

# Agreements and disclosures



This booklet contains disclosures required by federal law.

Please keep this information for future reference.

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## **For more information**

Call ResourceLine, our interactive voice response telephone unit, 24 hours a day, 7 days a week at 800-762-1000, Option 0, in the U.S. Outside the U.S., call ResourceLine collect at 201-352-5257.

Information about how we charge for our services and a detailed explanation of fees for selected investments and services are available at [ubs.com/accountdisclosures](https://ubs.com/accountdisclosures).

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# Conducting Business with UBS

## Investment Advisory and Broker-Dealer Services

As a wealth management firm providing services to clients in the United States, UBS Financial Services Inc. is registered with the U.S. Securities and Exchange Commission (SEC) as a broker-dealer and an investment adviser, offering both brokerage and investment advisory services.

Our clients work with their Financial Advisors to determine the services that are most appropriate given their goals and circumstances. Based on the services you request, we can fulfill your wealth management needs in our capacity as a broker-dealer, as an investment adviser, or as both. Most of our Financial Advisors are qualified and licensed to provide both brokerage and advisory services depending on the services their clients need.

In addition, some of our Financial Advisors hold educational or professional credentials, such as the CERTIFIED FINANCIAL PLANNER™ (CFP®) designation (Certified Financial Planner Board of Standards Inc. owns these certification marks in the U.S., which it awards to individuals who successfully complete CFP Board's initial and ongoing certification requirements). Holding a professional designation typically indicates that the Financial Advisor has completed certain courses or continuing education. However, a Financial Advisor's professional designation does not change UBS's or the Financial Advisor's obligation to you in either the advisory or brokerage services offered to you.

**It is important to understand that brokerage and investment advisory services are separate and distinct and each is governed by different laws and separate contracts with you. While there are similarities between the brokerage and advisory services we provide, depending on the capacity in which we act, our contractual relationship and legal duties to you are subject to a number of important differences.**

**This document is intended to inform you about the key distinctions between brokerage and investment advisory services and our respective duties and obligations. We encourage you to review it carefully and discuss it with your Financial Advisor.**

### Our Services as a Broker-Dealer and Relationship With You

As a full-service broker-dealer, our services are not limited to taking customer orders and executing securities transactions. In this capacity, we provide a variety of services relating to investments in securities, including providing investment research, executing trades and providing custody services. In a brokerage account, you pay us commissions and applicable fees each time we execute a transaction in your account. We also make recommendations to our brokerage clients about whether to buy, sell or hold securities. We consider this to be part of our brokerage services and do not charge a separate fee for this advice. Our recommendations must be suitable for you, in light of your particular financial circumstances, goals and tolerance for risk.

When we work with you in our capacity as broker-dealer, we do not make investment decisions for you or manage your accounts on a discretionary basis. We will only buy or sell securities for brokerage clients based on specific directions from you.

**Our Responsibilities to You as a Broker-Dealer** When we act as your broker, we are subject to the Securities Exchange Act of 1934, the Securities Act of 1933, the rules of self-regulatory organizations such as the Financial

Industry Regulatory Authority (FINRA), the rules of the New York Stock Exchange and applicable state laws.

The standards for broker-dealers include the following:

- As your broker-dealer, we have a duty to deal fairly with you. Consistent with our duty of fairness, we are obligated to make sure that the prices you receive when we execute transactions for you are reasonable and fair in light of prevailing market conditions and that the commissions and other fees we charge you are not excessive.
- We must have a reasonable basis for believing that any securities recommendations we make to you are suitable and appropriate for you, given your individual financial circumstances, needs and goals.
- We are permitted to trade with you for our own account ("principal trading") or for an affiliate or another client and may earn a profit on those trades. When we engage in these trades, we disclose the capacity in which we acted on your confirmation, though we are not required to communicate this or obtain your consent in advance or to inform you of the profit earned on the trades.
- **When we act as your broker-dealer, we do not enter into a fiduciary relationship with you. Absent special circumstances, we are not held to the same legal standards that apply when providing investment advisory services.** Our legal obligations to disclose detailed information to you about the nature and scope of our business, personnel, fees, conflicts between our interests and your interests and other matters are more limited than when we are providing investment advisory services to you.

### Our Services as an Investment Adviser and Relationship With You

In our capacity as an investment adviser, we offer client a number of investment advisory programs, including fee-based financial planning, discretionary account management, non-discretionary investment advisory programs, and advice on the selection of investment managers, mutual funds and exchange traded funds and other securities offered through our investment advisory programs. These services are offered in programs where fees are calculated as a percentage of assets in the account or a flat or annual fee.

When we act as your investment adviser, we generally will enter into a written agreement with you expressly acknowledging our investment advisory relationship with you and describing our obligations to you. At the beginning of our advisory relationship, we will give you our Form ADV brochure, which provides detailed information about, among other things, the program(s) you select; the advisory services we provide; our fees, personnel, other business activities and financial industry affiliations; and conflicts between our interests and your interests.

### Our Fiduciary Responsibilities as an Investment Adviser

When you participate in one of our investment advisory programs, we are considered to have a fiduciary relationship with you under the Investment Advisers Act of 1940 and applicable state laws. Our obligations include the obligation:

- To disclose to you all material conflicts between our interests and your interests.
- To inform you if we or our affiliates receive additional compensation from you or a third-party as a result of our relationship with you.
- To obtain your informed consent before engaging in transactions with you for our own account or that of an affiliate or another client when we act in an advisory capacity.

"You," "your" and "yours" refer to you as Client(s) of UBS.

"UBS," "we," "us," "our" and "ours" refer to UBS Financial Services Inc. and unless we indicate otherwise, its successor firms, subsidiaries, correspondents and Affiliates, including its parent company, UBS AG.

Examples of our advisory programs and services include our fee-based financial planning services and our ACCESS, Portfolio Management Program, Managed Accounts Consulting, UBS Institutional Consulting, UBS Strategic Advisor, UBS Strategic Wealth Portfolio, UBS Managed Portfolio Program, and PACE programs. Examples of our brokerage accounts include our Resource Management Account and the International Resource Management Account.

"Affiliates" refers to UBS Financial Services Incorporated of Puerto Rico (which clears through UBS Financial Services Inc.), UBS Bank USA, UBS Credit Corp., UBS Trust Company, N.A. and their insurance agency affiliates and subsidiaries and all other subsidiaries and affiliates.

- To treat you and our other advisory clients fairly and equitably, without unfairly favoring one client to the disadvantage of another.
- To act in what we reasonably believe to be your best interests, and in the event of a conflict of interest, place your interests before our own.
- That any investment decisions or recommendations that we make to you must:
  - be suitable and appropriate for you.
  - be consistent with your investment objectives and goals.
  - reflect any restrictions you have placed on us.

Fiduciary status under the Investment Advisers Act is different from fiduciary status under the Employee Retirement Security Act of 1974 (ERISA), or the Internal Revenue Code. While in our investment advisory programs we act as a fiduciary under the Investment Advisers Act, we do not act as a fiduciary under ERISA or the Internal Revenue code unless we expressly agree to do so in writing in our investment advisory contract with you.

# General Terms and Conditions

At UBS, we want all clients to be well-informed investors. During the account opening process and throughout your relationship with UBS, you will be presented with important disclosures and documents that govern your relationship with us. It is important that you take the time to read and thoroughly understand this information.

This section defines the "General Term and Conditions" that apply to you and your Accounts. Please contact your Financial Advisor if you have questions or require more information.

Approval of your application for an account at UBS Financial Services Inc. or UBS Financial Services Incorporated of Puerto Rico is subject to our receiving a signed Client Relationship Agreement from you. If any additional agreements are required for the additional services or features you request, we will provide the necessary forms and documents. After you sign and return the necessary forms, the signed agreements will supplement and become part of your overall agreement and apply to your Account(s).

## Client Representations

By signing this Agreement, you represent and warrant that you and any other individuals who sign on behalf of the named account holder have the authority to open the Account and effect all transactions and other investments for the Account. If you sign the Client Relationship Agreement on behalf of an entity or as a guardian, executor or trustee, you further represent that you have the authority to execute such an Agreement and that the entity is duly authorized to conduct business in the jurisdiction from which it transacts business.

## Joint Accounts

If you open an Account with more than one owner (a "Joint Account"), each Joint Account Holder agrees that any disputes that may arise between you and UBS Financial Services Inc. or UBS Financial Services Incorporated of Puerto Rico are subject to the arbitration and governing law clauses in the Client Relationship Agreement.

References to the particular form of joint ownership you selected for the Account are for your convenience and reflect the form in which deposits to the account are accepted and credited on our books.

Each Joint Account Holder has full power and authority to make purchases and sales, including short sales and the use of margin, to withdraw any Property individually or jointly, or to give any instructions for the Joint Account. We, the Card Issuer and the Check Provider are authorized and directed to act on instructions received from any Account Holder and to accept payment and securities from any Account Holder for credit to a Joint Account. When you carry a Joint Account, you each agree to be jointly and severally liable for all activity in the Joint Account and any debit balance or losses in the Joint Account.

For each Joint Account Holder who is also a Trustee, you confirm your authority, and the authority of your successor Trustees, consistent with the terms of the Trusts and applicable law, to commingle the assets of the Trusts, and to invest the Trusts' assets in common investments, and to hold such assets and investments in the Joint Account in the name of the Trusts as Tenants in Common. You authorize and instruct us to accept the instructions of any Trustee as a Joint Account Holder. You further agree that in no event shall UBS bear any responsibility to conduct, bear the costs of, or otherwise participate in any accounting

as may be necessary to determine the division of assets and liabilities among the Trusts.

Communications we send to any Account Holder by mail or other means of communication will be binding on all Joint Account Holders. We may (i) demand payment on any debit balance or loss at any time, (ii) suspend all activity in the Joint Account pending instructions from a court of competent jurisdiction, or (iii) require that instructions for the Joint Account or the Property in it be delivered in writing and signed by all Account Holders. The individual authority of each Account Holder to act in connection with the Joint Account shall continue until a reasonable time after we receive written notice from any Account Holder closing the Joint Account.

Each of the Account Holders of the Joint Account agrees to indemnify and hold us, the Card Issuer and Check Provider harmless from and against any losses, causes of action, damages and expenses arising from, or as a result of, our following the instructions of any one of the Account Holders.

## Rights of Survivorship

If you have a Joint Account with rights of survivorship and any of the Joint Account Holders dies, all assets in the Account pass to the survivor(s) on the same terms and conditions as previously held, without releasing the decedent's estate from the liabilities.

## Property Distribution from a Joint Account

Before we distribute any Property from a Joint Account, we, the Card Issuer and the Check Provider are entitled to recover any costs we may incur, including reasonable attorney's fees, as a result of a dispute among Account Holders relating to or arising from a Joint Account or the death of one or more Joint Account Holders.

The estate of a Joint Account Holder who has died will be liable and any survivors or heirs shall continue to be liable, jointly and severally, to us, the Card Issuer and/ or the Check Provider for any debit balance or loss in the Joint Account as a result of transactions initiated before we receive notification of a death. The estate and survivors will also be liable for any losses incurred during the liquidation of a Joint Account or the adjustment of the interests of the surviving parties.

The Joint Account Holders on behalf of themselves, their estates and heirs agree to indemnify and hold harmless UBS, the Card Issuer and the Check Provider from any liability for taxes owed or claims made by third parties in connection with a Joint Account.

## Power of Attorney

We have the right, in our discretion, to refuse to accept a Power of Attorney on your Account, and you agree that we may refuse to honor any instructions from your agent if we determine, in our discretion, that it is necessary for your protection or ours to do so.

## Custodian Accounts

If you open an Account as custodian for a minor under the Uniform Transfer to Minors Act (UTMA) or the Uniform Gifts to Minors Act (UGMA) (a "UTMA/UGMA Account"), you authorize UBS to facilitate the transfer of the UTMA/UGMA Account to the former minor at the termination of your custodianship under applicable state law, including accepting instructions from the former minor for the transfer of Property in the UTMA/UGMA Account. By signing this Agreement, you represent and agree that the

*"Accounts" refers to all securities accounts, brokerage accounts, margin accounts, deposit accounts or other accounts you open with UBS Financial Services Inc. or UBS Financial Services Incorporated of Puerto Rico now or in the future.*

*Throughout this Agreement, "you," "your" and "yours" refer to you as a Client(s) of UBS.*

*"UBS," "we," "us," "our" and "ours" refer to UBS Financial Services Inc. and, unless we indicate otherwise, its successor firms, subsidiaries, correspondents and affiliates, including without limitation, its parent company, UBS AG.*

*"Affiliates" refers to UBS Financial Services Incorporated of Puerto Rico (which clears through UBS Financial Services Inc.), UBS Bank USA, UBS Credit Corp., UBS Trust Company, N.A. and their insurance agency affiliates and subsidiaries, and all other subsidiaries and affiliates.*

*"UBS Entity" refers to UBS Financial Services Inc. and each of these affiliates.*

*Please consult your tax or legal advisor for information about the form of ownership that is appropriate for you. UBS and its employees do not give tax or legal advice.*

*"Property" includes, but is not limited to, securities, securities entitlements, investment property and financial assets, including without limitation, money, stocks, options, bonds, notes, futures contracts, commodities, commercial paper, deposits, certificates of deposit and other obligations, contracts, all other property usually and customarily dealt in by brokerage firms and any other property that can be recorded in or credited to any of your Accounts, as well as the Accounts themselves.*

Property in the UTMA/UGMA Account belongs to the minor and that you will only direct the disbursement or application of the Property in the UTMA/UGMA Account for the benefit of the minor. You specifically indemnify and hold harmless UBS from responsibility or liability for determining the appropriateness of any actions you take as custodian or the application of any Property in the UTMA/UGMA Account.

#### Margin Accounts—Securities Lending

If we lend your securities as described in the Margin Agreement, you may receive a “substitute payment” in lieu of a dividend. A substitute payment is a payment made to a securities lender such as UBS in lieu of a dividend while the securities are on loan.

According to the Internal Revenue Service, a substitute payment is not a “qualified dividend” and is taxed as ordinary income. When possible, we will ensure that individuals and certain qualifying trusts and estates receive qualified dividends rather than substitute payments.

If we are unable to do so, we will pay you additional compensation equal to the net, after-tax, difference between the highest federal tax rate applicable to investment income and highest federal tax rate applicable to dividend income.

We reserve the right not to pay additional compensation to you if we determine you are ineligible for the federal income tax reduction on qualified dividends.

In certain circumstances, industry regulations may limit your ability to exercise voting rights of securities that have been lent or pledged to others. Therefore, you may receive proxy materials indicating voting rights for fewer shares than are in your Account, or you may not receive any proxy materials. We will determine which of your voting rights are limited via an impartial lottery allocation system. You agree to participate in the lottery allocation system and to be bound by its results.

For margin loans and securities loans made to you in connection with short sales, you authorize us to retain certain benefits (including, but not limited to, interest on collateral posted for such loans) to which you will not be entitled.

All payments due under this Agreement or any other agreement between you and us must be made to us free and clear of any and all present and future taxes (including withholding taxes), levies, imposts, duties, deductions, fees, liabilities and similar charges other than those imposed on the overall net income of UBS.

If so requested by us, you will deliver to us the original or a certified copy of each receipt evidencing payment of any taxes or, if no taxes are payable in respect of any payment under this Agreement or any other agreement between you and us, a certificate from each appropriate taxing authority, or an opinion of counsel in form and substance and from counsel acceptable to us in our sole and absolute discretion, in either case stating that the payment is exempt from or not subject to taxes.

If any taxes or other charges are required to be withheld or deducted from any amount payable by you under this Agreement or any other agreement between you and us, the amount payable will be increased to the amount which, after deduction from the increased amount of all taxes and other charges required to be withheld or deducted from the increased amount payable, will yield to us the amount otherwise stated to be payable under this Agreement or any other agreement between you and us.

If any of the taxes or charges are paid by us, you will reimburse us on demand for the payments, together with all interest and penalties that may be imposed by any governmental agency.

We have not provided nor will provide legal advice to you or any other person regarding compliance with (or the implications of this Agreement or any other agreement between us under) the laws (including tax laws) of your jurisdiction or any other jurisdiction. You are and shall be solely responsible for, and we shall have no responsibility for, compliance with any and all reporting and other requirements arising under any applicable laws.

#### Check-Writing

If you have requested the check-writing feature on one or more of your eligible Accounts (including credit line checks drawn on a Credit Line Account), you may write checks or authorize drafts against your Account, which will be serviced by our Check Provider. You may use these checks or authorize these drafts only in conjunction with your Account and only up to amounts within your Account’s “Withdrawal Limit” in the section titled “Withdrawals” below. Checks that exceed your Account’s Withdrawal Limit may be returned unpaid. By using your checks, you authorize us to reimburse the Check Provider in federal funds when your checks or drafts are presented. You also authorize us to debit your Account automatically on or after the day the checks or drafts are received by the Check Provider.

You agree to have sufficient assets in your Account on the day you write a check or authorize a draft through the day your Account is debited to pay for the check or draft.

You understand that your Account checks may be used in the same manner and are subject to the normal procedures, rules and regulations as checks drawn on an account maintained with the Check Provider.

You authorize the Check Provider to honor checks:

1. bearing a drawer signature that the Check Provider reasonably believes to be authorized, and
2. bearing only one signature unless you instruct the Check Provider in writing that multiple signatures are required.

You also authorize the Check Provider to honor unsigned drafts presented by third parties that the Check Provider reasonably believes you have authorized.

You agree to pay a charge for checks returned for insufficient funds or for checks that are paid even though they exceed the Withdrawal Limit. We may charge for excessive check writing (e.g., over 100 checks per month). Please see the “Fees and Charges” section of this booklet for additional information.

Please notify UBS Financial Services Inc. immediately if you discover the loss, theft or unauthorized use of your checks, and any unauthorized or missing signatures on or alterations of checks, by calling ResourceLine.

It is important that you examine your statements carefully and promptly. You are required to notify UBS Financial Services Inc. of any claimed errors regarding checks reflected on the statement, or of any unauthorized or missing signature on or alteration of such checks (“Discrepancies”). If you do not notify UBS Financial Services Inc. of any Discrepancies within thirty (30) days after your statement was mailed or made available to you, then (1) you agree that your statement and all checks reflected on it will be deemed conclusively correct and authorized; (2) UBS Financial Services Inc. will not be liable for any checks paid or charged to the account or for any Discrepancies regarding checks reflected on the statement; and (3) you may not assert a claim against UBS Financial Services Inc. or the Check Provider with respect to the Discrepancies. You agree that our liability to you for claims relating to Discrepancies is governed by this Agreement, as amended. If any section of this Agreement is unenforceable with respect to a particular claim, such claims shall be resolved in accordance with applicable law. In the event of a conflict between this Agreement and applicable law, this Agreement shall control to the extent of such conflict.

*“Check Provider” is the provider and processor we have appointed to handle payment of your checks and drafts. We reserve the right to change check providers from time to time.*

*UBS Financial Services Inc. and UBS Financial Services Incorporated of Puerto Rico are not banks and do not represent themselves as banks. Your Account is not a bank account.*

*You may call ResourceLine, our interactive voice response telephone unit 24 hours a day, 7 days a week, at 800-762-1000, Option “0,” in the U.S. Outside the U.S., call ResourceLine collect at 201-352-5257.*

*For details on the “Check 21 Act,” visit [www.fdic.gov](http://www.fdic.gov) and search for “check 21.”*

*In this section, the term “UBS Financial Services” solely refers to UBS Financial Services Inc.*



Even if you notify us timely as required above, if losses arising from a check occur from your negligence, you may be liable for that loss. Examples of negligence include:

- Unauthorized use of signature machines or stamps;
- Blanks or spaces in required check fields;
- Checks written in pencil;
- Entrusting checks to a wrong person;
- Writing checks payable to "cash;"
- Failing to report or discover wrongdoing, including your failure to report Discrepancies within the thirty (30) day period described above.

If you use a facsimile signature device on any checks drawn on your Account, you agree that we may honor any checks that bear or appear to bear your facsimile signature, even if it was made by an unauthorized person or with a counterfeit facsimile device. You accept all responsibility to maintain control of such devices and agree to promptly review your statements to determine if there has been any unauthorized use.

These terms do not change your rights, including the time for making claims and giving notifications, under the Check 21 Act.

You agree that we are not required to honor any restrictive legend on checks that you write. Samples of restrictive legends are "void after 90 days" or "not valid for more than \$1,000."

### Stop Payments on Checks

Any Account owner or authorized signer may, at your risk, request a stop payment order on checks or other items drawn on your account that have not already been paid by calling ResourceLine. You must provide the account number, the check number and exact amount of the check, so that we may identify the check, and you must give us sufficient notice (up to one full business day) so that we have a reasonable opportunity to act on your request. We may require you to confirm your instructions in writing. You agree to pay our then-current fees for stop payment orders. Please refer to the Fees and Charges section of the Agreements and Disclosures booklet for information about stop payment fees.

Stop payments on checks generally expire six months from the date that the order is received by UBS Financial Services Inc., although we may in our sole discretion, honor a stop payment order for a longer period without notice to you. You may ask us to renew your instructions for additional six month periods. Each renewal is treated as a new order. We may pay any item if it is presented for payment after an order expires.

