository ("CSD") in the European Union (EU) at which UBS is a direct participant and holds client securities directly with an EU CSD (i.e. Clearstream Banking S.A. and Clearstream Banking AG). Further information on OSAs and ISAs including a description of the main legal implications of the respective levels of segregation are set out in UBS Risk Disclosure document ("Article 73 para. 4 FMIA and Article 38(6) CSDR Legally Required Participant Disclosure") which is a standard market document and is available at <https://www.ubs.com/global/en/legalinfo2/switzerland/legalnotices.html>

The regulation imposes obligation on UBS to disclose costs associated with each account type. The above mentioned Risk Disclosure document together with this Cost Disclosure document should provide the client with the specifics concerning the level of protection granted by these two types of accounts and the associated costs and assist the client in making an informed choice as to which account type best suits the client's circumstances and requirements.

This document is for information purposes only. It is not intended to constitute legal or other advice and should not be relied upon as such.

### 2. Background

In UBS own books and records, UBS records each client's individual entitlement to securities that it holds for that client in a separate client account.

UBS may hold (and in most cases this is inevitable) securities with a sub-custodian or directly with a CSD. To hold clients' securities with EU CSDs, UBS opens accounts in its own name, but designated as client accounts. As a general rule, UBS makes two types of accounts with EU CSDs available to clients: Individual Client Segregated Accounts (ISAs) and Omnibus Client Segregated Accounts (OSAs).

An ISA is used to hold the securities of a single client and therefore the client's securities are held separately

from the securities of other clients and UBS own proprietary securities.

An OSA is a shared account at CSD level used to hold the securities of a number of clients on a collective basis. However, UBS does not hold its own proprietary securities in OSAs. OSAs are the basis of the current account structure and generally used where local regulation or market practice do not require ISA.

### 3. General cost considerations

The set-up and maintenance costs of separate ISA are higher than the costs for OSA. This is mainly due to the additional operational complexity and cost involved in setting up and maintaining a separate ISA, as well as resources required in order for UBS to effectively operate such accounts. Such costs will be charged to the client.

Factors which are considered to be relevant include:

- On-boarding costs

Setting up a new ISA externally with CSD(s) and internally, as well as migrating clients' assets from an OSA to an ISA and position monitoring require additional time and operational efforts on UBS's side.

- Third Party Charges

CSDs may charge additional costs and fees for opening and maintaining additional accounts. Any such costs will be charged to the client. Third Party Charges are largely expected to consist of CSD account set-up, as well as transaction fees and corporate actions instruction handling.

The client's trading behavior, including trading volume and assets size, also impacts the Third Party Charges. Minimal safekeeping fee and minimal settlement fee may apply.

Certain Third Party Charges may apply periodically (e.g. if a CSD charges a monthly or annual facilitation fee per ISA). All Third Party Charges are subject to periodic and ongoing review and change by the relevant Third Parties from time to time.

#### **4. Charges for Individual Client Segregated Account**

This part provides information regarding the UBS charging structure for ISAs:

- CHF 7'200 per annum

UBS applies the CSDR Individual Client segregation charge to each client for segregating assets held directly at EU CSDs (i.e. Clearstream Banking S.A. and Clearstream Banking AG). For example, if a client settles securities at two CSDs and selects an ISA at each CSD, the Charge will apply once, covering both accounts.

This service is charged in addition to client's relevant custody account fee.

The prices do not include Swiss value-added tax. If applicable, this shall be charged on top.

Amendments which are in line with changing market conditions or costs may be made at any time via adjustments to the Cost Disclosure – in justified cases without prior notification. Such amendments are communicated in an appropriate manner.

#### **5. Further Information**

The Cost Disclosure information contained herein and the information contained within the Risk Disclosure document have been produced so as to provide prospective and existing clients with a high level overview of the available cost structures and our pricing and so as to assist clients in making their election as to their preferred account structure, but do not constitute legal or any other form of advice and should not be relied upon as such. The disclosures do not provide all of the information a client may need to make an election and it is the client's responsibility to review and conduct his or her own due diligence on the legal documentation and terms of the UBS offering and relevant rules and structures of the various CSDs. We encourage clients to contact the client advisor to discuss the UBS ISA offering in further detail.