If we pay an item while a valid and timely stop payment order is in effect, we may be liable to you only for your actual damages, up to the amount of the item. You must prove the fact and amount of any loss. We may withhold re-crediting your Account pending completion of our investigation. You agree to assign any claims you may have relating to the item when we re-credit your Account. You agree to cooperate in any investigation and with enforcement of subrogation rights.

### Check Image Processing; Copies of Your Checks

Financial institutions may use electronic images of paper checks. When you use our check writing features for eligible accounts, you authorize us and the Check Provider to treat a check image created from your original paper check in the same manner as the original paper check. If you deposit a check with us, we, or the financial institutions processing it, may convert it to a check image for collection. If that check image is returned unpaid, we may return a check image to you (or other copy of the check), not your original paper check.

You may request a copy of paid checks from us. We may impose a fee to respond to these requests. The original

paper check that you write and provide to a payee will not be provided to you after payment, and may be destroyed.

### UBS Visa Debit Card

If you requested one or more debit cards for your eligible Accounts (each, a "Card"), you authorize us and the Card Issuer to process Card transactions on your behalf as described below. Use of your Card(s) in connection with your Account will also be governed by the terms and conditions contained in the Cardholder Agreement. You agree to comply with these terms and conditions.

You understand that the Card Issuer will allow Card transactions up to an amount set by UBS or the "Withdrawal Limit", whichever is less. You agree to have sufficient available assets in your Account to make payment in full for Card transactions as they become due under the Cardholder Agreement. You also understand that if sufficient assets are not available to cover Card transactions, the Card Issuer may suspend and/or cancel your Card.

By accepting a Card, you agree that you will not dispose of your assets in your eligible Account or any other Account you may have with us, if that would negatively affect your ability to pay for your Card transactions as they become due under the Cardholder Agreement. You understand and agree that we have the right to apply assets in any of your Accounts, or to pursue any of your other assets to pay debts incurred on your Card.

### CashConnect Feature for the UBS Visa Signature Credit Card

If you apply for and receive a UBS Visa Signature credit card (a "Credit Card") from the issuer (Visa Signature "Credit Card" Issuer), you authorize us to transfer funds to the Visa Signature Credit Card Issuer from your Account to repay any cash advances that the Visa Signature Credit Card Issuer tells us you received through your Credit Card at ATMs or banks (Cash Advances). Transfers will be made each business day to repay Cash Advances obtained that day. Transfers will be made up to your Withdrawal Limit. You authorize the Visa Signature Credit Card Issuer and us to share information regarding Cash Advances in order to facilitate the CashConnect feature. The terms of Cash Advances, and the posting of CashConnect transfers to the Credit Card, are the responsibility of the Visa Signature Credit Card Issuer and not us.

The CashConnect feature will apply automatically when you obtain a Credit Card and is subject to the terms of the Bill Payment and Electronic Funds Transfer Service Agreement, even if you do not enroll in the service. Transfers from your Account to pay Cash Advances are considered to be electronic funds transfers for purposes of this Service Agreement.

If you have any questions regarding the CashConnect feature, please call us at 800-762-1000.

### Automatic Repayment of Cash Advances Through CashConnect

The CashConnect feature on your UBS credit card account will automatically repay new Cash Advances obtained from ATMs and financial institutions (CashConnect Cash Advances), each night, with available funds from your UBS Resource Management Account (RMA) or your UBS Business Services Account BSA (either referred to as UBS Account). You will incur no interest charges on CashConnect Cash Advances, as long as there are sufficient available funds in your UBS Account to repay your CashConnect Cash Advance transaction in full when we first seek payment from your UBS Account. If sufficient available funds are not available in your UBS Account to pay off your CashConnect Cash Advances balance in full, then the APR on Cash Advances (as listed in the Account Summary Table) will apply as of the original transaction date on any remaining balance. You will be charged the

*"Card Issuer" means UBS Bank USA, its successors and assigns, or the issuer of UBS Cards we appoint in our sole discretion.*

*For more information on "Withdrawal Limits", see the paragraph titled "Withdrawals" below.*

*"Cardholder Agreement" refers to the "UBS Visa Debit Cardholder Agreement" section included in this booklet.*

*If you have questions about your UBS Visa Debit card(s), call your Financial Advisor.*

*The fees for the different program levels of the UBS Rewards Program are described in the additional disclosures.*

*References to UBS Cards, Card Issuer, Checks and Check Provider apply only if you have requested those services.*

*"UBS Visa Credit Card Issuer" means UBS Bank USA, its successors and assigns, or the issuer of UBS Cards we appoint in our sole discretion.*

References to UBS Cards, Card Issuer, Checks and Check Provider apply only if you have requested those services.

"Automatic Payments" are transactions initiated by an external financial institution to process a withdrawal from a UBS account into an external account.

For additional information on payments to UBS and our processors, see the "Security Interest" section of your Client Relationship Agreement.

References to UBS Cards, Card Issuer, Checks and Check Provider apply only if you have requested those services.

"Debits" are amounts due to us on settlement date for securities purchases and other debits and fees from the Account, including, without limitation, margin loans and fees.

"Charges" are amounts due to us or the Check Provider or Card Issuer for checks, bill payments and electronic funds transfers, Card transactions and Automatic Payments.

"Designated Internal Account" and "Authorized Outside Account" are defined in the Bill Payment and Electronic Funds Transfer Service Agreement.

Please refer to the UBS Deposit Account Sweep Program Disclosure Statement and the UBS International Deposit Account Sweep Program Disclosure Statement in this booklet for information about these programs.

To order deposit tickets, call the Service Group at 800-762-1000 or use the reorder form in your deposit booklet. If you enroll in Online Services, you can order them online. Select "Cash Management" then "Checking Services."

A returned check deposit fee applies when a check deposited to your account is returned for insufficient funds.

Business days are Monday through Friday. Bank holidays in the State of New York and New York Stock Exchange holidays are not business days.

APR on Cash Advances on your remaining CashConnect Cash Advance balance until it is repaid in full. Applicable ATM surcharge fees may apply. No other account balances are paid through the CashConnect feature. The CashConnect feature only applies if you have a UBS Account. If you have a UBS Account and choose not to participate in the CashConnect feature, please contact UBS Financial Services Inc. at 800-762-1000.

#### Limitations on Checks and Cards

You agree that checks, Cards and Credit Cards (Cards and Credit Cards together are referred to as UBS Cards) issued in connection with your eligible Accounts cannot be used to purchase securities or any other products or services offered through UBS. You further understand and agree that we may request, and the Card Issuer and Check Provider may provide us with copies of checks, UBS Card transactions, bill payment and/or other drafts or other transactions processed from your Account(s).

#### Payments to UBS and Our Processors

You authorize us to pay all debts you incur to us, the Card Issuer or the Check Provider in connection with your Account(s) from the Withdrawal Limit in your Account(s). Debts include, but are not limited to, the amounts you owe us for securities purchases, account fees, drafts, fees for federal fund wire transfers, customary transaction and brokerage fees, as well as interest you may owe us as a result of margin calls and/or loans in any of your Accounts. Debts also include any Card transactions, automatic repayment of cash advances through CashConnect, Automatic Payments, Bill Payment Service transaction debits, electronic funds transfers, drafts or check charges, or any other means by which you authorize a third party to debit any of your Accounts. In the case of the Card Issuer or Check Provider, however, debts are limited to the amount of your Withdrawal Limit. This authorization is in addition to any other rights we may have, including the Security Interest granted to us in the Client Relationship Agreement.

#### Deposits

As a UBS client, you can make deposits by check, federal funds wire, direct deposit, or the Electronic Funds Transfer Service. Direct deposits are transactions initiated by an external financial institution to process a deposit into a UBS account from an external account. Checks for deposit to your Account should be made payable to, or be endorsed to: UBS Financial Services Inc., or UBS Financial Services Inc. for the benefit of [Your Name] and/or [Title of Account].

Check deposit tickets may be delivered to your UBS branch office or mailed to the address on your deposit tickets if they were provided with your Account.

If we take a check or other item (as defined in the Uniform Commercial Code) in foreign currency for deposit or collection, you will bear all currency exchange rate risk.

To deposit federal funds into your account, instruct your bank to wire the funds to:

UBS AG  
ABA #026007993  
UBS Financial Services Inc.  
A/C #101-WA-258641-000  
F/C UBS-FINSVC [Title of account]  
A/C UBS-FINSVC [UBS account number]

The wire must include your name and Account number as indicated above. If we receive funds in the Account by noon, Eastern time, on a business day, they will be swept into the Sweep Option on that business day provided that the cumulative balance in your Account is \$1.00 or more.

Federal funds received after that deadline will be swept into the Sweep Option at noon, Eastern time, on the next business day if the cumulative balance in your Account is \$1.00 or more.

However, funds credited to your Account will not be swept into the Sweep Option or increase your Account's Withdrawal Limit until all debits and charges to your Account are satisfied. You acknowledge that interest will not be paid to you on free credit balances in your Account unless we agree to do so in writing. Non-commodity free credit balances in your Account are not segregated from other cash balances and we may use any such funds in the ordinary course of our business.

#### Withdrawals

Your Account's Withdrawal Limit is the amount of funds available for securities purchases, check writing, Card transactions, Bill Payments and Electronic Funds Transfers, and Automatic Payment transactions on any particular day. It is the combined total of any uninvested cash in your Account, plus balances held in Sweep Options and, if you have margin, the margin loan value of securities available in the Account (Available Margin). You agree that we have the right to withhold the redemption, liquidation or withdrawal of proceeds or other payments from your Account until all funds deposited in your Account have been collected from other financial institutions. In some cases, it may be necessary for us to delay acting on instructions or effecting payments until your Account contains funds sufficient to meet your obligations.

Your authorizations will remain in effect until a reasonable time after we receive notice from you to revoke them.

If you use the Account as collateral for a liability, we will reduce your Withdrawal Limit by the amount we determine necessary to secure that liability. For example, if your Account is subject to a Credit Line Account Application and Agreement or a Credit Line Guarantee Agreement, or if you use it to repay an obligation or other amount you owe us, your Withdrawal Limit will be reduced by the amount that we determine necessary to secure such liability.

We reduce the Withdrawal Limit each time you generate a debit or charge in the Account, for example, when:

- You purchase a security (excluding money market and other Sweep Option purchases),
- A check or draft drawn on the Account is paid.
- An item deposited to the Account is returned uncollected.
- A credit to the Account is reversed.
- A fee is paid to us or to a third party.
- A bill payment or electronic funds transfer is made.
- An automatic payment is withdrawn from the Account.
- A Card ATM transaction is made or
- A Card purchase is debited, or a provisional debit reflecting such a purchase is applied to the Account.

Similarly, we increase your Account's Withdrawal Limit after you place funds into it as follows:

1. The same business day if by cash, federal funds wire transfer, direct deposit, a UBS check (other than checks written by you or any other client), or a Foreign Collection Credit.
2. One (1) business day later if by money order, certified check, traveler's check or U.S. government check drawn on a Federal Reserve Bank.
3. One (1) business day later if by electronic funds transfer from Designated Internal Account or an Authorized Outside Account.
4. Three (3) business days later if by bank check, local and non-local check (as defined in Federal Reserve Board Regulation CC) or Limited Partnership Distribution (LPDI security number required.)
5. Five (5) business days later if by third party check.

We reserve the right not to increase your Account's Withdrawal Limit to reflect an electronic funds transfer into the Account from an Authorized Outside Account for up to three (3) business days after the date the transfer is completed. Such funds, however, will be available for the deposit into, or purchase of, Sweep Option vehicles within one (1) business day after the date the transfer is completed.

In general, we will increase your Account's Withdrawal Limit when your Account is credited with dividends, interest or returns of capital, and on settlement date each time you sell securities or otherwise generate a free credit balance in the Account. For accounts with margin, the Withdrawal Limit is increased when your Available Margin increases because the value of marginable securities held in the Account increases or your margin debt to us decreases.

As a general rule, we value securities based on either closing prices on the previous business day for which prices were available, published bids or offers on that day, bids or offers from dealers in securities on that day or valuation information from other sources we deem reliable. We may adjust the value of securities to reflect the risks associated with liquidating them.

All funds deposited into an Account open for fewer than 90 days will be encumbered for five business days except for the types of deposits described in items 1 and 3 above.

You may redeem or withdraw, as applicable, Sweep Option holdings from your Account by wire, check, telephone or mail. There may be a fee for each outbound federal funds wire transfer. We will redeem or withdraw, as applicable, Sweep Option holdings automatically to satisfy outstanding debits or charges.

#### **Your Liability**

You agree to indemnify us against any Losses, costs or expenses arising out of your obligations under your Agreement with us. "Losses" includes payments on claims or requests for compensation, damages, and liabilities (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any action, claim or request for compensation.)

As a UBS client, you acknowledge and agree that you will be personally liable for any fees or other obligations owed to us. You agree to indemnify UBS, the Card Issuer, the Check Provider, the Sweep Funds and other sweep options as applicable, against any losses arising from:

- Any and all Account transactions effected by any person authorized to effect such transactions, including without limitation the redemption of any shares of Sweep Funds, other sweep options and any other money market fund and similar fund shares, deposits and withdrawals of funds from the UBS Bank USA Deposit Accounts, use of the check writing privileges (including unsigned drafts presented by third parties), security transactions, UBS Card transactions, Bill Payment and Electronic Funds Transfer Service transactions, and
- Any debits, charges, fees, tax withholding or other obligations in your Account(s).

You will also be liable for the payment of any amounts advanced, any debit balances or other obligations in your Account(s), as well as for any deficiency remaining in your Account(s) in the event of liquidation by you or us. Additionally, you acknowledge that you are responsible for the accrued interest on those amounts at our then customary rate, if applicable, or otherwise the maximum rate allowable by law. You agree to indemnify us for the reasonable costs and expenses of collection (including attorney's fees), for any unpaid losses, fees or other amounts you owe us or against which you have indemnified us.

You agree to indemnify, defend and hold us harmless from all losses arising out of claims made or asserted by any person or entity (other than you) in any way relating to your Account(s), or based upon representations you make to us and acknowledgements in this Agreement, all applications and agreements for your Account and any instructions you provide.

If it is determined that you owe either backup withholding tax or non-resident alien withholding tax under the Internal

Revenue Code (collectively, U.S. Withholding Tax) for either a current or prior year, we retain the right to satisfy such U.S. Withholding Tax from the funds in your Accounts. You agree not to hold us liable for either the amount withdrawn from your Accounts to satisfy your withholding tax liability or for any claim, action or any other legal proceeding that may be brought against you by third parties if the exercise of our right results in insufficient funds in your Account to cover your obligations to such third parties.

#### **Limitations of Liability**

UBS, our officers, directors, employees and agents shall not be liable to you for any reason for consequential damages arising out of your Agreement with us and/or any services we provide to you.

You agree that we shall not be liable for any loss caused directly or indirectly by: our following your instructions; or by any contingency beyond our reasonable control, including but not limited to: acts of war, natural disasters, power outages or a network or systems failure, government restrictions, exchange or market rulings, unscheduled closures of clearing organizations, markets and exchanges, trading halts, market volatility, trading volumes, disruptions in orderly trading or other exchange conditions, or delays in transmission of orders due to failures of any communications or trading facilities or other systems; or by the default or non-performance by any exchange, market, clearing organization, depository or other third party to us of its obligations in respect to any transactions or Property in your Account; or with respect to electronically provided market data or other information provided by us or third parties, any flaw in the timing, transmission, receipt, or substance, regardless of who or what has caused it to occur.

If we receive conflicting or inconsistent instructions from any persons authorized on the Account, you agree that we may refrain from taking any action with respect to the Account until the conflict is resolved, as determined in our sole discretion.

#### **Payment of Obligations**

You authorize us to pay for all obligations you incur. Obligations include the amounts you owe UBS for purchases of securities, commodities and other products, checks, federal fund wires and other disbursements from your Account, our fees and charges, customary transactional and brokerage fees, as well as interest you may owe us as a result of margin loans or otherwise. Obligations also include amounts we pay others in connection with transactions for your Account, including corporate action and settlement fees that issuers, transfer agents, agent banks or depositories impose for particular transactions and events, such as odd lot tenders and optional dividends, conversion fees and shareholder service fees for depository receipts, transfer fees, re-registration fees, stamp duties and any taxes imposed, including sales, capital gains, excise and financial transaction taxes. Obligations also include any UBS Card transactions, Automatic Repayment of cash advances through CashConnect, Automatic Payments, bill payments and electronic funds transfers or check charges and any other means by which you authorize us or a third party to debit your account.

The obligations discussed here are collectively referred to as "Permitted Payments."

#### **Order of Permitted Payments**

We will deduct any Permitted Payments from your Account up to your Account's Withdrawal Limit in the following order:

1. From free credit balances, if any, held in the Account pending investment;
2. From the withdrawal, or proceeds of a redemption or liquidation of Sweep Option holdings, if any, in the priority described below;
3. From Available Margin in the Account, if it has margin; and

*This column contains important definitions applicable to your Agreement with UBS.*

*See the "Withdrawals" section in this document for more information, including for reference to your Account's Withdrawal Limit.*

*"Sweep Options" refers to the options made available by UBS for the automatic investment or deposit, ("sweep") of available cash balances in your Account. Sweep Options include the UBS Bank Sweep Programs, the Sweep Funds, the UBS International Deposit Account Sweep Program, the Puerto Rico Short Term Investment Fund, Inc. and any other sweep investments we may make available from time to time for eligible Accounts.*

*"Sweep Funds" refers to one or more of the UBS money market funds UBS may make available as a Sweep Option. Sweep Funds are described in the respective prospectus for each fund.*

*The "UBS Bank Sweep Programs" refers to the UBS Deposit Account Sweep Program and the UBS Business Account Sweep Program, as more fully described in the UBS Bank Sweep Programs Disclosure Statement.*

*"Primary Sweep Option" refers to the Sweep Option that you have selected from among the Sweep Options available for your Account.*

*"Taxable Sweep Funds" include the UBS RMA Government Money Market Fund, the UBS Liquid Assets Government Fund, the UBS Select Government Capital Fund and the UBS Select Treasury Capital Fund.*

*"Tax-Advantaged Sweep Fund" is the Puerto Rico Short Term Investment Fund, Inc.*

- From the proceeds of the sale of mutual fund or eligible equity holdings, to the extent of any unpaid fees, as more fully described in the Fees and Charges section of this booklet.

As your Available Margin will fluctuate with securities prices, your Account's Withdrawal Limit will also fluctuate. You will not incur the cost of margin loans until all free credit balances and Sweep Option holdings are fully used. When Permitted Payments are deducted from your Account's Available Margin, the resulting debit balance will be subject to interest at the same rate applicable to all margin loans.

#### *Liquidation Sequence for Payments from Sweep Options*

You acknowledge and agree that we will deduct Permitted Payments from Sweep Options (whether you have swept or exchanged into a fund) as described below:

- First by liquidating shares in or withdrawing funds from your Primary Sweep Option, if your Primary Sweep Option is not one of the UBS Bank Sweep Programs;
- Then by liquidating shares you may have in any Taxable Sweep Funds .
- If you own shares in more than one Taxable Sweep Fund, your shares will be sold, if necessary, in the following order:
  - First, UBS RMA Government Money Market Fund;
  - Second, UBS Liquid Assets Government Fund;
  - Third, UBS Select Treasury Capital Fund; and
  - Fourth, UBS Select Government Capital Fund
- If funds from these sources are insufficient to satisfy Permitted Payments, shares you may have in any Tax-Advantaged Sweep Fund will be sold.
  - Puerto Rico Short Term Investment Fund, Inc.
- If funds are still insufficient, withdrawals will be made from your deposit accounts at the AG Stamford Branch, if applicable and then, if necessary, from your deposit accounts at Bank USA.

#### **Transferring Funds Electronically**

When you give UBS instructions to accept or transfer funds electronically to or from your Account to any bank or other entity, you agree to provide us with an accurate name and account number designating the account to receive such funds or from which such funds are to be sent.

You acknowledge that neither we nor the bank or other receiving or transmitting entity is under any obligation to verify the identity of the beneficiary of the funds transfer and may rely exclusively on the name or account number you provide. You agree to indemnify and hold us harmless from and against any and all cost, expense, claims or liabilities arising from any inaccurate name or account number you may have provided.

When we accept or transfer funds, neither we nor the bank or other receiving or transmitting entity is under any obligation to determine whether the name and number you provided refer to the same person or entity. Any transfer we make for your Accounts through the Automated Clearing House (ACH) system is governed by the Bill Payment and Electronic Funds Transfer Service Agreement in this booklet and the Electronic Funds Transfer Act ("EFTA") and Regulation E.

Remittance Transfers are a type of payment order initiated by a consumer primarily for personal, family or household purposes to a designated recipient in a foreign country. Remittance Transfers are governed by EFTA and Regulation E, which provide consumer protections relating to disclosures, cancellation and the resolution of errors. However, in the event you provide an incorrect recipient account number or recipient institution identifier in connection with a Remittance Transfer, you could lose the transfer amount.

#### **Orders, Executions, Deliveries, Settlements and Authorizations**

You agree that we may act upon your or your authorized agent's verbal instructions.

In giving orders to sell, you will inform us which sales are "short" sales and which are "long" sales. In case of non-delivery of a security, you authorize us to purchase the security to cover your position and charge any loss, commissions and fees to your Account. You agree that if we do not receive payment for securities you have purchased, we may sell Property we hold in any of your Accounts at your risk and expense without prior demand or notice.

If you are an institutional client or submit an order for 10,000 shares or more, you agree that we may trade the same equity security for our own account at a price that would satisfy your order unless you notify us otherwise. You may withdraw this consent on an order-by-order or blanket basis by contacting your Financial Advisor.

You understand that we may trade securities in more than one marketplace. You may direct that an order to purchase or sell securities be executed on a specified exchange or market center and we may agree to your request. In all other cases, you understand that we will, in our sole discretion, and subject to applicable regulatory requirements, execute your order on the over-the-counter market in any location or on any exchange, including a foreign exchange where such security is traded, either on a principal or agency basis, without prior notice to you. You authorize us to execute trades through an electronic communication network, alternative trading system, or similar execution system or trading venue at our discretion. You acknowledge that UBS may have an ownership interest in one or more of such systems or venues, and you specifically authorize us to execute trades through any such system or venue.

#### **Principal Transactions; Client/Firm Relationship to IRA and QP Assets**

You understand that UBS or its affiliates may execute securities transactions in your Account acting as principal, as permitted by law, and you direct us to do so where we would execute such a trade as principal in the ordinary course of our business. Likewise, we may expressly direct our clearing affiliates to enter into a principal transaction when we would ordinarily execute a transaction as principal. Unless otherwise agreed to in writing, you agree that:

- Neither we nor our employees or agents agree that the guidance and information we provide may be used as a primary basis for investment or asset allocation decisions you make regarding your IRAs and QP assets. Therefore, none of these persons intends to provide "investment advice" as defined under applicable ERISA regulations or to act now or in the future as a "fiduciary" as defined in ERISA or the Internal Revenue Code or similar state or local laws, and;
- You will make your own independent decisions regarding investments in your Account.

#### **Sub-Brokers and Custodians**

We are responsible only for reasonable care in the selection of the sub-brokers and sub-custodians we may employ. We may deal with market makers or members of any exchange known as specialists or odd-lot dealers. In the execution of your orders, they may act as sub-brokers for you and may also buy or sell Property for themselves as dealers for their own account.

We may also hold securities and other Property as a Securities Intermediary in accordance with industry custom and practice and employ one or more Securities Intermediaries, including Securities Intermediaries outside the United States, with respect to any Property we hold for you.

**Principal, Interest and Dividend Payments**

UBS may credit your Account with principal, interest, dividend and redemption payments for securities in your Account on the stated payable date, however we will be entitled to recover any such payments from you if they are not actually received from the trustee or paying agent. You may enroll for automated periodic distributions by check or ACH transfer of dividend and interest payments that have been received for your Account.

**Impartial Lottery Allocation System; Call Features**

Debt securities may be subject to call or other redemption features. This means that they may be redeemed, in whole or in part, before maturity or before the first scheduled call dates. We may hold callable bonds or preferred stocks on your behalf in our street name, or in bearer form. In either case, you agree to participate in the impartial lottery allocation system of the called securities in accordance with the provisions and rules of the New York Stock Exchange and to be bound by those results. You may access the lottery allocation procedures by visiting [ubs.com/accountdisclosures](https://ubs.com/accountdisclosures) or obtain a copy by contacting your Financial Advisor.

When the call is favorable, no allocation will be made to any account in which UBS, its officers, or employees have a beneficial interest until all of your other positions in those securities are satisfied on an impartial lottery basis. You understand that we may not receive timely notice of calls and may be required to allocate called securities on an "as of" basis. Redemption features, in addition to those disclosed on the trade confirmation, may exist for certain debt securities. The existence of special mandatory redemption features, such as sinking funds provisions, may not be disclosed on a trade confirmation. It is your obligation to review all prospectuses and offering statements you may receive, and to understand the risks of extraordinary calls or early redemptions, which may affect yield. Issuers may, from time to time, publish notices of offers to redeem debt securities within limited time, price and tender parameters. You agree that we are not obligated to notify you of such published calls, nor will we tender any securities on your behalf when you have failed to request the tender in a timely manner.

In the event the firm experiences delays or a failure in settlement or otherwise has an unsettled position in municipal securities at the time interest payments are made, you may be selected through an impartial lottery allocation system to receive a substitute payment in lieu of a tax-exempt interest payment. The firm may in its discretion make additional payments to affected clients to offset some or all of the difference between the federal tax rates applicable to the substitute payment and the tax-exempt interest.

You agree that due to the lack of liquidity of many municipal securities, we may also use this lottery to allocate deficits to customers and close out customer positions that may occur due to partial calls, redemptions, or other causes beyond our reasonable control, which the firm is unable to resolve through other reasonable means.

**Securities Lending Notices**

If you participate in our fully paid securities lending program and agree to allow your fully paid-for securities to be loaned, the shares may be used in connection with short sales. Your fully paid-for securities will not be loaned without your express consent. Please speak with your Financial Advisor if you do not want to allow your fully paid-for securities to be used in connection with short sales.

**Restrictions on Trading**

**You understand that we may, in our sole discretion, with or without prior notice, prohibit or restrict trading of securities or substitution of securities in your Account and refuse to enter into any**

**transactions with you or accept any instructions from you. We are committed to compliance with all applicable laws, rules and regulations, including those related to combating money laundering. In our discretion, we may decline to effect transfers of Property to certain persons or countries.**

**Transfer of Excess Funds; Exchange Rate Fluctuations**

We may transfer excess funds between any of your Accounts with us, including commodity Accounts (if any), for any reason that does not conflict with the Commodity Exchange Act or any other applicable law. If we effect any transactions for you that require a foreign currency, any profit or loss as a result of a fluctuation in the applicable exchange rate will be credited or charged to your Account.

**Account Statements and Other Communications**

We will provide you with an Account statement at least quarterly that describes the activity in your Account, including any applicable cash management features such as UBS Rewards point activity, checking activity, payments and transfers and Card transactions, as well as a summary of your Credit Card activity from your credit card statement for informational purposes only.

**Marketing Relationship Assets and Consolidated Account Reporting**

We may group related Accounts into Marketing Relationships. The level of assets in a Marketing Relationship can affect, for example, annual service fees, interest rate tiering under the UBS Deposit Account Sweep Program and mutual fund breakpoints. We define a Marketing Relationship initially by combining the assets held in a household. In addition, accounts in one household can be combined in a Marketing Relationship with accounts in a second household if:

- The primary Social Security or Tax ID Number on an Account in the first household matches the primary Social Security or Tax ID Number on an Account in the second household.
- Or, the primary Social Security or Tax ID Number on an Account in one household matches a secondary Social Security or Tax ID Number in the second household, and each Account in both households share the same nine-digit ZIP code.

In certain circumstances, additional criteria may be applied to expand the Marketing Relationship which includes your Accounts or to define a household. We reserve the right, in our sole discretion, to grant exceptions to our householding and Marketing Relationship policies. If you have different Accounts that cannot be combined into a household or Marketing Relationship for any reason, if you would like to determine the household or Marketing Relationship status of your Accounts, or if you would like to add Accounts to your household or Marketing Relationship, please contact your Financial Advisor.

In addition, we may group related accounts for consolidated portfolio reporting or analysis and financial planning, by household or other relationship groupings to which all account holders consent. The information we can disclose to all account owners in such groupings may include, but is not limited to personal and financial information relating to the accounts, holdings and performance information, and related asset allocation strategies and proposals (including information regarding accounts, assets and liabilities held outside of UBS Financial Services Inc. if such information is provided to your Financial Advisor, or provided to UBS through UBS Online Services and Outside Asset Data Aggregation Services). If you do not want your current and future accounts and other information included for consolidated reporting or analysis and financial planning, please contact your Financial Advisor.

Please refer to the UBS Bank Sweep Programs Disclosure Statement for important information about how the UBS Bank Sweep Programs work, or for more information, contact your Financial Advisor.

"Securities Intermediary" refers to a clearing corporation, or a person, including a bank or broker that in the ordinary course of business maintains securities accounts for others and is acting in that capacity, as such terms are interpreted under section 8-102(a)(14) of the Uniform Commercial Code, as in effect in the State of New York from time to time.

A "short" sale is the sale of a security that you do not own or a sale consummated by delivery of a security you borrow.

If you designate a sale order as "long," you represent that you own the security, and if we do not hold it for you at the time of the contract for sale, you agree to deliver it to us by the settlement date.

An "institutional client" means a bank, a savings and loan association, an insurance company or a registered investment company, a registered investment adviser, or any other person or entity with total assets of at least \$50 million.

For more information about householding rules, please refer to the section Householding of Statements and Other Communications in the Client Relationship Agreement, or contact your Financial Advisor.

Please note, if you hold Accounts in our UBS International division, the assets in these accounts are excluded from the eligible assets in a Marketing Relationship and cannot be combined with Accounts you may have at UBS Financial Services Inc. or UBS Financial Services Incorporated of Puerto Rico.

Not all assets qualify as Marketing Relationship assets. For more information, contact your Financial Advisor.

Please refer to "Conducting Business with UBS: Understanding the Differences Between Investment Advisory and Broker-Dealer Services" for more information about our responsibilities as a broker-dealer and as an investment advisor. If you have questions, call your Financial Advisor.

If you have questions about the tax consequences of any of your holdings, please consult your tax advisor. UBS does not provide legal or tax advice.

Carefully review all your account statements and transaction confirmations as soon as you receive them to ensure they are accurate and consistent with your instructions and investment objectives.

If you find errors, omissions or inconsistencies, please notify your Financial Advisor immediately. Formal notification should be made in writing to the Branch Manager of the office that maintains your account. Errors, omissions or inconsistencies regarding UBS Card transactions should be directed to the Card Issuer.

### Written Notice

We will send all communications to you at your address of record, or at another address that you give to us in writing, or, if you request, at an e-mail address that you provide. Except as applicable law may require, we consider all communications we send to you as having been given to you personally when sent, whether you actually receive them.

If your signature is undated when you send us written instructions or other documents, we will treat it as signed on the date that we receive it. Our date stamp, whether electronically or manually recorded, will be considered the signature date.

### Accuracy of Communications

You agree to review all communications carefully, including order confirmations and account statements as soon as you receive them to ensure they are accurate and consistent with your instructions and investment objectives. You must notify us in writing if you do not receive an order confirmation within ten (10) days of the date of a transaction. If your statements or other documents are not received in a timely manner or are inaccurate, you agree to notify the Branch Office Manager of your UBS Branch Office in writing within ten (10) days. Notification of errors or omissions regarding Card transactions should be directed to the Card Issuer as outlined in Cardholder Agreement.

Unless indicated otherwise in this Agreements and Disclosures booklet, order confirmations and account statements will be considered accurate and in accordance with your instructions and investment objectives if you do not notify us of your objection to them within ten (10) days after we mail them to you. We cannot be responsible for any transaction that is not reflected on your account statement unless you object in writing to your UBS Branch Office Manager.

You acknowledge that we rely on you to notify us of your objection to the confirmations of your transactions or entries on your statements, and if you do not, that we are not responsible for losses that could have been avoided if you had given us the prompt notice described above. In addition, if you are mistakenly credited with funds or securities, you must return them as soon as you discover the error or when we request them.

You acknowledge and agree that we may, from time to time, monitor and/or electronically record conversations between you and our employees or agents for the purpose of quality assurance, employee training and our mutual protection. We may use any such recordings as evidence in arbitration or other proceeding.

### Use of Average Prices

You acknowledge that the price of any security shown on a confirmation for a trade that was executed on more than one exchange, or in more than one market, or had multiple executions, may be the average price of the security for those executions. You agree that we may use such average price trades on the confirmations we issue to you. We will note on the confirmation if an average price is used. Actual prices, quantities of each execution and market of execution will be provided upon written request.

### Cost Basis Information

UBS is required to supply the Internal Revenue Service an annual statement containing the adjusted cost basis for any "covered" security sold in an account. When determining cost basis, UBS's default method of tax lot selection is First In, First Out (FIFO). If you do not wish to use the UBS default method of FIFO or if you wish to change your current default method, you must contact your Financial Advisor or branch office to change the current method. All cost basis identification methods, including specific lot selection, must be made prior to the settlement date of your transaction.

In some circumstances, we may obtain cost basis information regarding your investments from your prior brokerage firm. We do not independently verify or guarantee the accuracy of any cost basis information obtained from outside sources. If you decide to transfer assets from UBS to another brokerage firm, we may, for certain securities, be required by law to provide your cost basis information to them. Cost basis and realized gain/loss information is displayed on your Account statement solely as a service to you, and may be adjusted. As such, you should not rely on this information for tax preparation purposes or for determining your taxable gain or loss on a potential transaction. Please rely only on your year-end tax forms and order confirmations when you prepare your tax return.

Due to differences between UBS's cost basis reporting requirements and the information required to be reflected on client's tax returns, the adjusted basis reported by UBS may not be the same as your actual adjusted basis. We suggest that you speak with a tax advisor about your specific reporting requirements. UBS shall have no liability for any damages you incur as a result of it providing the required annual statement to you or the Internal Revenue Service or any differences in the basis reported by UBS and your actual adjusted cost basis.

### Revenue from Correcting Trading and Other Errors

We have procedures for resolving trading and other errors that may occur from time to time. UBS maintains one or more error accounts to facilitate handling trading and other errors. Gains attributable to trading errors will be offset by losses attributable to other errors in these error accounts. At the end of the calendar year, any net gains in the error account are donated to charity.

### Proxy Materials and other Issuer Communications

Except for ERISA Plans and Individual Retirement Accounts, if we forward proxy materials to you (or to your Money Manager in a separately managed or unified account program) but do not receive voting instructions within the designated time frame, we will vote these uninstructed shares in proportion to the voting instructions we have received from our retail clients on "routine" ballot items under the rules of the New York Stock Exchange, or as otherwise permitted under such rules. We may in some circumstances decide not to vote the uninstructed shares, however, upon request from an issuer or other party in order to permit the issuer to reach a quorum, or where casting a vote as described above would have the unintended consequence of impacting the voting results on "non-routine" ballot items.

If your Account contains securities issued by a non-U.S. issuer, you acknowledge that, to the extent we are acting solely as custodian of those securities, unless either you or the issuer have made other arrangements with us, we are not obligated to distribute issuer communications to you.

If we are required to deliver a Key Investor Information Document (KIID) to you in connection with UCITS funds, you agree that we may deliver it by emailing an electronic copy (such as a PDF) of the KIID to you. If you wish to receive KIIDs in paper form, you may notify us in writing and we will deliver the KIID to you in paper form, free of charge.

### Introduced Accounts

If your Account was introduced to UBS Financial Services Inc. by another broker-dealer and UBS carries it only as a clearing broker, you agree that UBS is not responsible for the conduct of the introducing broker and that UBS's only responsibilities to you relate to its execution, clearing and bookkeeping of transactions in your Account, and to any other services and responsibilities to which it agree in writing.

During the period that UBS acts as a clearing broker for an introducing broker-dealer, UBS's rights and benefits shall extend to the introducing broker-dealer. UBS is authorized

to accept the following instructions, without further inquiry or investigation, from the introducing broker:

- Orders for the purchase or sale of such securities and other Property, on margin or otherwise in your Account, and
- Any other instructions from the introducing broker concerning the Account.

In no event shall UBS be liable for any acts or omissions of any introducing broker or its agents, contractors or employees.

#### **Clearing Relationship with UBS Financial Services Incorporated of Puerto Rico**

If you are opening your securities account with UBS Financial Services Incorporated of Puerto Rico (UBS Puerto Rico), you acknowledge that UBS Puerto Rico has a clearing agreement with UBS Financial Services Inc. (UBS Financial Services Inc.). UBS Puerto Rico is a wholly owned subsidiary of UBS Financial Services Inc.

The clearing agreement between UBS Puerto Rico and UBS Financial Services Inc. allocates certain responsibilities with respect to your account exclusively to either UBS Puerto Rico or UBS Financial Services Inc., and other responsibilities jointly to both UBS Puerto Rico and UBS Financial Services Inc.. Rule 382 of the New York Stock Exchange requires that we inform you of the allocation of responsibilities. The following is a description of the responsibilities allocated under the clearing agreement.

#### *Responsibilities of UBS Puerto Rico*

UBS Puerto Rico, and not UBS Financial Services Inc., is responsible for the following:

- Opening and approving your account (subject to UBS Financial Services Inc.'s right to reject or terminate your account).
- Accepting orders received by UBS Puerto Rico for your account.
- Promptly depositing with UBS Financial Services Inc. funds or securities received from you, and providing UBS Financial Services Inc. with information necessary to enable it to receive, hold, and deliver funds and securities with respect to your account.

#### *Responsibilities of UBS Financial Services Inc.*

UBS Financial Services Inc., and not UBS Puerto Rico, is responsible for the following:

- Verifying the validity of your account information.
- Accepting orders received by UBS Financial Services Inc. for your account.
- Executing your transactions in the normal course of UBS Financial Services Inc.'s business.
- Extending credit to you in accordance with UBS Financial Services Inc.'s credit requirements.
- Maintaining stock records and other prescribed books and records of all transactions executed or cleared through UBS Financial Services Inc.
- Performing various cashing functions for your account, including receiving and delivering funds and securities.
- Maintaining custody of funds and securities in your account.
- Preparing confirmations and summary periodic statements and, to the extent required by the applicable laws, rules and regulations, transmitting them to you and UBS Puerto Rico in a timely manner.

#### *Joint Responsibilities of UBS Puerto Rico and UBS Financial Services Inc.*

UBS Puerto Rico and UBS Financial Services Inc. are jointly responsible for the following:

- Ongoing monitoring of your account activity.
- Using due diligence to learn the essential facts relative to you, your orders and your account.
- Providing you investment advice relating to your brokerage account and having reasonable grounds for believing that any recommended transaction

relating to your brokerage account is suitable for you based on the facts you disclosed, including your other security holdings and financial situation and needs.

Please direct any questions you may have about the functions allocated between UBS Puerto Rico and UBS Financial Services Inc. or any other correspondence to either your Financial Advisor or the UBS Puerto Rico Service Desk at 787-250-2026.

#### **Account Relationship for Clients Doing Business with UBS Uruguay**

UBS Financial Services Inc. Uruguay (SRL) ("UBS Uruguay") is a wholly owned subsidiary of UBS Financial Services Inc. and is registered with the Central Bank of Uruguay and the Free Trade Zone of Uruguay. Your account and account agreement are maintained with UBS Financial Services Inc. Services for your Account may be provided by UBS Financial Services Inc. directly or through UBS Uruguay operating as a branch office of UBS Financial Services Inc. You will not be required to pay any fees directly to UBS Uruguay for the services that it provides to you. UBS Uruguay will be compensated by UBS Financial Services Inc. for such services.

#### **Rules and Regulations**

All transactions in your Account(s) are subject to the constitution, rules, regulations, custom and usage of the exchange or market and the clearing agency, if any, on which such transactions are executed. These transactions may also be subject to provisions, rules and regulations of the Securities and Exchange Commission, the Commodity Futures Trading Commission, and the Board of Governors of the Federal Reserve System, and other U.S. and foreign governmental authorities and self-regulatory organizations. You agree it is your sole responsibility to comply with any obligations applicable to you as the beneficial owner to disclose your ownership of securities, trading activities or hedging in connection with the Account.

You acknowledge that we are subject to examination by various Federal and State regulators and self-regulatory organizations and in some jurisdictions foreign regulators ("Regulators") and that the books and records we maintain are subject to inspection and subpoena by these Regulators and law enforcement officials. You also acknowledge that we may have obligations to disclose information about you or your Account(s) to Regulators, including details about account balances, transactions and income, and these Regulators, agencies, officials and the U.S. Courts may, pursuant to treaty or other arrangements or in their discretion, disclose such information to the officials or regulators of other countries. You agree that we may disclose such information without notice to you. In addition, we may, in the context of a private dispute, be required by subpoena or other judicial process to disclose information or produce documentation about you and your Account(s) with us. You acknowledge and agree that we will, in our sole discretion, respond to subpoenas and judicial process as we deem appropriate.

UBS Financial Services Inc. will maintain custody of securities and funds received based on your instructions for your Account in accordance with the requirements of applicable law, and we will exercise ordinary or reasonable care with respect to our custody obligations.

We will be responsible for holding and safekeeping funds and securities only from the time they come in to the possession and control of UBS Financial Services Inc.

#### **Non-Disclosure of Confidential and Material, Non-public Information**

UBS provides a variety of services to its customers. To provide these services, our employees may come into possession of confidential and material, non-public information. Under applicable law, UBS employees are prohibited from improperly disclosing or using such

*For the purposes of the section "Introduced accounts," the term "UBS" refers to UBS Financial Services Inc.*

*This section applies only to accounts opened with UBS Financial Services Incorporated of Puerto Rico.*

information for their personal benefit or for the benefit of any other person, regardless of whether the other person is a UBS customer. We maintain and enforce written policies and procedures that:

- Prohibit the communication of such information to persons who do not have a legitimate need to know, and
- Enable us to meet our obligations to our customers and otherwise remain in compliance with applicable law.

You agree that these policies and procedures are necessary and appropriate, and you recognize that, in certain circumstances, our employees will have knowledge of certain confidential and material, non-public information which, if disclosed, might affect your decision to buy, sell or hold a security, and that they are prohibited from communicating such information to you. You also understand and agree that we have no responsibility or liability to you for failing to disclose such information to you as a result of following our policies and procedures designed to provide reasonable assurances that we are complying with the law.

#### **Use of UBS Name and Anti-Money Laundering Compliance**

You acknowledge and agree that unless specifically agreed to in writing by us, you will not use the UBS name or service marks in any manner, including but not limited to, for purposes of promoting or selling any security, investment, service or fund, or in mailings, marketing or advertising materials, offering or disclosure documents.

You further agree that you will not take or fail to take any action, directly or indirectly, which would cause or be reasonably likely to cause any person or party to believe that UBS is associated with the offering, management or administration of any security or fund, or identify UBS as an investment adviser or service provider, custodian or broker to any fund, or as a part of a fund's administrative team.

You have established and maintain an anti-money laundering program and/or procedures if required to do so under any laws, rules and regulations applicable to you in any jurisdiction, including but not limited to, the Bank Secrecy Act (as amended by the USA Patriot Act of 2001.)

If you are not required to establish and maintain an anti-money laundering program and/or procedures, you agree that you will adopt appropriate anti-money laundering policies, procedures and internal controls if any such laws, rules or regulations, including but not limited to, the Bank Secrecy Act (as amended by the USA Patriot Act of 2001) becomes applicable to you in the future.

You do not believe, and have no reason to believe, that your customers/investors are prohibited foreign shell banks or named in any available lists of known or suspected terrorists, terrorist organizations or other sanctioned persons list issued by the United States government and the governments of any jurisdictions in which you are doing business.

#### **UBS Securities**

In your Account, you may purchase or hold securities issued by UBS AG, the parent company of UBS Financial Services Inc., or by another UBS Entity. UBS Financial Services Inc. has a control relationship (we are either controlled or under common control) with the issuer of such securities.

#### **Foreign Securities**

Foreign securities may be subject to withholding tax in certain foreign countries. The rate at which you are taxed may vary depending on your country of residence. We will debit your Account(s) for any foreign tax withholding that is charged in connection with assets or transactions for your Account(s). We will not seek relief from foreign tax withholding at the source or to obtain a reduced rate of foreign tax withholding, even though you may be eligible under applicable treaties or the law of the relevant countries. It is your sole obligation to determine whether

you are eligible for reduced tax withholding rates, to claim credits for foreign withholding tax on your tax returns and to prepare and file applications to reclaim taxes from the foreign taxing authority.

When you buy or sell foreign securities, UBS will execute a currency conversion to or from U.S. dollars where necessary to complete the transaction. If your Account receives payments in a currency other than U.S. dollars (such as from the maturity or redemption of an instrument or payment of dividends or interest), UBS will convert your funds into U.S. dollars at the available spot market conversion rate. Where possible, if you give sufficient prior notice (at least two business days before the maturity or payable date), we will remit your non-U.S. dollar funds pursuant to your delivery instructions rather than converting to U.S. dollars. UBS Financial Services Inc. and/or its affiliates will retain a fee for executing the currency conversion transaction.

Even though you may instruct us not to share your beneficial ownership information with issuers of securities for proxy voting and other shareholder communications, if you buy, sell or hold certain foreign securities, depository receipts relating to foreign securities or funds administered by foreign entities, we may share information about you with the issuers of the securities or foreign government authorities and their agents, custodian banks or brokers and local or international central securities depositories to obtain reduced tax withholding rates, to comply with local law or to respond to other lawful requests.

#### **Insurance and Annuities**

We provide your name to any insurance or annuity provider that issues any insurance or annuity products to you. As a result, you will receive information regarding those products directly from the insurer. For insurance and annuity products, we send account record information and periodic updates, and request updated account record information from your insurance company.

#### **Investment Policy Statements**

We are not responsible for ensuring that your investment policy statement and asset allocation choices comply with all specific legal, actuarial or other requirements that apply to you. That responsibility rests solely with you. We recommend that you consult with your legal and tax advisors regarding these matters.

#### **UBS Research**

Two sources of UBS proprietary research are available through UBS Financial Services Inc. Reports from the first source, CIO Wealth Management Research Americas, are designed primarily for use by individual investors and are produced by UBS Wealth Management Americas (the UBS business group that includes, among others, UBS Financial Services Inc.) and UBS Wealth Management. The second source is UBS Investment Research, and its reports are produced by UBS Investment Bank, whose primary business focus is institutional investors. The two sources may have different opinions and recommendations. The various research content provided does not take into account the unique investment objectives, financial situation or particular needs of any specific individual investor.

#### **Third Party Information**

Third Party Information (TPI) includes publications, research reports, credit reports and other similar information created by parties other than UBS (referred to as Licensors) that we make available or provide to you for your exclusive use. It may not be copied or otherwise reproduced, repackaged, further transmitted, transferred, disseminated, distributed, redistributed, sold, resold, lease, rented, licensed, sublicensed, altered, modified, adapted or stored for subsequent use for any such purpose, in whole or in part, in any form or any manner whatsoever, by you or any other person or entity, without the respective Licensor's prior written consent.



By obtaining third party information from UBS, you acknowledge and agree that all TPI is and shall remain the valuable intellectual property owned by, or licensed to, the respective Licensor and that no proprietary rights are being transferred to you in such materials or in any of the information contained therein. You agree that misappropriation or misuse of such materials shall cause serious damage to the respective Licensor, and that in such event money damages may not constitute sufficient compensation to the Licensor; consequently, you agree that in the event of any misappropriation or misuse, the Licensor shall have the right to obtain injunctive relief in addition to any other legal or financial remedies to which the Licensor may be entitled.

UBS obtains TPI from sources that we believe to be accurate and reliable. However, because of the possibility of human and mechanical error as well as other factors, all TPI is provided “as is” without warranty of any kind. UBS and the Licensors make no representation or warranty, express or implied, to you or any other person or entity as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such TPI.

Neither UBS nor the Licensors are liable to you or any other person or entity for (a) any loss, damage or other injury in whole or in part caused by, resulting from or relating to, any error (negligent or otherwise), or any other circumstances or contingency within or outside the control of UBS or any of its directors, officers, employees or agents, or Licensors, in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any TPI or (b) any indirect, special, consequential, incidental or compensatory damages whatsoever (including, without limitation, lost profits), even if UBS or the Licensors shall have been advised in advance of the possibility of such damages, in either case caused by, resulting from or relating to the use or inability to use, any TPI.

You agree that (a) any ratings and other opinions, and valuations, quotes, statistical, quantitative or other information contained in TPI are, and will be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, hold or sell any securities; and (b) the TPI will be weighed solely as one factor in any investment decision made by you.

#### Client Complaints

If you have a complaint, contact the UBS Financial Services Inc. Client Relations Department at 201-352-1699 or toll-free at 800-354-9103, 8:00 a.m. to 5:00 p.m. Eastern time, Monday through Friday. Or, you can write to UBS Financial Services Inc. Client Relations Department, P.O. Box 766, Union City, NJ 07087.

#### Successors and Assigns

The Agreement between you and us shall be binding upon you and your authorized agents, personal representatives, heirs, estate, executors, administrators, committee and/or conservators, successors and assigns, and shall extend to the benefit of UBS and its successors and assigns. You may not assign or transfer any of your rights or obligations under the Agreement without our prior written consent. UBS may, however, assign the Agreement or any of our rights and powers under the Agreement. In the event of an assignment, the assignee shall have the same rights and remedies as if originally named in the Agreement. From the date of any assignment, we will have no further liability to you under the terms of the Agreement.

#### Waiver Not Implied

Our failure to insist, at any time, on strict compliance with any clause of the Agreement or with any of these terms and conditions shall not constitute or be considered a waiver by us of any of our rights or your obligations.

#### Death of an Account Holder or Dissolution of an Entity

This Agreement shall survive the death, disability, incompetence or dissolution of any Account Holder and your Account(s) will continue to be subject to the normal account and transaction fees and charges. Any order that you give will be binding upon you and your personal representative or authorized agent(s) until we receive notice of your death (for individuals), or dissolution (for entities). This notice will not affect our right to take any action that we could have taken otherwise. You understand that we must be notified immediately in the event of the death of an Account Holder, and that we may, before or after receiving notification of a death, take whatever actions we deem advisable to protect UBS against tax, liability, penalty or other losses. For example, we may require the survivors, heirs or the estate to provide certain legal documents, such as inheritance or estate tax waivers or federal transfer certificates. We may also retain a portion of your Account(s) and/or restrict transactions in your Account(s). Your estate and Account(s) will be jointly liable for all costs, including reasonable attorney’s fees and costs, we and/or the Card Issuer and the Check Provider may incur in connection with the disposition of your Account(s) and related assets and liabilities in this event.

#### Unclaimed Property

As a general matter, State law deems an Account to be dormant when there is no owner-generated activity and/or there is an invalid mailing address during a statutorily-prescribed time period. If we are unable to locate you and no owner-generated activity occurs in your Account within the time period specified by State law, we may be required to turn over Property in your Account, and/or distributions issued from your Account that remain unclaimed, to your last known State of residence, or if none, to the State of Delaware. Please note that many states liquidate account holdings under their unclaimed property laws, subsequent to receipt from UBS, which could have/pose financial, tax or other implications for you. As a consequence, we encourage you to maintain contact with UBS, to update your account address and information, and to regularly (i.e., at least annually) access your Account, contact UBS or your authorized financial advisor, and/or conduct activity in your Account. If you do not keep your account address up to date or your account otherwise becomes dormant (due to lack of owner-generated activity), you will still be bound by changes we make to your Account, including fees and charges, liquidation of assets to cover debts, tax notices and confirmations and notices relating to your Account, even if you do not receive actual notice. You can access the documents we produce relating to your Account through UBS Online Services.

#### Termination of Account

You understand that you or UBS may terminate any Account, account feature or service at any time for any reason. If either of us terminates an Account, you must promptly return any unused checks and Card(s) to us. Failure to do so may result in a delay in complying with your instructions as to the disposition of the assets in your Account. You remain responsible for debits and charges whether they arose before or after the Account was terminated. You agree to pay us, the Card Issuer and the Check Provider promptly for all outstanding amounts. You agree to promptly provide us with transfer instructions for all of the Property in your Account.

Upon termination, you authorize us to take any of the following actions:

- Cancel any open orders and close any outstanding contracts;
- Buy any Property that may be held short in your Account;
- Distribute the assets in your Account to you, whether by issuing a check to you, delivering physical certificates

- or having securities registered in your name directly on the books of the applicable transfer agent or issuer;
- Sell the Property in any of your Accounts, at your risk and expense, including joint accounts.

We cannot be held responsible for losses if we sell any of your Property, even if liquidation and/or distribution would cause taxable consequences to you, nor are we responsible for the tax consequences of liquidating assets and/or distributing them to you.

You further agree that we may withhold any amounts that we reasonably believe are necessary to pay:

- any federal, state or local tax withholding obligations and
- any outstanding debts to us, the Card Issuer, the Check Provider.

We will apply the withheld amounts first to pay the tax obligations, second to pay ourselves, and third to pay the Card Issuer and the Check Provider, if applicable.

If your Account is terminated and the amount in the Sweep Option is insufficient to pay any tax withholding obligations, you authorize us to make such tax withholding payments out of any of your other Accounts in our sole discretion. If such withholding is not implemented, you agree that signing the Client Relationship Agreement constitutes an election out of tax withholding to the maximum extent permitted by law.

If you notify your Financial Advisor that you are closing your Account, or we are advised that you are transferring your Account to another financial institution, we will treat your Account as "closed." A closed Account will have all of its services terminated immediately including all cash management features (e.g. bill pay, electronic funds transfers, margin, and sweep options), however, RMA checks that are presented for payment may be paid for up to 30 days. Balances in existing Sweep Options will be liquidated and retained as a free cash balance pending withdrawal and will not receive interest payments. After being closed, residual cash deposits for dividends and interest for your Account that are not automatically transferred per your instructions will also be retained as a free cash balance pending withdrawal. You will continue to receive quarterly statements so long as there are any assets in your account.

If you close your Account, you may reopen the Account within thirty (30) days of closing without signing a new Agreement. You acknowledge that you continue to be bound by the all of the terms and conditions in effect when you reopen your Account.

If you close your Account and do not provide transfer instructions or request a check for the Account balance from us within a reasonable time, you authorize us to make a charitable contribution of any Account balance up to \$5.00 without prior notice to you.

# Fees and Charges

As a UBS client, it's important that you understand the fees and charges associated with your account and other services you may request. If, at any time, you have questions about fees or charges associated with your relationship with us, please speak with your Financial Advisor or go to [ubs.com/workingwithus](http://ubs.com/workingwithus).

We charge the applicable annual service fee for your Accounts as described below and as outlined in the Table of common fees included at the end of this section. All of our fees may change at any time, and we may introduce new fees and charges with prior notice to you. By maintaining your Account at UBS, after receiving notice of a change, you authorize us to charge the annual service fee and all other fees you owe to your Account. The annual service fee applies whether you use any cash management services in your Account or not.

## Billing of annual service fees

We charge an annual service fee for the first billable Resource Management Account (RMA) or Business Services Account BSA for Sole Proprietorships or Individual Retirement Account with RMA Services (IRA-RMA) in a Marketing Relationship, unless you are eligible for a fee waiver as described in the "Automatic annual service fee waivers" section below. We will automatically waive the annual service fees for any additional RMA or Business Services Account BSA for Sole Proprietorship that are in the same Marketing Relationship as one of these billable accounts.

*We generally determine the first such billable account in a Marketing Relationship in the following order:*

1. RMA Joint Account
2. RMA Individual Account
3. RMA Trust Account
4. RMA Guardian Account
5. RMA Custodial Account
6. Business Services Account BSA (Sole Proprietorships only)
7. IRA-RMA

Among common account and ownership types, the first billable account is the one with the earliest account opening date. You may designate a specific Account you own or control to pay the annual service fees and maintenance fees charged to other Accounts, whether owned by you or others. See the "Designating a specific Account for annual service and maintenance fee billing" section below.

All IRAs and IRA-RMAs are subject to an annual service fee. If you have a billable RMA, Business Services Account BSA for Sole Proprietorships or IRA-RMA, we will only charge an annual service fee for the first three IRAs and IRA-RMAs in the same Marketing Relationship. Please see the sample scenarios and the "Table of Common Fees" in this document for descriptions of the fees.

## Automatic annual service fee waivers

We automatically waive the annual service fees for any billable RMA, Business Services Account BSA for Sole Proprietorships, IRA-RMA and IRA in the same Marketing Relationship if you meet one of the following criteria:

- Your Marketing Relationship has a billable RMA, Business Services Account BSA for Sole Proprietorships or IRA-RMA and maintains \$1,000,000 in eligible assets on the last business day in November.

- Your Marketing Relationship has a billable RMA, Business Services Account BSA for Sole Proprietorships or IRA-RMA and maintains at least \$1,000,000 in month-end average eligible assets up until November month-end. The average of eligible assets is calculated by taking the sum of the account's month-end eligible assets for the year divided by the number of months this account was open in the billing cycle.

If your Marketing Relationship has a billable RMA or Business Services Account BSA for Sole Proprietorships, we only charge the annual service fee for the first billable RMA or Business Services Account BSA for Sole Proprietorships. We automatically waive the annual service fees for any additional RMA and Business Services Account BSA for Sole Proprietorships that are in the same Marketing Relationship.

We automatically waive the annual service fees for any RMA or Business Services Account BSA for Sole Proprietorships if one or more accounts in your eligible Marketing Relationship has active and recurring eligible Direct Deposits totaling at least \$1,000 per month for the two consecutive months immediately prior to the annual billing cycle. This waiver does not apply to IRAs or IRA-RMAs.

## Annual fee cap for Marketing Relationships

We will cap the following annual service fees and maintenance fees (described below) at \$500 per Marketing Relationship.

*In applying the fee cap, we will apply the annual service fees and maintenance fees in the following order:*

1. RMA Annual Fee
2. Business Services Account BSA (Sole Proprietorships only) Annual Fee
3. Business Services Account BSA Annual Fee
4. Basic Investment Account Annual Fee
5. Limited Purpose Stock Plan Account Annual Fee
6. IRA-RMA Annual Fee
7. IRA Annual Fee
8. Maintenance Fee

The following account types or fees are not eligible to be included in the \$500 fee cap: International RMA (IRMA), International Business Services Account BSA, International Basic Investment Account and Qualified Plans.

## Designating a specific Account for annual service and maintenance fee billing

You may designate a specific Account you own or control to pay the annual service fees and maintenance fees charged to other Accounts, whether owned by you or others. To designate an account, contact your Financial Advisor. The account from which fees are paid is referred to as a "Designated Billing Account." Certain account types are not eligible to be selected as the Designated Billing Account, including: ERISA Qualified Plan and IRAs, ACCESS, Managed Account Consulting (MAC), Strategic Wealth Portfolio, Private Wealth Solutions, UBS Selections and UBS Managed Portfolios, limited purpose stock benefit plan accounts, COD accounts and accounts that are restricted.

If the Withdrawal Limit of the Designated Billing Account is insufficient to pay for all annual service and maintenance fees on the day the fees are billed, the fee will be deducted from the account to which it originally applied.

*Throughout the "Fees and Charges" section, "UBS" refers to UBS Financial Services Inc., its successor firms, subsidiaries, correspondents and/or affiliates, including UBS Financial Services Incorporated of Puerto Rico, which clears through UBS Financial Services Inc.*

*Our process for determining the eligible assets in a "Marketing Relationship" is described in the General Terms and Conditions in this booklet.*

*"RMA Services" refers to the cash management services associated with an RMA brokerage account and include checkwriting, UBS Credit Card, UBS Visa Debit Card, Bill Payment and Electronic Fund Transfer Services.*

*"Direct Deposits" are transactions initiated by an external financial institution to process a deposit to a UBS Account from an external account. "Eligible Direct Deposit" is your payroll, Social Security, pension and annuity payments.*

You may change your Designated Billing Account selection by contacting your Financial Advisor at any time before the last business day in November of each year.

If the Designated Billing Account is debited for annual and/or maintenance fee(s) for other accounts, those additional accounts will be displayed on the Designated Billing Account's monthly statement in the billing month.

If you close or transfer an Account before the annual billing cycle, we will collect the annual service fee for that calendar year from that account, even if you have requested to use a Designated Billing Account.

If you have an Advisory account with UBS, please note that designating specific accounts to pay for Advisory fees is separate from the fee billing process outlined in this section.

**Following are examples of annual fees for four Marketing Relationships at UBS.**

**Scenario 1**

- Total assets in the Marketing Relationship: \$500,000
- Married couple with a Joint RMA
- One spouse has an individual RMA
- Each spouse has a Roth and a Traditional IRA

Account type	Fee type	Fee amount
Joint RMA	Annual	\$150
Individual RMA	Annual	\$0
Roth (IRA)	Annual	\$75
Additional Roth IRA	Annual	\$75
Traditional IRA	Annual	\$75
Additional Traditional IRA	Annual	\$0
<b>Total annual account fee</b>		<b>\$375</b>

**Scenario 3**

- Total assets in the Marketing Relationship: less than \$75,000
- Couple each with an RMA
- One has an individual RMA
- One has a Roth IRA
- One has a Traditional IRA

Account type	Fee type	Fee amount
RMA 1	Annual	\$150
RMA 1	Maintenance	\$95*
RMA 2	Annual	\$0
Roth IRA	Annual	\$75
Traditional IRA	Annual	\$75
<b>Total annual account fee</b>		<b>\$395</b>

*\* This RMA will pay the maintenance fee to cover the entire Marketing Relationship.*

**Scenario 2**

- Total assets in the Marketing Relationship: \$800,000
- Married couple with a Joint RMA
- Each spouse has an IRA
- The couple maintains two accounts for a Limited Liability Corporation (LLC) that they operate

Account type	Fee type	Fee amount
Joint RMA	Annual	\$150
Business Services Account BSA for LLC	Annual	\$150
Business Services Account BSA for LLC	Annual	\$150
IRA	Annual	\$50 (due to fee cap)
Additional IRA	Annual	\$0 (due to fee cap)
<b>Total annual account fees</b>		<b>\$500</b>

**Scenario 4**

- Total assets in the Marketing Relationship: \$350,000
- Couple each with an IRA-RMA
- Each has a Traditional IRA
- One has a Roth IRA

Account type	Fee type	Fee amount
IRA-RMA 1	Annual	\$150
IRA-RMA 2	Annual	\$75
Traditional IRA 1	Annual	\$75
Traditional IRA 2	Annual	\$0
Roth IRA	Annual	\$0
<b>Total annual account fees</b>		<b>\$300</b>

**Annual fee billing for other types of accounts** For all other types of accounts, such as International Resource Management Account (IRMA), International Business Services Account BSA, Business Services Account BSA (except for Sole Proprietorships) and Basic Investment Accounts, we charge an annual service fee for each Account, regardless of the frequency of your account activity, the other accounts in your Marketing Relationship or the level of assets you hold. Please refer to the list of annual service fees for each account type below.

Please note that an International RMA, International Business Services Account BSA, International Basic Investment Account and Qualified Plans are not eligible for the \$500 fee cap per Marketing Relationship.

### Timing of the annual account fee billing

We bill annual service fees and maintenance fees on the fourth business day in December of each year. The fees are automatically deducted from each account or a Designated Billing Account and will be reflected on your December statement. If the Withdrawal Limit of your account is insufficient to satisfy the fee amount, we will show the unpaid fee as a debit balance in your account.

You may deposit additional funds in your account to cover the unpaid fee. As described more fully in the agreements governing your Accounts, you understand and agree that we have the right to collect unpaid fees, late payment interest and any other amounts you owe us from any Property in any of your Accounts at any time. Without limiting these rights, we typically use the following process to collect unpaid fees:

1. On the second Monday of March each year, UBS will sell a sufficient number of mutual fund shares held in your account.
  - First, we will sell shares from your largest position (by value based on the previous day's NAV) that was subject to an up-front sales charge, continuing with successively smaller positions as necessary.
  - Next, we will sell your largest position that could be subject to a back-end sales charge, continuing with successively smaller positions as necessary.
  - Finally, we will sell your largest position in no-load funds, continuing with successively smaller positions as necessary.
  - If all necessary mutual fund transactions for us to collect unpaid fees from all clients cannot be completed in a single day, we will process transactions for retirement accounts first, in the order of the account number, and then for all other account types.
2. If the sale of mutual funds described above does not result in sufficient funds to satisfy your debit balance, UBS will sell shares from the eligible equity positions held in your account on the third Monday of March each year.
  - Eligible equity positions are: common stock, foreign common stock, American Depositary Receipts (ADRs) and closed-end mutual funds.
  - We will sell shares from your largest position (by value, based on the previous day's closing price), continuing with successively smaller positions as necessary.
  - If the price per share of your largest eligible equity position exceeds \$250.00, we will sell shares from the next largest position.
  - In the best interest of our clients, shares may be sold as part of a block trade with other UBS client shares and you will receive an average price.
  - If the proceeds of the sale are greater than the amount of the unpaid debit balance, excess proceeds will be credited to your account.

### Additional information regarding satisfying debit balances for unpaid fees

- No commissions will be charged on the transactions executed as part of this automated process; however, standard Processing and Handling and Transaction fees will apply. For mutual fund transactions, you may also incur deferred sales charges.
- Offshore mutual funds, Bulletin Board stocks, pink sheets, and restricted stock or securities held in physical form will not be sold as part of this process, but these securities, and any others, may be sold at another time to cover the fee balance. Commissions and fees apply any other time we sell Property from your Accounts to collect unpaid fees or any other amounts you owe us.
- If your account includes shares of your current employer, you may be subject to a blackout or other restrictions as part of your company's compliance policy. If so, you should cover your unpaid balance before the automated sale, as the automated sales process cannot differentiate those circumstances.
- If you do not have a valid tax certification form, typically a Form W-9, on file with us, the Internal Revenue Service (IRS) and/or certain states may require us to withhold a percentage of the proceeds from these sales, also known as "backup withholding." If backup withholding applies, we will sell additional shares to cover this amount.
- These sales may be a taxable event, and UBS will not be liable for any tax consequences or for any losses or lost profits relating to these sales.
- We will process the transactions described above unless market conditions, technology failures, trading volumes, or other matters beyond our control preclude us from accurately processing on the specified dates. In those circumstances, we will process the transactions on the next available business day.
- If the sale of eligible mutual fund shares and equity positions is not sufficient to satisfy the unpaid debit balance, it will remain due in the account.
- If necessary, we will complete this process for collecting unpaid fee balances in March, June and September each year using the same procedures and timing (second Monday and third Monday, respectively) outlined above.

### Account transfers and fees

If you instruct us to transfer your Account or all the positions in your account to another financial institution, you will be subject to an Account Transfer Fee. If you close your Account, whether by transferring, requesting a final check or by other means, before the annual service fee is billed for that calendar year, we will debit your Account for the Annual Service Fee that you would have been charged.

### Maintenance fee

We may charge your Marketing Relationship a maintenance fee (even if the annual service fees for your accounts have been waived for that calendar year).

The Maintenance Fee is charged if your Marketing Relationship does not meet a minimum of \$75,000 in month-end average eligible assets up until November month-end, or \$75,000 in eligible assets on the last business day in November. The average of eligible assets is calculated by taking the sum of the account's month-end eligible assets for the year divided by the number of months this account was open in the billing cycle.

### Other fees, charges and compensation

We also charge commissions, markups and/or other fees and charges for execution of transactions to purchase and sell securities, options or other property through us and our affiliates. These charges and fees may include, but are not limited to, transaction fees; subscription fees

*Your Financial Advisor can supply specific information regarding fees and charges that may apply to your Accounts.*

*The UBS Base Loan Rate and other applicable reference rates are defined in the Statement of Credit Practices that can be found in this booklet.*

*For more information about our fees and other sources of revenue, please speak with your Financial Advisor or go to [ubs.com/workingwithus](http://ubs.com/workingwithus).*

*"NAV" means the net asset value of a mutual fund.*

for U.S. Government and Government agency issues; insurance premiums; and other charges associated with the custody, handling and transfer of securities, funds and assets, including amounts we pay others in connection with transactions for your account. You agree to pay these charges, commissions and/or fees at our then prevailing rates. You also understand that such charges, commissions and/or fees may be imposed or changed from time to time without notice to you, unless required by rules or regulations, and you agree to be bound by the changes. We may waive the annual service fee or other charges based on a variety of factors, including the extent of our relationship with you.

As a client, you understand that we will earn income at the prevailing market rates on overnight investments, on deposits and credits to your Account(s), until the cash balances are invested or swept into the UBS Deposit Account Sweep Program, a Sweep Fund or Other Sweep Option. This does not apply if your account is an Individual Retirement Account, ERISA Plan, 403(b)(7) Account, or Coverdell Education Savings Account which UBS Financial Services Inc. has investment discretion over or has agreed to act as a "fiduciary" (as defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Internal Revenue Code). You agree that the overnight investment income will be part of our compensation for services rendered with

respect to your Account, separate from and in addition to compensation described in the applicable fee schedule below. You also agree that such compensation, together with all other fees and charges, is reasonable. Once cash balances are credited to your Account(s), they are generally invested in the applicable sweep option on the next business day.

You agree to pay a late charge if you purchase securities on a cash basis and fail to pay for them by the settlement date. We may impose a late fee at the maximum rate of interest set forth in the "Statement of Credit Practices," if applicable, or otherwise at the maximum rate permissible by law. The late charge will be imposed from the settlement date until the date of payment, without regard to our right to sell the securities in accordance with your Client Relationship Agreement and applicable laws, rules and regulations. Unpaid late payment interest will be collected as part of the process described above for collecting unpaid fee balances by selling securities from your Account, and further notices may not be given prior to such sales.

We charge interest on all amounts advanced and other balances due in accordance with our "Statement of Credit Practices," if applicable or otherwise at the maximum rate permissible by law.

Account	Fee	Notes and Definitions
<i>Annual Service Fee</i>		
Resource Management Account (RMA)	\$150	
International Resource Management Account (IRMA)	\$175	
IRA Resource Management Account (IRA-RMA) (first IRA-RMA only)	\$150	The annual service fee for an IRA-RMA is \$150 only if there are no other billable RMA or Business Services Account BSA for Sole Proprietorship accounts in the Marketing Relationship.
IRA Resource Management Account (IRA-RMA) (additional IRA-RMAs)	\$75	The annual service fee for an IRA-RMA is \$75 if it is in a Marketing Relationship with a billable RMA or Business Services Account BSA for Sole Proprietorship accounts, or if it is in the same Marketing Relationship with another IRA-RMA that is paying a \$150 annual service fee.
Individual Retirement Account (IRA)	\$75	We charge a \$75 annual fee for the first three IRAs if there is a billable RMA, Business Services Account BSA for Sole Proprietorship accounts or an IRA-RMA in the Marketing Relationship. If there is not, the \$75 fee will apply to each IRA.
Coverdell Education Savings Account (CESA)	\$75	
403(b)(7) Custodial Account	\$75	
Qualified Plan Fee	\$50	
Business Services Account BSA	\$150	
Business Services Account BSA Qualified Plans	\$150	
Basic Investment Account	\$75	This account is no longer available.
Wealth Advice Center Limited Purpose Account	\$75	
<i>Other Fees</i>		
Maintenance Fee	\$95	We charge this fee if your eligible assets in a Marketing Relationship do not maintain the minimum required levels as described above.
Account Transfer Fee	\$95	
Processing and Handling Fee (per transaction)	\$5.25	
Transaction Fee (per sale transaction) at a rate adjusted twice per year and rounded by UBS to the nearest penny or up to one penny if less than one	Varies	This fee, which is displayed on trade confirmations, covers the transaction fees UBS is required to pay to self-regulatory organizations.
Annual Physical Security Safekeeping (per security per Account)	\$75	This is a fee for storing stock certificates or other physical securities on your behalf.
Restricted Legend Removal Fee (per security)	\$125	This fee covers costs associated with the legal transfer from restricted to common stock.
Non-DRS Transfer Fee	\$25	This fee applies on securities that do not participate in the Direct Registration System (DRS) and is charged for the transfer and shipment of a client's book-entry shares into physical certificate form registered in client name or another name designated by the client.
Legal Transfer Fee	\$25	This fee is charged for processing a change of registration of security in certificate form due to events (such as death of original owner, a minor reaching the age of majority.)
Bounced Check Fee	\$15	This fee is charged if a check drawn on your account is returned for insufficient funds.
Returned Check Deposit Fee (per check)	\$25	This fee is charged when a check deposited to your account is returned for insufficient funds.
Special Check Handling Fee	\$10	This fee is charged when we pay a check that exceeds your Withdrawal Limit.

<b>Account</b>	<b>Fee</b>	<b>Notes and Definitions</b>
<i>Other Fees, continued</i>		
Federal Fund Wire Transfer Fee (applies to U.S. Dollar wire transfers)	\$25	This fee is charged for outgoing U.S. Dollar wire transfers. RMA, IRA, IRA-RMA and Business Services Account BSA (Sole Proprietorships only) accounts residing within the same Marketing Relationship with a primary billable account receive a total of three free outgoing U.S. Dollar wire transfers per year.
Foreign Currency Wire Transfer Fee	\$45	This fee is charged for all outgoing foreign currency wire transfers. It is not included in the three free U.S. Dollar Federal Fund Wire transfers per year described above.
Check Stop Payment Fee (per check)	\$12	
Check Stop Payment Fee (series of 3 or more)	\$25	
Check Copy Fee (per item)	\$2.50	
Overnight Delivery of Wallet Style Check-Order Fee	\$15	
Voluntary Corporate Action Fees	\$30	This fee is charged when account owners decide how they would like their assets to be handled when corporations take certain actions, such as voluntary tender offers.
Support Services and Processing Fee	\$75	This fee applies to purchases or sales of no-load mutual funds and institutional mutual fund share classes in brokerage accounts, regardless of the amount of the transaction.
American Depositary Receipts (ADR)/Global Depositary Receipts (GDR) Service Fee	Varies	If you own these types of securities, this fee may be charged by the third-party depository bank that holds the underlying assets and manages all registration and recordkeeping for the securities. UBS does not retain any portion of this fee.



# Bill Payment and Electronic Funds Transfer Service Agreement

## Service Agreement

As a client of UBS, you may request to enroll in our Bill Payment and Electronic Funds Transfer Service—an efficient and convenient way to pay your bills and transfer funds to and from certain accounts as described below.

This Service Agreement constitutes the terms and conditions that govern the UBS Bill Payment and Electronic Funds Transfer Service, as well as other electronic funds transfers, including transfers under the CashConnect service and other transfers made through the Automated Clearing House (ACH) system.

All bill payments and electronic funds transfers are subject to your Client Relationship Agreement. If there is a conflict between this Service Agreement and the Client Relationship Agreement, this Service Agreement will control. By enrolling in our Bill Payment and Electronic Funds Transfer service, you agree that you may not use the service to make any illegal payments or transfers, and you agree that we may refuse to execute requested bill payments and electronic funds transfers in order to prevent suspected fraud or illegal activity.

## The UBS Bill Payment Service

After we approve your enrollment in the UBS Bill Payment Service, you may initiate payments from your Account to payees within the U.S. When instructed, we will make regular, periodic payments in fixed amounts to a particular payee or initiate one-time payments of a specified amount to a payee. We may send the funds electronically or by paper check to your intended payee. We recommend that you do not use the UBS Bill Pay service to schedule tax payments, court-ordered payments or fines or any payments that require original documentation to be attached to the payment, which can result in delayed posting or inability of the recipient to post the payment in a timely manner.

If you use the Bill Pay service for these types of payments and your payment is posted by the recipient past the required due date, please be advised that penalty fees may be assessed. UBS is not liable for any penalties or other costs or damages you may incur if you request or schedule these types of payments through the Bill Pay Service.

## The UBS Electronic Funds Transfer Service

After we approve your enrollment in the UBS Electronic Funds Transfer Service, you may initiate transfers of funds between your Account and “Designated Internal Accounts” or “Authorized Outside Accounts” at other financial institutions or banks within the U.S. You must be entitled to withdraw funds from any Designated Internal Account from which you intend to transfer funds, and we must authenticate and accept any outside account to or from which you intend to transfer funds before you can initiate transfers.

## Authorization

By enrolling in the Bill Payment and Electronic Funds Transfer Service you authorize us to initiate payments and transfers to and from your Account, your Designated Internal Accounts and your Authorized Outside Accounts. We accept instructions online, over the telephone, in writing or other means. When you use UBS Online Services or ResourceLine, our telephone voice response system, you may be required to provide your password or personal identification number (“PIN”). Certain bill payments and electronic funds transfers can only be requested through Online Services or in writing.

In addition, by enrolling in the service and through your continued use, you agree to maintain sufficient balances to cover your bill payments and electronic funds transfers at all times. Likewise, you understand that we are not liable for any overdraft or insufficient funds situation caused by your payments or transfers, and you agree to repay any overdraft or insufficient funds on demand.

If an erroneous payment or transfer is made, you authorize us to debit or credit your Account to correct it, provided the correction is made in accordance with applicable laws, rules and regulations.

In addition, you authorize the banks or other financial institutions at which you maintain your Authorized Outside Accounts to accept ACH credits or debits to those accounts. Finally, by using our Bill Payment and Electronic Funds Transfer Service, you authorize us to obtain information about your funds transfer transactions from the other banks or financial institutions in order to provide the Bill Payment and Electronic Funds Transfer Service or to resolve transfer posting problems.

## Pay Credit Card Feature

You can pay your UBS Visa Signature credit card on UBS Online Services using a feature called Pay Credit Card. You can make one-time-only payments or set up regular monthly payments. For regular monthly payments, you will have the option to pay i) the Statement Balance or ii) the Minimum Payment Due or iii) a fixed payment amount that you select. If your Minimum Payment Due for any month is greater than the fixed payment amount you selected, you authorize us to deduct that Minimum Payment Due. Likewise, if your Statement Balance for any month is less than the fixed payment amount you selected, you authorize us to deduct that Statement Balance.

Recurring monthly payments—“statement balance” or “minimum due”

The following applies to payments made via Pay Credit Card from your Resource Management Account (RMA), Business Service Account (BSA), UBS Credit Line account (SBL) or external bank account.

Regular monthly statement balance or minimum due payments may be scheduled to occur on any date between the 10th and 20th calendar day of every monthly cycle so we are able to provide you with advance notice of amount as required by regulations.

- If a request to make an online recurring monthly payment is received by 6:00 p.m. for debits from an RMA, BSA or SBL account or 4:00 p.m. for debits from an external account and the first recurring payment is scheduled for that day, the UBS Visa Signature credit card issuer will credit your payment as of that day.
- If a request to make an online recurring payment is received after 6:00 p.m. for debits from a RMA, BSA or SBL account or 4:00 p.m. for debits from an external account, the UBS Visa Signature credit card issuer may credit your payment as of the next day.
- If a future dated recurring statement balance or minimum due payment date falls on a weekend or holiday, UBS Financial Services Inc. on behalf of the card issuer may process your payment on the prior Business Day.
- To cancel a recurring statement balance or minimum due payment you have until 10:00 p.m. on the day prior to payment date. If your payment date falls on a weekend or holiday UBS Financial Services Inc. on behalf of the card issuer may process your payment on the prior Business Day. You will have until 10:00 p.m. on the calendar day prior to the payment date to cancel the payment.

*“You,” “your” and “yours” refer to clients of UBS. “UBS,” “we,” “us,” “our” and “ours” refer to UBS Financial Services Inc. and unless we indicate otherwise, its successor firms, subsidiaries, correspondents and affiliates, including its parent company, UBS AG.*

*“Accounts” refers to all accounts you open with us now or in the future.*

*You may enroll in the Bill Payment and Electronic Funds Transfer Service by contacting your Financial Advisor.*

*All times referred to in this document are Eastern Time.*

*Note: Individual Retirement Accounts (IRAs) and Basic Investment Accounts cannot process Electronic Funds Transfers via ResourceLine.*

*“Payees” are the vendors and other persons, companies or entities you wish to receive funds through the UBS Bill Payment Service.*

*A “Designated Internal Account” is any other UBS account you have designated to transfer funds to or from.*

*An “Authorized Outside Account” at another bank or financial institution is one you have designated as a recipient or source of electronic funds transfers, and for which account authorizations have been authenticated, completed and accepted.*

*ResourceLine, our interactive voice response telephone unit, is available 24 hours a day, 7 days a week, at 800-762-1000, Option 0, in the U.S. or, outside the U.S., by calling collect at 201-352-5257.*

You may notify us by calling 800-762-1000, 24 hours a day, 7 days a week, or by writing to: UBS Financial Services Inc., 1000 Harbor Boulevard, 5th Floor, Weehawken, NJ 07086 Attn: Bill Payment and Electronic Funds Transfer Service

Outside the U.S., call us collect at 201-352-5257.

See the section titled, "Providing Payment or Transfer Instructions" to review ways to access our systems.

Recurring Payments "Other Amount"—From a UBS Resource Management Account (RMA), Business Service Account (BSA), UBS Credit Line account (SBL) or external bank account.

- Recurring "Other Amount" payments may be scheduled to occur any day during the monthly cycle.
- If a future dated "other amount" payment date falls on a weekend or holiday, UBS Financial Services Inc. on behalf of the card issuer may process your payment on the prior Business Day.
- To cancel a recurring "other amount" payment you have until 10:00 p.m. on the day prior to payment date. If the payment date falls on a weekend or holiday, UBS Financial Services Inc. on behalf of the card issuer may process your payment on the prior Business Day and you may cancel up to 10:00 p.m. on the calendar day prior to the payment date.

One-time only payments—From a UBS Resource Management Account (RMA) a Business Service Account (BSA).

- One-time-only payments may be scheduled to occur any day during the monthly cycle.
- Same day one-time-only payments submitted before 10:00 p.m. on Business Days or at any time on weekends and holidays will be credited to the UBS Visa credit card the same day.
- Payments submitted after 10:00 p.m. on a Business Day may be processed the following Business Day.

One-time only payments—From a UBS Credit Line account (SBL)

- One-time-only payments may be scheduled to occur any day during the monthly cycle.
- Same day one-time-only payments submitted before 6:00 p.m. will be credited to the UBS Visa credit card the same day.
- Payments submitted on a weekend and holiday or after 6:00 p.m. on a Business Day may be processed the following Business Day.

One-time-only payments—From an external bank account.

- One-time-only payments may be scheduled to occur any day during the monthly cycle.
- Same day one-time-only payments submitted before 4:00 p.m. on Business Days will be credited to the UBS Visa credit card the same day.
- Payments submitted on a weekend and holiday or after 4:00 p.m. on a Business Day may be processed the following Business Day.

You are responsible for ensuring that there are sufficient funds in your account for each payment you authorize.

If any payment is rejected for insufficient funds, both we and the UBS Visa Signature credit card issuer may charge you applicable fees. Except as expressly provided in this Pay Credit Card Feature section, the terms of the Service Agreement apply to your use of the Pay Credit Card Feature.

#### CashConnect Feature for the UBS Visa Signature Credit Card

If you apply for and receive a UBS Visa Signature credit card (a Credit Card) from the issuer (Visa Signature Credit Card Issuer), you authorize us to transfer funds to the Visa Signature Credit Card Issuer from your Account to repay any cash advances that the Visa Signature Credit Card Issuer tells us you received through your Credit Card at ATMs or financial institutions (Cash Advances). Transfers will be made each Business Day to repay Cash Advances obtained that day. Transfers will be made up to your Withdrawal Limit. You authorize the Visa Signature Credit Card Issuer and us to share information regarding Cash Advances in order to facilitate the CashConnect feature. The terms of Cash Advances, and the posting of CashConnect transfers to the Credit Card, are the responsibility of the Visa Signature Credit Card Issuer and not us.

The CashConnect feature will apply automatically when you obtain a Credit Card and is subject to the terms

of the Bill Payment and Electronic Funds Transfer Service Agreement, even if you do not enroll in the service. Transfers from your Account to pay Cash Advances are considered to be electronic funds transfers for purposes of this Service Agreement.

If you have any questions regarding the CashConnect feature, please call us at 800-762-1000.

#### Termination of Authorization

Your authorization will remain in effect until we receive notification from you to terminate it. You may terminate or modify your authorization at any time. Your termination will become effective as soon as we have had a reasonable amount of time to act on it. We are not responsible for bill payments or electronic funds transfers that are not paid after you terminate these services, and you remain responsible for any outstanding fees or obligations arising from your use of these services.

We accept instructions to terminate your authorization by telephone or in writing. If you notify us by telephone, we may require you to send us written notification also.

The CashConnect feature will be terminated automatically if your account is closed or suspended.

UBS may also terminate these services and close these accounts at any time without prior notice.

#### Maximum Transaction Amounts

The maximum amount you may pay or transfer from your account is equal to your "Withdrawal Limit." Your obligations are satisfied in the order described in the "Order of Permitted Payments" section of this booklet. The maximum amount you may transfer from an Authorized Outside Account is determined by the bank or financial institution at which you maintain that account. We may change the maximum transaction amount or impose a minimum amount at any time without prior notice. Transfers may be made only in U.S. dollars.

#### Providing Payment or Transfer Instructions

You may provide payment or transfer instructions via the Internet, over the telephone, in writing or by other means. The Bill Payment and Electronic funds Transfer Service is available 24 hours a day, 7 days a week (excluding maintenance periods) at [www.ubs.com/onlineservices](http://www.ubs.com/onlineservices) or by calling 800-762-1000 to access **ResourceLine**. With ResourceLine you may use our interactive voice response system or speak to a live operator. Outside the U.S., you may call us collect at (201) 352-5257. Certain bill payments and electronic funds transfers can only be requested through Online Services or in writing. **We cannot accept payment or transfer instructions provided via e-mail.**

Instructions to transfer \$100,000 or more must be provided to a live operator or executed via Online Services. The transaction limit via Online Services is \$1,000,000. We reserve the right to change or limit the frequency or dollar amount of a payment or transfer at any time without prior notice.

#### Process Date

Your instructions to us must specify the date on which you want us to initiate a payment or transfer. That date is called the "Process Date."

The Process Date is **not**, however, the date on which the payment or transfer will actually be received and/or posted by your payee.

#### Timing of Bill Payments

We will debit your Account for a bill payment on the Process Date indicated in your instructions. However, if the Process Date falls on a weekend or holiday, your payment will be processed on the next available Business Day. If your payee can receive electronic payments, we will generally send your payments electronically. Otherwise, we will mail a physical check to the payee's address of record.

Your Account's "Withdrawal Limit" is the amount of funds available for securities purchases and other transactions on any particular day. For more information, see the "General Terms and Conditions" in the Agreements and Disclosures booklet or call your Financial Advisor.

"Business Days" are Monday through Friday. Bank holidays in New York State and New York Stock Exchange holidays are not a business day.

Depending on whether the payment is sent electronically or by physical check, it may not be received by the payee until several days after the Process Date.

Accordingly, we recommend that all instructions specify a Process Date at least seven (7) to ten (10) business days prior to the date the payment is due. If you follow the procedures described above and schedule your payments for a Process Date at least seven (7) to ten (10) business days prior to the due date of the bill, and we fail to process the payment on the scheduled Process Date, we will be responsible for up to \$50.00 in late charges. In all other circumstances, you will be responsible for all late charges and penalties.

Except as provided here, we agree to initiate all payments in accordance your instructions. We are not liable for damages unless we breach our agreement. Likewise, we are not responsible for any delay by the receiver in posting or crediting a bill payment or electronic funds transfer, or for delays caused by incorrect payment instructions or for other reasons beyond our control.

We earn interest income on bill payments during the time after the funds are debited from your Account and before the bill payment is processed.

### Canceling Bill Payments

You may cancel specific payment instructions from your Account until 6:00 p.m. on the Process Date (or until 6:00 p.m. on the next Business Day if the Process Date falls on a weekend or holiday.)

### Timing Of Electronic Funds Transfers

Transfers to a Designated Internal Account or to an Authorized Outside Account will generally be sent from your Account on the Process Date indicated in your transfer instructions.

We initiate transfers from a Designated Internal Account or an Authorized Outside Account to your Account on the Process Date indicated in your transfer instructions.

If the Process Date for a transfer scheduled in advance (including recurring transfers) falls on a weekend or holiday, the transfer will be processed on the prior Business Day subject to the cut-off time for entering transfer requests. If the Process Date for an internal transfers involving a UBS IRA or qualified plan account falls on a weekend or holiday, the transfer will be processed on the next Business Day.

### Canceling Electronic Funds Transfers

You may cancel specific transfer instructions to an Authorized Outside Account from your Account or from an Authorized Outside Account to your Account until 6:00 p.m. on the Process Date for that transaction.(or until 6:00 p.m. on the prior Business Day if the Process Date falls on a weekend or holiday.)

You may cancel transfers between Designated Internal Accounts until the beginning of the daily system update cycle (approximately 10:00 p.m.) on the day prior to the Process Date. If Process Date falls on a weekend or holiday, we will effect the transfer on the prior Business Day and you may cancel up to 10:00 p.m. on the prior calendar day.

You may cancel transfers scheduled between a UBS IRA or qualified plan account and a non-Retirement account until 6:00 p.m. on the Process Date.(or until 6:00 p.m. on the next Business Day if the Process Date falls on a weekend or holiday.)

### Additional Information Regarding Scheduled Transactions

Process Dates for specific transfers and payments that you have scheduled are available for review on Online Services or ResourceLine. We are not liable for cancellations we receive after the applicable cut-off time.

You may request a cancellation the same way you provide payment or transfer instructions. If you make your request over the telephone, however, we may require you to confirm it in writing within 14 days after your call. If you send your request through the mail, we must receive it in our offices at least three (3) business days before the Process Date.

If you ask us to stop a regular automatic payment, bill payment or electronic funds transfer that you have authorized in advance, and we do not do so, we will be liable for your losses or damages to the extent required by Federal law. We do not accept liability, however, for losses or damages that might be incurred if we did not receive your request by 6:00 p.m. Eastern time on the Process Date.

You may attempt to cancel a transaction that has been processed but not "cleared." A cleared payment or transfer is one that has been received and posted by the payee or outside financial institution. To attempt to cancel a transaction after its Process Date but before it has cleared, call us at 800-762-1000. We will not accept liability for losses or damages that might be incurred if we are unable to stop the payment or transfer. We may also require you to confirm your request in writing within 14 days of your call. We will charge a fee of \$15.00 for each request to cancel a payment or transfer after its Process Date.

### Funds Transfer Initiated By Third Party; Electronic Check Conversion

You may authorize a third party to debit your accounts using an electronic funds transfer. In addition, you may authorize a merchant, or other payee, to make a one-time payment from your account via an electronic funds transfer using information from your check. By enrolling in this service and through your continued use of it, you authorize us to honor and pay these electronic funds transfers, and debit your account for them any time after we receive them. We reserve the right, from time to time, to impose limitations on the number, frequency and dollar amount of these types of electronic funds transfers and to return or refuse to pay such electronic funds transfers that exceed those limits.

### Documentation

We display the transfers for your Account on your monthly statement as required by applicable regulations. If there are no transfers in a given month, we send an account statement at least quarterly.

### Unauthorized Use of Your Account; Lost or Stolen Pin Or Password

Please notify us immediately if your Account statement shows any unauthorized automatic payments, or unauthorized bill payments or electronic funds transfers, **other than a UBS Card transaction.**\* You could lose all the money in your Account if you fail to notify us of unauthorized transactions.

If you do not notify us within sixty (60) days after the statement on which an unauthorized transaction appears was mailed or made available to you, and if we can show that fraudulent transactions could have been stopped if you had notified us in a timely manner, you may not get back any money you lost after the 60 days. You must also notify us immediately by calling ResourceLine if you believe your PIN or password has been lost or stolen, or if there may be any unauthorized automatic payments, bill payments or electronic funds transfers from your Account.

You will have no liability for unauthorized automatic payments, bill payments or electronic funds transfers from your Account if:

- i. You have exercised reasonable care in safeguarding your PIN or password from risk of loss or theft;
- ii. You have not reported two or more incidents of unauthorized use within the preceding twelve months; and
- iii. Your Account is in good standing.

*\* If you find an unauthorized or questionable Card transaction, notify the Card Issuer in accordance with the Cardholder Agreement. The Cardholder Agreement, not this agreement governs your liability for unauthorized Card transactions.*

*Notifying us by telephone is the best way to minimize your potential losses, if you suspect your PIN or password has been lost or stolen, or if you find unauthorized transactions in your Account.*

*ResourceLine is available 24 hours a day, 7 days a week, at 800-762-1000, Option 0, in the U.S. or, outside the U.S., by calling collect at 201-352-5257.*

You can also call your Financial Advisor or write to us at:  
UBS Financial Services  
1000 Harbor Boulevard,  
5th Floor  
Weehawken, NJ 07086  
Attn: Bill Payment and Electronic Funds Transfer Service.

The Cardholder Agreements, not this agreement, governs the investigation of suspect Card transactions.

The UBS Client Privacy Notice is mailed to you annually. It is also available on our website at [www.ubs.com/fsi](http://www.ubs.com/fsi). Click on "Privacy Statement" at the bottom of the Home page.

In any event, if you notify us within two (2) business days of discovering the loss or theft of your PIN or password or any unauthorized automatic payments or unauthorized bill payments or electronic fund transfers, you can lose no more than \$50.00.

If you do **not** notify us within two (2) business days after you discover the loss or theft of your PIN or password, or any unauthorized transactions, and we can show that we could have stopped the unauthorized use if you had notified us in a timely manner, you could lose up to \$500.00.

If a good reason, such as a long trip or hospital stay, prevents you from notifying us, we will extend the above time periods reasonably.

#### Questions or Errors on Your Account Statement

If you think your account statement or receipt is incorrect, need more information about any transactions on a statement or receipt (except UBS Card transactions), or have any other inquiries about your Account, please call ResourceLine or write to us at the address above. We will ask for the following information:

- i. Your name and account number.
- ii. A description of the error or the transfer you are questioning, why you believe it is an error or why you need more information.
- iii. The dollar amount of the suspected error.

If you provide this information over the phone, we may ask you to send your description, complaint or question to us in writing within ten (10) business days of notifying us. We will investigate the issue and advise you of our findings within ten (10) business days after we receive your letter. If an error has been made, it will be corrected promptly. In some cases, however, it may take up to 45 days to investigate an error or question.

Investigations involving new Accounts, point-of-sale errors or foreign transactions may take up to ninety (90) days to complete. It may take us up to twenty (20) days to credit new Accounts for the amount you think is in error.

We will tell you the results of our investigation within three (3) business days of completing it. If we decide there was no error, we will send you a written explanation. You may ask for copies of the documents that we used in the investigation.

#### Our Liability For Failure To Make Bill Payments or Electronic Funds Transfer

If we do not complete a transfer to or from your account on time or in the correct amount, as described in this agreement, we will be liable for your losses or damages to the extent required by Federal law. However, there are some exceptions for which we are not liable, including if:

- i. Through no fault of ours, the payment or transfer exceeds your Withdrawal Limit,
- ii. The funds in your Account are subject to legal process or other encumbrances restricting transfers,
- iii. Your Account has been retitled, closed or blocked for security reasons,
- iv. The Bill Payment or Electronic Funds Transfer Service was not working properly and you were aware of the malfunction when you entered your instructions,
- v. The bank or other financial institution where you maintain an Authorized Outside Account mishandles or delays a payment or transfer we send it,
- vi. You have not provided us with the correct names or account information for the accounts to or from which you wish to direct a payment or transfer,
- vii. Circumstances beyond our control, such as fire, flood or interference from an outside force, prevent or delay the transaction despite any reasonable precautions we may have taken, or
- viii. Any other exceptions stated in this agreement.

To the extent permitted by applicable law, we are not liable for any special, incidental, consequential or exemplary damages, including, without limitation, lost profits arising in any way out of the use of these services, or for misdirected payments or transfers due to your input errors.

#### Confirming A Payment or Transfer

To confirm whether a payment or transfer, including a direct deposit, has been executed, log in to your Account via Online Services at [ubs.com/onlineservices](http://ubs.com/onlineservices) or call 800-762-1000.

#### Notice of Varying Amounts

If you intend to make regular preauthorized transfers of varying amounts to the same person or entity, the person you are going to pay is required to inform you at least 10 days before each payment, of the amount and timing of each payment.

#### Charges

Bill payments and electronic funds transfers are free of charge for all accounts other than a Business Services Account BSA (BSA). The first twenty (20) combined payments and transfers per month from a BSA to your Authorized Outside Accounts are free of charge. Thereafter, your Account will be charged \$0.50 for each outgoing transaction. Transfers into a BSA and between a BSA and any Designated Internal Accounts are free of charge.

We may terminate the Bill Payment or Electronic Funds Transfer Service or charge you for payments or transfers from your Account to your Authorized Outside Accounts if we determine that such payments and transfers have become excessive. If this happens, we will notify you.

We may charge you a returned-item fee of \$15.00 for each bill payment and/or electronic funds transfer that is returned due to insufficient or uncollected funds in any of your Authorized Outside Accounts. By enrolling in and using these services, you agree to pay the above charges and authorize us to charge your Account, or any other account you maintain with us, if there are insufficient funds in your Account for such amounts.

#### Rejected And Returned Electronic Funds Transfers

Transfers may be rejected and returned by your bank or other financial institution for the following reasons:

- i. **Insufficient or Uncollected Funds** in your Authorized Outside Account: When you request a transfer from an Authorized Outside Account, you must ensure that sufficient funds are available to complete the transfer.
- ii. **Closed Authorized Outside Account**: If the Authorized Outside Account from which you request a transfer is closed when we attempt to complete the transfer, it will be rejected and returned as incomplete.

We will deduct a returned item fee from your Account or, if funds are insufficient, from any other account you hold with us for each transfer request we cannot complete from an account with insufficient or uncollected funds or from a closed account.

#### Pin And Password Security

By enrolling in this service and through continued use of it, you agree not to give or make your PIN or Password available to any unauthorized individuals. If you suspect that your PIN or Password has been lost or stolen, that someone has attempted to use it without your consent, or that funds have been transferred or disbursed without your permission, you must notify us immediately by calling 800-762-1000. From outside the U.S., call 201-352-5257 collect. Operators are available 24 hours a day, 7 days a week. You can also notify us by writing to:  
UBS Financial Services Inc.  
1000 Harbor Boulevard, 5th Floor  
Weehawken, NJ 07086

Attn: Bill Payment and Electronic Funds Transfer Services.

#### Your Privacy

At UBS, we are committed to safeguarding your personal information. For more information, please review the enclosed UBS Client Privacy Notice, which describes the personal information we collect and how we handle and protect it.

# UBS Visa Debit Card Cardholder Agreement

## Cardholder Agreement

This UBS Visa Debit card Cardholder Agreement (Cardholder Agreement) governs the usage of, and your rights and responsibilities with respect to, any UBS Visa Debit card(s) (each, a Card) issued in connection with your Account. The Card is issued by UBS Bank USA (also referred to as the Card Issuer) in accordance with an agreement between UBS Bank USA and UBS Financial Services Inc. (also referred to as UBS) and this Cardholder Agreement. Your Client Relationship Agreement and the terms, conditions and disclosures included in your Agreements and Disclosures booklet and other new account disclosures also apply to your Card, but the terms of this Cardholder Agreement control in the event of any inconsistency.

This Cardholder Agreement also applies to the use of any Cards you request us to issue to any additional cardholders, as well as to any person using any Card issued in connection with your Account with express, implied or apparent authority to act on your behalf or on the behalf of any other Cardholder. You agree that the Card Issuer may, but is not required to, act on instructions or respond to communications from those additional users. You are responsible for the use of all Cards issued in connection with your Account.

This Cardholder Agreement does not apply to other features of your Account, such as bill payments and electronic funds transfers, nor does it apply to the UBS Visa Signature credit card.

## Account Access

You may use your Card to:

- Purchase goods and services wherever Visa debit cards are accepted, and at retail locations that participate in and display the network symbols shown on the back of your Card.
- Get cash from your Account from ATMs across the country and around the world that accept cards with marks shown on the front or back of your Cards.

*My Choice Rewards points or any other type of rewards points are not earned through the use of the UBS debit card for any transaction type.*

You agree not to use your Card in any illegal transaction, or to purchase, trade or carry securities.

## Withdrawal Limit

Using your Card, you may get cash and make purchases up to an amount set by UBS or your Withdrawal Limit, whichever is less. Note that your Withdrawal Limit may change throughout each day and from day to day. Please note, however, that if your Account is subject to a guarantee that secures the repayment of an obligation or amount you owe UBS or any of our affiliates (for example, pursuant to a Credit Line Guarantee Agreement), your Withdrawal Limit will be reduced on an ongoing basis by the amount we, or our affiliates, determine in our, or their, sole discretion is necessary to secure the liability. For a complete discussion of how we calculate your Withdrawal Limit, see the section entitled "Withdrawal Limit" in your Agreements and Disclosures booklet or other new account disclosures.

UBS will notify the Card Issuer, on your behalf, of your Withdrawal Limit. You agree that neither you nor any person authorized by you will initiate transactions with your Card(s) that exceed your Withdrawal Limit. You also agree that, if you do exceed your Withdrawal Limit, the amount of all excess transactions will become immediately due and payable at our option.

For security reasons and in order to prevent fraud, we may impose limits on the number and amount of transactions that you can make with your Card. Some network ATM machines may impose additional limits on cash withdrawals.

## Security

You agree to take all reasonable precautions to prevent any other person from learning your PIN or otherwise gaining access to your account. You agree that if you give your Card to another person, you must get the Card back in order to terminate that person's authority to use your Card.

## Debiting of Transaction From Your Account

Your Card is not a credit card; it is an access device linked to your Account. You are responsible for all transactions made by using your Card, and for satisfying all obligations incurred in connection with its use. You authorize the Card Issuer to notify UBS of all your Card transactions on a daily basis, and you authorize UBS to pay the Card Issuer on your behalf. UBS will deduct funds from your Account to pay for your Card transactions.

By signing your Client Relationship Agreement, you authorize UBS, on notice from the Card Issuer, to deduct from your Account the amount of cash withdrawals made with the Card. You also authorize UBS, once each calendar month and effective August 1, 2015 once each business day, to deduct from your Account the amount of purchases made with the Card that have been received by the Card Issuer but not yet deducted from your Account.

UBS will pay amounts from your Account in the order specified in the section entitled "Order of Permitted Payments" in your New Account booklet. If your Account is canceled or transferred, you agree that UBS may deduct from your Account and pay the Card Issuer the amount of both your cash withdrawals and purchases on a daily basis.

## Cancellation

We or the Card Issuer may cancel or revoke your Card, and refuse to allow further transactions, at any time for any reason without notice or liability, whether or not you are in default of any part of this Cardholder Agreement. Cancellation of your Card will not affect your liability for transactions and amounts not yet debited from your Account. You agree to surrender and stop using your Card(s) immediately on the request of the Card Issuer, UBS or any bank or merchant acting on instructions from us.

## Foreign Transactions

The Card Issuer and Visa (or their affiliates) will convert transactions in foreign currencies into U.S. dollars. Visa will use its currency conversion procedures that are current at the time of the transaction. Currently, Visa selects a rate from the range of rates available in the wholesale currency markets for the applicable central processing date, which rate may vary from the rate Visa itself receives or the government-mandated rate in effect for the applicable central processing date. The currency conversion rate used on the conversion date may differ from the rate in effect on the date you used your Card.

In addition, the Card Issuer will charge UBS Cardholders a Foreign Country Transaction Fee of (3%) of the U.S. dollar amount of the transaction if you use your Card or account to effect a transaction with a party located outside of the United States and a separate Foreign Country Transaction Fee of (2%) of the U.S. dollar amount if you use your Card to obtain foreign currency from an ATM or an office of a financial institution located outside the United States.

*Card Issuer" refers to UBS Bank USA, the issuer and processor of the UBS Visa Debit card or other issuer of that Card.*

*As used in this Cardholder Agreement, "you" and "your" mean the applicant and any joint applicant(s) for the UBS Visa Debit card, and "we," "us," "our" and "ours" refer jointly to UBS Financial Services Inc. and the Card Issuer.*

*Throughout this Cardholder Agreement, "Card" and "Cards" refer to the UBS Visa Debit card(s) issued in connection with your UBS Account, but not to the UBS Visa Signature credit card.*

*For the purposes of this Cardholder Agreement, "business days" are defined as Monday through Friday. Any day when banks in New York State are authorized or required to be closed and/or any day which is a New York Stock Exchange holiday is not a business day.*

*Your Withdrawal Limit is the combined total of any uninvested cash balances in your Account, balances held in Sweep Options and, if you have margin, the Available Margin.*

*See the "Fees and Charges" section of your New Account booklet for information about other fees applicable to your Account.*

**Fees**

Except as discussed in the Foreign Transactions section above, no fees are charged for the use or maintenance of your Card.

When you use an ATM, you may be charged transaction fees by the ATM operator or the networks that are used for the transaction, and you may be charged a fee for a balance inquiry even if you do not withdraw funds or complete a fund transfer. For cash withdrawals made in the U.S., UBS will reimburse you up to \$3.00 per transaction for ATM fees that are charged by ATM operators or networks. ATM fees for cash withdrawals made outside the U.S. are not reimbursed. We are able to rebate ATM fees only in cases where the transaction fee surcharge is submitted to UBS by the ATM operator and/or network used. In the event that you have not received a rebate for a fee that you believe is eligible, please call 800-762-1000 or collect at 201-352-5257 for assistance.

**Refunds**

You agree to accept a credit to your Card instead of a cash refund if you are entitled to a refund for any reason, including in connection with the purchase of goods or services with, or any error on, your Card.

**Confidentiality**

UBS or the Card Issuer will disclose information to third parties about your Account, your Card or your transactions:

- When necessary to complete a transfer or transaction;
- To verify the existence and condition of your Account or Card for a third party, such as a credit bureau or merchant;
- To comply with government agency or court orders;
- If you give your express permission; or
- As described in the UBS Privacy Policy.

You agree that UBS and the Card Issuer may share information with any network that may process your Card transactions, for the purpose of administering your Card account.

**Documentation**

You can get a receipt every time you use your Card at an ATM or point-of-sale terminal. Your monthly Resource Management Account (RMA) account statement will show the transfers and transactions you make using your Card.

**The Card Issuer's Liability To You**

If the Card Issuer does not complete a transfer to or from your Account on time or in the correct amount according to this Cardholder Agreement, the Card Issuer will be liable for your losses or damages to the extent required by Federal law. However, the Card Issuer will not be liable for your losses or damages if, for instance:

- Through no fault of the Card Issuer, the transfer exceeds your Withdrawal Limit;
- The ATM where you are making the transfer does not have enough cash;
- The terminal or system was down, or not working properly, and you knew it was not working properly when you started the transfer;
- Circumstances beyond the Card Issuer's control (such as fire or flood) prevent the transfer, despite reasonable precautions that the Card Issuer has taken;
- Through no fault of the Card Issuer, the balance of your Account was attached, subject to legal process or blocked in some way; or
- You were trying to defraud the Card Issuer.

There may be other exceptions stated in this Cardholder Agreement.

**Contact In The Event Of Unauthorized Transfer**

If you believe your Card or Personal Identification Number (PIN) has been lost or stolen or that someone has used

or may use your Card or PIN without your permission, call 800-762-1000 or write: UBS Bank USA—Card Operations Division, 1000 Harbor Boulevard, 5th Floor, Weehawken, NJ 07086.

**Your Liability For Unauthorized Transfer**

Tell Card Issuer **at once** if you believe your Card or PIN has been lost or stolen, or if your statement shows transfers that you did not make. Telephoning is the best way of reducing possible losses. You could lose all the money in your Account.

You will have no liability for unauthorized use of your Card or PIN if:

- You have exercised reasonable care in safeguarding your Card and PIN from risk of loss or theft;
- You have not reported two or more incidents of unauthorized use within the preceding twelve months; and
- Your Card account is in good standing.

In any event, if you tell the Card Issuer within two (2) business days after you learn of the loss or theft of your Card or PIN, you can lose no more than \$50.00 if someone used your Card or PIN without your permission. If you do **not** tell the Card Issuer within two (2) business days after you learn of the loss or theft of your Card or PIN, and the Card Issuer can prove that it could have stopped someone from using your Card or PIN without your permission if you had told it, you could lose as much as \$500.00.

Also, if your statement shows transfers that you did not make, including those made by Card or PIN, tell the Card Issuer at once. If you do not tell the Card Issuer within 60 days after the statement was mailed to you, you may not get back any money you lost after the 60 days if the Card Issuer can prove that it could have stopped someone from taking the money if you had told it in time. If a good reason (such as a long trip or a hospital stay) kept you from notifying the Card Issuer, the Card Issuer will extend the time periods.

**In Case Of Errors Or Questions About Your Transactions**

Call the Card Issuer at 800-762-1000 or write the Card Issuer at UBS Bank USA—Card Operations Division, 1000 Harbor Boulevard, 5th Floor, Weehawken, NJ 07086, as soon as you can, if you think your statement or a receipt is wrong, or if you need more information about a transaction listed on your statement or a receipt.

If the error concerns an ATM transaction, you must contact the Card Issuer and not the financial institution or network that operates the ATM. You must contact the Card Issuer no later than 60 days after the first statement on which the error or problem appeared was sent to you.

- Tell the Card Issuer your name and Card number;
- Describe the error or the transaction you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information;
- Tell the Card Issuer the dollar amount of the suspected error.

If you tell the Card Issuer verbally, it may require that you submit your complaint or question in writing within ten (10) business days.

The Card Issuer will determine whether an error has occurred within ten (10) business days after hearing from you and will correct any error promptly. If the Card Issuer needs more time to investigate your complaint or question, however, it may take up to forty-five (45) days to do so. If the Card Issuer decides to do this, we will credit your Account within ten (10) business days for the amount you think is in error, so that you will have use of the

*Notifying the Card Issuer by telephone is the best way to keep your possible losses down. You could lose all the money in your Account.*

funds during the time it takes the Card Issuer to complete their investigation. If the Card Issuer asks you to put your complaint or question in writing and it does not receive it within ten (10) business days, we may decide not to credit your Account.

For errors involving new Accounts, point-of-sale or foreign-initiated transactions, the Card Issuer may take up to ninety (90) days to investigate your complaint or question. For new Accounts, the Card Issuer may take up to twenty (20) business days to credit your Account for the amount you think is in error.

The Card Issuer will tell you the results within three (3) business days after completing its investigation. If the Card Issuer decides that there was no error, the Card Issuer will send you a written explanation. You may ask for copies of the documents that were used in the investigation.

**Changes To This Agreement and Applicable Law**

We reserve the right to change, modify, delete or add (collectively, Changes) to this Cardholder Agreement and to apply any Changes to Cards that have been issued. We will provide you with a notice of all Changes as required by applicable law. The Card Issuer may, at any time and in its sole discretion, choose to not exercise a right without waiving that right.

This Cardholder Agreement and all aspects of the relationship between you and the Card Issuer with

regard to the Card are governed by and construed in accordance with Federal law, and to the extent that state law applies, the laws of the State of Utah.

**Preauthorized Payments**

If you have told the Card Issuer in advance to make regular payments from your Account using your Card, you can stop any of those payments. Here's how: Call the Card Issuer at 800-762-1000, or write to the Card Issuer at: UBS Bank USA—Card Operations Division, 1000 Harbor Boulevard, 8th Floor, Weehawken, NJ 07086, in time for the Card Issuer to receive your request three (3) business days or more before the payment is scheduled to be made. If you call, the Card Issuer may also require you to put your request in writing and deliver it to the Card Issuer within 14 days after you call.

If these regular payments vary in amount, the payee will tell you ten (10) days before each payment, when it will be made and how much it will be. You may choose instead to get this notice only when the payments differ by more than a certain amount from the previous payment, or when the amount would fall outside certain limits that you set.

If you order the Card Issuer to stop one of these payments three (3) business days or more before the transfer is scheduled, and the Card Issuer does not do so, the Card Issuer will be liable for your losses and damages.

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# Disclosure Statement for Traditional or Roth Individual Retirement Accounts

## Highlights

- The IRA you choose—traditional IRA or Roth IRA—determines what tax rules apply.
- Deductibility of traditional IRA contributions depends on whether or not you actively participate in an employer's retirement plan, your modified adjusted gross income (MAGI) and your Federal income tax filing status.
- Whether you can contribute to a Roth IRA or not and your contribution amount depend on your MAGI and your Federal income tax filing status.
- Tax-free rollovers are generally permitted between traditional IRAs and between an employer plan and a traditional IRA, subject to certain restrictions; conversions or rollovers to Roth IRAs are generally taxable events.
- Although various tax rules may apply, the portion of traditional IRA distributions consisting of pre-tax contributions and earnings are typically taxed at ordinary income tax rates; Roth IRA distributions are tax-free, if certain criteria are met.
- Generally, required minimum distributions (RMDs), after the IRA owner reaches age 70½, apply to traditional IRAs, but not to Roth IRAs.

## A. Revocation of this IRA

When you first establish your IRA, you may revoke the IRA at any time within seven (7) days after the date you receive this Disclosure Statement. If you are eligible to revoke your IRA and wish to revoke the IRA within the seven (7) day time limit, you may do so only by mailing or delivering a written notice of revocation to the following address:

Retirement Consulting Services—Operations  
UBS Financial Services Inc.  
1000 Harbor Boulevard, 6th Floor  
Weehawken, NJ 07086-6791

We will consider your notice to be given on the date that it is postmarked if it is mailed by U.S. mail (or if sent by certified or registered mail, the date of certification or registration), first class postage prepaid and is properly addressed to and received in due course by UBS Financial Services Inc.

If you revoke your IRA within the seven-day period, you are entitled to a return of the entire amount you originally paid into your IRA, without adjustment for such items as brokerage commissions or fees, administrative expenses, or fluctuations in market value.

If you have any questions as to your right to revoke this IRA, please call your UBS Financial Advisor or 855-880-5015 during normal business hours.

## B. Introductory Information

**Choosing your IRA.** Individuals can take advantage of various ways to save for retirement on a tax-advantaged basis as permitted by the Internal Revenue Code. Among the choices available are traditional IRAs and Roth IRAs (collectively referred to as IRAs in this Disclosure Statement). You will designate the type of IRA you are establishing during the account opening process.

**Disclosure Statement.** Internal Revenue Service (IRS) regulations require UBS Financial Services Inc. to provide

you with this Disclosure Statement. It consists of a general description of the requirements and features of IRAs and a summary of the material terms of the Custodial Agreement. References to "we", "us" or "our" throughout the Disclosure Statement refer to UBS Financial Services Inc. References to "you" or "your" throughout the Disclosure Statement refer to the individual establishing the IRA.

A copy of the Custodial Agreement for traditional or Roth Individual Retirement Accounts accompanies this Disclosure Statement. This Custodial Agreement is a legal agreement between you and UBS Financial Services Inc. Please review the agreement carefully.

Before deciding to open an IRA with UBS Financial Services Inc., you should review the commissions, fees and other charges associated with a UBS IRA with your Financial Advisor. Information on our commissions, fees and other charges is found in the "Fees and Charges" document accompanying this Disclosure Statement. More detailed information on our fees and other sources of revenue are available in the brochure "Understanding our fees, charges and other compensation" available at [ubs.com/workingwithus](http://ubs.com/workingwithus). You may receive paper copies of this information by contacting your Financial Advisor. The IRS also publishes detailed information on IRAs that you can obtain from any IRS District Office or from [www.irs.gov](http://www.irs.gov).

**Legal Requirements.** By law, an IRA is a trust or custodial account created by a written document in the United States for the exclusive benefit of you and your beneficiaries. It must meet all of the following requirements:

- The trustee or custodian must be a bank, a federally insured credit union, a savings and loan association or other entity, such as UBS Financial Services Inc., that has been approved by the IRS to act as an IRA trustee or custodian.
- Contributions, except for rollover contributions, must be in cash.
- Annual contributions cannot exceed the Contribution Limit plus the Catch-up Limit, if applicable, as defined in the following "Maximum Contributions" sections (see pages 32 and 33).
- The amounts in the IRA must be available to you at all times without risk of forfeiture.
- Assets in your IRA cannot be commingled or combined with other property, except in a common trust fund or common investment fund.
- Money in your IRA cannot be used to buy a life insurance policy.
- Distributions from a traditional IRA must start by April 1st of the year following the year you reach age 70½.

**Important Information.** This IRA has received an opinion letter from the IRS that it satisfies the applicable requirements for IRAs under Sections 408 and 408A of the Internal Revenue Code. The IRS approval pertains to the form of the IRA only and not to its merits.

## C. Eligibility and Contributions

### Traditional IRA

**Establishing a Traditional IRA.** You may establish a traditional IRA, whether or not you actively participate in an employer's qualified retirement plan, if you are under age 70½ by year-end and have (or if you file a joint tax return, your spouse has) taxable compensation for the year.

For purposes of IRA contribution limits, "compensation" generally includes:

- All the amounts you receive for providing personal services, such as wages, salaries, tips, professional fees, bonuses and commissions.
- Certain earned income from self-employment (including certain partnership income where personal services are a material income-producing factor).
- Any taxable alimony and separate maintenance payments received under a decree of divorce or separate maintenance.
- Any differential wage payments you receive from your employer while performing active duty military service in the "uniformed services" (e.g., Army, Navy, Marine Corps, Air Force, Coast Guard, National Guard and Public Health commissioned corps) for a period of more than 30 days.
- Untaxed combat pay for members of the U.S. armed forces serving in a combat zone.

Pension and annuity income, and payments of deferred compensation, are not "compensation."

**Maximum Contributions to a Traditional IRA.**

The maximum amount you can contribute to all of your traditional and Roth IRAs for the 2015 tax year is \$5,500 (your "Contribution Limit") or 100% of your compensation, if less. If you will be age 50 by the end of the year, you can make an additional "Catch-up" contribution of \$1,000. For subsequent years, the Contribution Limit may be increased for inflation.

**Repayment of Qualified Reservist Distributions.** If you received a "qualified reservist distribution," as defined in the section titled "Early Distribution Penalty Tax", you may, at any time during the two-year period beginning on the day after the end of your active duty period, make one or more contributions to your IRA in an aggregate amount not to exceed your qualified reservist distribution. The dollar limitations that otherwise apply to IRA contributions do not apply to any contribution up to the amount of your qualified reservist distributions. No deduction is allowed for these contributions.

**Repayment of Certain Qualified Assistance Distributions.** If you experience a natural disaster, action may be taken by the government to provide you with financial relief under the Internal Revenue Code by permitting you to take certain "qualified" distributions from your employer's retirement plan, your IRA or one of your Roth IRAs without tax penalties and repay the "qualified" distribution back to your IRA within a certain period of time. However, at this time there is no such relief. If you experience a natural disaster, you should contact your tax advisor for more information about this possible financial relief.

**Tax-Deductible Contributions to a Traditional IRA.**

You (and your spouse) may deduct the entire amount contributed to a traditional IRA if you are:

- Married and neither you nor your spouse is an active participant for any part of the year in an employer's retirement plan.
- Single and not an active participant for any part of the year in an employer's retirement plan.

The IRS Form W-2, Wage and Tax Statement, that you receive from your employer after the end of the year indicates whether you are an active participant in your employer's retirement plan. (If you are uncertain, ask your employer or the plan administrator.)

You may be entitled to only a partial deduction or no deduction at all if you are an active participant in an employer's retirement plan, depending on your income and Federal income tax filing status. Your deduction begins

to decrease when your modified adjusted gross income (MAGI) rises above a certain amount and is eliminated altogether when it reaches a higher amount (the MAGI range over which your deduction decreases is referred to as the "phaseout range"). You may determine your MAGI using IRS Form 1040 and the instructions.

In general, if your MAGI is below the phaseout range provided in the following table, traditional IRA contributions will be fully deductible; if your MAGI is within the phaseout range, traditional IRA contributions will be partially deductible; and if your MAGI is above the phaseout range, traditional IRA contributions will not be deductible.

Phaseout Range		
Tax Year	Married Filing Jointly or Qualified Widow(er)	Single or Head of Household
2015	\$98,000 – \$118,000	\$61,000 – \$71,000
MAGI		

For tax years after 2015, the MAGI phaseout ranges may be adjusted for inflation.

If you are married and file a joint return with your spouse and your spouse is an active participant in an employer's retirement plan but you are not, your ability to make deductible traditional IRA contributions will not be affected, unless you and your spouse's combined MAGI falls within or above a phaseout range of between \$183,000 and \$193,000 for 2015.

If you are married but file a separate return and you or your spouse is an active participant in an employer's retirement plan, your deductible traditional IRA contributions are phased out as your MAGI increases from \$0 to \$10,000.

**Special Rules.**

- If your MAGI is within (but not over) the phaseout range, you are entitled to a minimum deductible traditional IRA contribution of \$200.
- For purposes of applying the phaseout rule, you are treated as being single for a year if you are married, file separate tax returns and did not live with your spouse at any time during that year.

**Non-Deductible Contributions to a Traditional IRA.**

You may make non-deductible contributions to a traditional IRA up to the Contribution Limit plus the Catch-up Limit, if applicable, or 100% of your compensation, whichever is less.

In the case of a traditional and Spousal IRA, (defined below) you may contribute the lesser of the sum of the Contribution Limit plus Catch-up Limit, if applicable, for each spouse or the combined taxable compensation for both spouses. The difference between the maximum amount you can contribute to all traditional IRAs and the amount of your deductible contributions, if any, to traditional IRAs is the maximum amount of the non-deductible contribution you can make to a traditional IRA.

**Simplified Employee Pension (SEP) Contributions**

A traditional IRA may be established as part of a SEP arrangement (referred to as a SEP IRA) that allows your employer to make contributions to the employer's own SEP IRA and those of the employer's employees. The SEP rules permit an employer to contribute up to 25% of your compensation (which is generally limited to \$265,000 for 2015) or \$53,000 for 2015, whichever is less, to your traditional IRA, even if you are age 70½ or older. For tax years after 2015, the maximum SEP IRA contribution may be adjusted for inflation. If your employer has adopted a SEP arrangement, your employer will give you further information about this kind of employer plan.

Also, you can make regular IRA contributions to your SEP IRA, up to the maximum annual limit (for 2015, \$5,500 or, if age 50 or over, \$6,500). However, the amount of this contribution that can be deducted on your tax return may be reduced or eliminated due to your participation in the SEP plan.

### Roth IRA

**Maximum Contributions to a Roth IRA.** The maximum amount you may contribute to all of your Roth IRAs in any taxable year is the lesser of:

- The Contribution Limit (\$5,500 for 2015) plus the Catch-up Limit (\$1,000 for 2015), if applicable, minus the amount of all contributions (other than employer contributions under a SEP or SIMPLE) made for the tax year to all other IRAs (other than Roth IRAs); or
- The compensation that can be included in your gross income, minus the amount of all contributions (other than employer contributions under a SEP or SIMPLE) made for the tax year to all other IRAs (other than Roth IRAs).

The maximum amount you may contribute to a Roth IRA for any tax year also depends upon the amount of your MAGI and your tax return filing status. (Your MAGI for Roth IRA purposes is the same as your MAGI for traditional IRA purposes, except that it does not include any income resulting from the conversion of a traditional IRA to a Roth IRA.) However, unlike a traditional IRA, an individual who has attained age 70½ is permitted to contribute to a Roth IRA. In addition, you may make a contribution to a Roth IRA even if you or your spouse is an active participant in an employer's retirement plan.

#### Phaseout Range

Tax Year	Married Filing Jointly or Qualified Widow(er)	Single or Head of Household
2015 MAGI	\$183,000 – \$193,000	\$116,000 – \$131,000

- If you are married filing a joint income tax return, and you and your spouse have MAGI for the 2015 tax year in excess of \$193,000, you may not make any contribution to a Roth IRA for that year. Your maximum contribution is subject to reduction if your MAGI exceeds \$183,000.
- If you are a qualifying widow(er) and have MAGI for the 2015 tax year in excess of \$193,000, you may not make any contribution to a Roth IRA for that year, and your maximum contribution is subject to reduction if your MAGI exceeds \$183,000.
- Single taxpayers and heads of household cannot make any contribution to a Roth IRA for the 2015 tax year if their MAGI for that year exceeds \$131,000, and such taxpayer's maximum contribution will be reduced if MAGI exceeds \$116,000.
- Married individuals filing separate returns cannot make any contribution to a Roth IRA for the tax year if their MAGI for that year exceeds \$10,000 and is reduced for MAGI below \$10,000.

For tax years after 2015, the MAGI phaseout ranges may be adjusted for inflation.

Like the special rules for deductible traditional IRA contributions:

- If your MAGI is within the phaseout range, you may make a minimum Roth IRA contribution of \$200.
- You are treated as being single, for a tax year, if you are married, file separate tax returns for the year and did not live with your spouse at any time during that year.

### Inherited IRA

#### Inherited IRA Funded with Inherited IRA Amounts.

If you inherit an IRA from anyone other than your deceased spouse, you cannot treat the IRA as your own and you cannot make any contributions to the inherited IRA or roll over any amounts into or out of the inherited IRA. You may transfer amounts from one inherited IRA to another inherited IRA of the same type established in the name of the same deceased IRA owner for the benefit of you as beneficiary.

#### Inherited IRA Funded with Employer's Retirement Plan Amounts.

If you inherit certain amounts from a deceased individual's employer's retirement plan, you may make a direct transfer from the plan to an inherited IRA established to receive the transfer on your behalf in the name of the deceased individual for your benefit as beneficiary. You cannot treat the inherited IRA as your own and you cannot make any contributions to the inherited IRA.

### Additional IRA Information

**Spousal IRA.** If you and your spouse file a joint income tax return and your spouse is under age 70½ before year end (even if you are over age 70½), you can set up and contribute to a traditional IRA or a Roth IRA for your spouse, whether or not your spouse has compensation. This arrangement is sometimes called a Spousal IRA.

You cannot, however, set up one IRA that you and your spouse own jointly, so you and your spouse must use separate IRAs. To establish a Spousal IRA at UBS Financial Services Inc., separate IRA account opening documents must be completed by your spouse. Also, you cannot roll over assets from your IRA to your spouse's IRA.

The total combined contributions you can make to your IRA and a Spousal IRA for the 2015 tax year is the lesser of:

- \$11,000 plus the amount of any Catch-up Contribution for you and/or your spouse if you and/or your spouse is age 50 or older by the end of the year, or
- The combined compensation for you and your spouse for the year.

In most cases, you can divide your IRA contributions between your IRA and the Spousal IRA in any way you choose, as long as you do not contribute more than the Contribution Limit plus the Catch-up Limit, if applicable, to either your IRA or your spouse's Spousal IRA.

Generally, a Spousal IRA may be to your advantage if one spouse has compensation of less than the Contribution Limit plus the Catch-up Limit, if applicable, for the year.

### Making Contributions.

- You must make all contributions (other than rollovers or transfers) to your IRA in cash. You cannot make an IRA contribution consisting of property that you already own or that you have an option to buy.
- You must generally make all contributions to your IRA by the due date (not including any extensions) for filing your Federal income tax return for the year, which for most taxpayers is usually April 15th. If you are making a contribution to your IRA that is to be attributed to a prior year, you must inform UBS Financial Services Inc. of that fact.
- You may make a contribution to your traditional or Roth IRA by directing that all or a portion of your federal income tax refund be directly deposited into your account by completing IRS Form 8888.

**Excess Contributions.**

- If you contribute amounts to either your traditional IRA or your Roth IRA over the maximum amount you are allowed to contribute, that excess amount will be considered an excess contribution. You are subject to a non-deductible excise tax of 6% on the excess contribution for each year it remains in the IRA.
- You may avoid the 6% excise tax if you withdraw the excess contribution and any earnings attributable to the excess contribution before the due date (plus extensions) for filing your Federal income tax return for the tax year for which the excess contribution was made.
- You should not take a deduction for the excess contribution (in the case of a contribution to a traditional IRA).
- The earnings attributable to the excess contributions are included in your taxable income for the tax year in which the excess contribution was made, and, if you are under age 59½, these earnings are subject to a 10% early distribution penalty tax.
- If the excess contributions are withdrawn after the due date for filing your Federal income tax return for the year for which the contribution was made, the excess contributions will be subject to the 6% excise tax.

After you have filed your Federal income tax return, you may still correct an excess contribution by withdrawing only the dollar amount of the excess contribution (leaving the earnings in the IRA). In the case of a Roth IRA, the withdrawal is not taxable. In the case of a traditional IRA, this withdrawal of the excess contribution will not be included in income (or subject to any 10% early distribution penalty tax) if:

- Your aggregate regular contributions to all IRAs do not exceed the Contribution Limit plus the Catch-up Limit, if applicable, and
- In the case of a traditional IRA contribution, you took no deduction for the excess amount or you file an amended return (Form 1040X) which removes the excess deduction. Otherwise, in the case of a traditional IRA, any excess contribution withdrawn will be included in your income in the year withdrawn and may be subject to the 10% early distribution penalty tax.

Finally, excess contributions to a traditional IRA, while not deductible in the year in which they were made, may be deducted in a subsequent year to the extent that you contribute less than the maximum allowable amount during that year. This method allows you to avoid an actual withdrawal and, as the prior excess contribution is reduced or eliminated, the 6% excise tax will be correspondingly reduced or eliminated for subsequent tax years. The excess contribution amount is still subject to the 6% excise tax for each year the excess amount remains in the IRA until applied to future years.

**D. Transfers and Rollovers**

**Traditional IRAs**

**Transfers to and from Traditional IRAs.** If you move funds directly to or from your IRA with one trustee or custodian to an IRA with another trustee or custodian, it is a tax-free transfer, not a rollover, and is not affected by the one-year waiting period between rollovers discussed below. You may transfer your traditional IRA to UBS Financial Services Inc. by instructing the trustee/custodian of your present traditional IRA to transfer all (or a portion) of the traditional IRA balance to us or by completing a Transfer Form that you can obtain from your Financial Advisor. A transfer incident to divorce is another type of tax-free transfer.

**Rollovers to and from Traditional IRAs.** If you request a withdrawal of an existing IRA that is issued directly to you rather than to a successor trustee or custodian, the amount ultimately deposited into the IRA is considered a rollover subject to the rules discussed below.

- Rollovers, which are typically tax-free movements of money or property, are generally permitted between two traditional IRAs and between a qualified employer plan,
- a 403(b) tax-sheltered annuity or custodial account or a government-sponsored 457 deferred compensation plan (collectively, these plans are referred to here as "eligible retirement plans") and a traditional IRA.
- Rollovers are also permitted from an eligible retirement plan directly to a Roth IRA. However, these rollovers are subject to certain restrictions and are usually taxable events.
- Distributions of non-deductible contributions from your traditional IRA may be rolled over into another traditional IRA, but not to an eligible retirement plan.
- Distributions of after-tax amounts from an eligible retirement plan generally may be rolled over into a traditional IRA or another eligible retirement plan of the same type, as long as certain requirements are met by the recipient eligible plan.
- Except as otherwise permitted by applicable law, you are only permitted to make one roll over between your IRAs in a 12-month period. The 12-month period starts on the date on which you receive the distribution from the IRA. The 12-month period applies to all of your IRAs, including your traditional and Roth IRAs. A rollover of a distribution from an eligible retirement plan to an IRA does not affect your ability to roll over a distribution from one IRA to another IRA in the same one-year period.

You may roll over tax-free all or part of a distribution to you of cash or property from a traditional IRA or an eligible retirement plan, as long as you roll over the distribution within 60 days after the day you receive the distribution (assuming the other rollover requirements are met). Distributions of property from an eligible retirement plan may be sold and the proceeds rolled over tax-free. The same property as is distributed from an IRA, and not the proceeds, must be rolled over to another IRA.

When you are receiving a distribution from an eligible retirement plan, the plan administrator will inform you in advance how to complete a direct rollover from the eligible retirement plan to your traditional IRA.

- Generally, you are permitted to instruct the plan administrator of the eligible retirement plan to roll over the distribution directly to the traditional IRA, or
- The plan administrator can issue you a check which should be made payable to UBS Financial Services Inc. (for your benefit) and direct you to deliver that check to UBS Financial Services Inc.
- You can still roll over within 60 days a distribution payable to you from an eligible retirement plan. However, the plan administrator generally is required to withhold 20% of the distribution as income tax. In that case, you may roll over the entire amount of the distribution you were eligible to receive, using other monies to replace the 20% of the distribution withheld as income tax. You can otherwise roll over only the 80% of the distribution that you actually received and pay income taxes on the 20% of the distribution withheld.

**Special Rollover Rules**

- Generally, you cannot roll over a distribution from an eligible retirement plan if it is part of a series of periodic payments made over your or over your beneficiary's lifetime or over a period of ten years or more or any distribution made to you on account of hardship.
- You cannot roll over the amount of any distribution that is equal to the required minimum distribution for the year from an eligible retirement plan or an IRA. (The plan administrator of your eligible retirement plan should be able to tell you what portion of your distribution can be rolled over to a traditional IRA.)
- If you (as a spouse or former spouse) receive a distribution from an eligible retirement plan that results from a qualified domestic relations order, you may be able to roll over all or part of the distribution into a traditional IRA.

- You may (in a direct rollover) roll over amounts payable to you as a beneficiary under an eligible retirement plan or transfer amounts payable to you as a beneficiary under a traditional IRA even if you are not the surviving spouse of the participant in the eligible retirement plan or IRA. However, the IRA will be treated as an “inherited IRA.” An inherited IRA may be transferred from another custodian to UBS Financial Services Inc., but its assets may not be rolled over into your own IRA (unless you are the spouse of the deceased).
- If you roll over your distribution from an eligible retirement plan to a traditional IRA and later roll over the amount to another eligible retirement plan, the special capital gain and averaging treatment available to plan participants born before 1936 will not be available (unless a “conduit” traditional IRA was established and the assets were segregated in this IRA). We strongly recommend you consult your personal tax or legal advisors before initiating a rollover or transfer from an eligible retirement plan to a traditional IRA.
- You cannot roll over distributions from a SIMPLE IRA to a traditional IRA until two years have elapsed since you first participated in your employer’s SIMPLE plan.
- You can roll over SEP salary reduction contributions to a traditional IRA after certain tests applicable to the SEP have been met.

#### **Rollover of Exxon Valdez Settlement Income—**

**Traditional IRA.** If you are a “qualified taxpayer” and you received “qualified settlement income,” you may contribute all or a part of the amount received to a traditional IRA.

You are a “qualified taxpayer” if you are:

- A plaintiff in the civil action *In re Exxon Valdez*, No. 89-095-CV (HRH) (Consolidated) (D. Alaska), or
- The beneficiary of the estate of a plaintiff who acquired the right to receive “qualified settlement income” and are also the spouse or immediate relative of that plaintiff.

“Qualified settlement income” is generally interest and punitive damage awards which are otherwise able to be included in income and which are received in connection with the civil action *In re Exxon Valdez*, No. 89-095-CV (HRH) (Consolidated) (D. Alaska) (whether pre- or post-judgment and whether related to a settlement or judgment). The amount contributed cannot exceed \$100,000 (reduced by the amount of qualified settlement income contributed to an eligible retirement plan in prior tax years) or the amount of qualified settlement income received during the tax year, whichever is less. Such a contribution to your traditional IRA for the year can be made until the due date for filing your return, excluding extensions.

Qualified settlement income that you contribute to a traditional IRA will be treated as having been rolled over in a direct trustee-to-trustee transfer within 60 days of the distribution. The amount contributed is not included in your income at the time of the contribution and the one-year waiting period between rollovers does not apply.

#### **Rollover of Amounts Received in Airline Bankruptcy**

**Payments.** If you receive “airline payments” as defined in IRS Publication 590, you may contribute up to 90% of all airline payments received to a Traditional IRA.

- You must make the contribution within 180 days from the date you received the payment.
- The amount is treated as a rollover contribution and may be excluded from income in the tax year in which the airline payment was made.
- Any reduction in the airline payment amount due to employment taxes is disregarded when determining the amount you can contribute to your Roth IRA.

#### **Roth IRAs**

**Roth IRA Rollovers and Transfers.** The same rules that permit transfers or rollovers of assets from one traditional IRA to another traditional IRA apply to permit transfers or rollovers from one Roth IRA or designated Roth account in an eligible retirement plan to a Roth IRA.

#### **Rollover of Military Death Gratuity and SGLI**

**Payments.** If you received a military death gratuity or Servicemembers’ Group Life Insurance (SGLI) payment with respect to a death from injury that occurred after October 6, 2001, you can contribute (roll over) all or part of the amount received to your Roth IRA.

- The contribution will be treated as a qualified rollover contribution and must be made before the end of the one-year period beginning on the date on which the amount is received.
- The amount that you can roll over to your Roth IRA cannot exceed the total amount of the death gratuity and SGLI payments received minus the amount of the gratuity and SGLI payments that were contributed to a Coverdell Education Savings Account or another Roth IRA.
- The amount contributed to your Roth IRA is treated as part of your cost basis (investment in the contract) in the Roth IRA that is not taxable when distributed.
- The death gratuity or SGLI payments contributed to a Roth IRA are disregarded for purposes of the one-year waiting period between rollovers.

#### **Rollover of Exxon Valdez Settlement Income—**

**Roth IRA.** The same rules for rollovers of Exxon Valdez Settlement Income to traditional IRAs apply to rollovers of Exxon Valdez Settlement Income to Roth IRAs, except that qualified settlement income that is contributed to a Roth IRA will be included in your taxable income for the year the qualified settlement income was received and treated as part of your cost basis (investment in the contract) in the Roth IRA that is not taxable when distributed.

#### **Rollover of Amounts Received in Airline Bankruptcy**

**Payments.** If you are entitled to an “airline payment” as defined in IRS Publication 590, you may contribute all or any portion of it to a Roth IRA using the same rules described for the rollover of airline payments to traditional IRAs, except that the amount rolled over is treated as a qualified rollover contribution and is included in income to the extent it would be included in income if it were not part of the rollover contribution.

**Conversions to a Roth IRA.** You may convert (roll over) amounts from a traditional IRA or any eligible retirement plan to a Roth IRA. The conversion is subject to the same rules as a rollover from one traditional IRA to another traditional IRA (i.e., the rollover must be completed within 60 days and required minimum distributions cannot be converted), but the one-year waiting period does not apply.

However, unlike a rollover from one traditional IRA to another traditional IRA, the amount rolled over from your traditional IRA or any eligible retirement plan to your Roth IRA will be subject to income tax (except for any non-deductible contributions rolled over from the traditional IRA and after-tax contributions rolled over from an eligible retirement plan). The 10% early distribution penalty tax will not apply to the amount subject to income tax. You can also convert an amount in your SIMPLE IRA to a Roth IRA but only after the 2-year period beginning on the date you first participated in your employer’s SIMPLE Plan.

**Eligibility to make a Roth IRA conversion.** You may be allowed to convert amounts from a non-Roth IRA or an eligible retirement plan to a Roth IRA even if you are the beneficiary of the IRA owner or plan participant, subject to the following rules:

- There are no longer any income limitations on your right to convert amounts from a non-Roth IRA or eligible retirement plan to a Roth IRA.
- An eligible retirement plan is required to permit rollovers to a Roth IRA by nonspouse beneficiaries, and the rollover must be made by a direct trustee-to-trustee transfer to an inherited Roth IRA in the name of the decedent with the non-spouse beneficiary as the beneficiary. A non-spouse beneficiary may not elect to treat the Roth IRA as his or her own after converting amounts from an eligible retirement plan.

- A surviving spouse beneficiary who converts a non-Roth IRA or eligible retirement plan amount to a Roth IRA may elect either to treat the Roth IRA as his or her own or to establish the Roth IRA in the name of the decedent with the surviving spouse as the beneficiary.
- A nonspouse beneficiary cannot convert amounts from a non-Roth IRA to a Roth IRA.
- IRA owners and beneficiaries may recharacterize conversion contributions.

If you are a participant or the beneficiary (spousal or nonspousal) of a participant in an eligible retirement plan, and you elect to have a distribution from the plan paid as a direct rollover to a Roth IRA, the distribution will not be subject to the 20% mandatory withholding tax. However, even if a direct rollover is elected, you and the plan administrator may enter into a voluntary withholding agreement.

**Special Roth-related situations within qualified employer retirement plans.** If you are a participant in a qualified employer 401(k) plan, the plan may allow you to make Roth contributions under a “qualified Roth contribution program,” according to Section 402A of the Internal Revenue Code.

- The Roth contributions, and any earnings, will be held in a designated Roth account established for you under the 401(k) plan.
- You may roll over to a Roth IRA all or a portion of any distribution you receive from your designated Roth account. You may complete the rollover by instructing the plan administrator of the 401(k) plan to make a direct rollover of the desired amount from the designated Roth account to the Roth IRA.
- Alternatively, the plan administrator can issue you a check in the desired amount payable to UBS Financial Services Inc. (for your benefit), and direct you to deliver that check to UBS Financial Services Inc.
- If the distribution from the designated Roth account is paid directly to you, you may roll over the desired amount to the Roth IRA within 60 days after the day you receive the distribution. When the distribution is paid directly to you, the plan administrator generally is required to withhold 20% of the taxable portion of the distribution as income tax, and you must use other monies to replace the amount withheld, if you wish to roll over that amount.
- Any rollover of a distribution from a designated Roth account is not counted in applying the “one rollover per year” rule.

If you are a participant in a qualified employer plan, and have been making contributions to a “deemed Roth IRA” under Section 408(q) of the Internal Revenue Code (as opposed to a designated Roth account under Section 402A of the Internal Revenue Code), then you may roll over to a Roth IRA all or a portion of any distribution you receive from that deemed Roth IRA. You must complete the rollover within 60 days after the day you receive the distribution, and no tax withholding is required on the distribution. The rollover of the distribution is counted in applying the “one rollover per year” rule. A “deemed Roth IRA” is a Roth IRA attached as a separate account to an employer-sponsored retirement plan.

Whether a distribution from a designated Roth account or a deemed Roth IRA under a qualified employer plan is taxable or tax-free is determined under rules which are similar to the tax rules discussed below for Roth IRA distributions. Generally, to the extent that the distribution is taxable, the tax can be deferred by rolling over the distribution to a Roth IRA.

#### Recharacterization of IRA Contributions

If you contribute to one type of IRA for a taxable year, you may recharacterize all or any part of that contribution as a contribution to a different type of IRA (assuming you were eligible to make a contribution of that amount to that type

of IRA). To recharacterize a contribution, you must transfer that contribution (or the part you want to recharacterize) plus the earnings allocable to that contribution from the one type of IRA to the other.

You may not, however, recharacterize tax-free transfers to an IRA or excess contributions from prior years. You must make that transfer by the due date (including extensions) for filing your income tax return for the taxable year. If you have timely filed your tax return, you have an automatic 6-month extension to recharacterize a contribution or a conversion.

- If you have converted an amount from a traditional IRA or an eligible retirement plan to a Roth IRA, you can use this rule to recharacterize the amount converted (along with the net income attributable to that amount) back to a traditional IRA.
- An amount converted from a SEP IRA or SIMPLE IRA to a Roth IRA may be recharacterized as a contribution to a SEP IRA or SIMPLE IRA, including the original SEP IRA or SIMPLE IRA.
- If you are recharacterizing a contribution you originally made to a traditional IRA as made to a Roth IRA, no deduction is allowed with respect to the amount transferred from the traditional IRA.
- You cannot recharacterize employer contributions under a SEP or SIMPLE to another IRA.
- If you converted a traditional IRA to a Roth IRA and then recharacterized that conversion, you may not reconvert that amount during the same tax year or during the 30-day period following the recharacterization, if later.

If you want to recharacterize a contribution between IRAs, IRS regulations require you to provide an irrevocable written notice to the custodian of your IRAs of your election to recharacterize a contribution. If UBS Financial Services Inc. is the custodian of both your IRAs, you should contact your Financial Advisor who can provide you with the requisite form of notice. Also, a recharacterization is not a rollover, so it is not subject to withholding nor is it subject to the rule limiting rollovers to once every year.

#### E. Inherited IRAs

If you inherit an IRA from your spouse and you are the sole beneficiary of your spouse’s IRA, you may make an irrevocable election to treat the inherited IRA as your own IRA by rolling it over into your own IRA in accordance with our procedures. If you fail to take any required minimum distribution as a beneficiary, you will be deemed, in accordance with our procedures, to have made an election to treat the inherited IRA as your own IRA.

If you inherit an IRA from your spouse and you are not the sole beneficiary or you inherit an IRA from someone other than your spouse, you cannot elect to treat the inherited IRA as your own and you cannot make any contributions of any kind to the inherited IRA or roll over any amounts into the inherited IRA. In addition, you may not roll over any amounts from the inherited IRA to your own IRA, unless you inherited the IRA from your spouse. You may, however, make transfers from other IRAs of the same type belonging to the same decedent.

If you inherit certain amounts from a deceased individual’s employer’s eligible retirement plan, you may make a direct transfer of an eligible rollover distribution from the plan to an inherited traditional IRA or a taxable transfer/conversion contribution of an eligible rollover distribution from the plan to an inherited Roth IRA. In addition, you may make a non-taxable rollover contribution of an eligible rollover distribution from the plan that consists of amounts held under the plan in a designated Roth account to an inherited Roth IRA.

The inherited IRA must be established and maintained in the name of the deceased IRA owner or deceased plan participant (as applicable) for your benefit, as beneficiary.

If you take a distribution from an inherited traditional IRA, the distribution will generally be includible in your gross income in the same manner as it would have been included in the decedent's income if he or she had taken the distribution while alive. If you take a distribution from an inherited Roth IRA that is not a "qualified distribution," the distribution will generally be includible in your gross income in the same manner as it would have been included in the decedent's income if he or she had taken the distribution while alive.

## F. Taxation of IRA Distributions

**Traditional IRA Distributions.** If you never made any non-deductible contributions or rolled over any after-tax contributions from an employer's qualified plan to a traditional IRA, all amounts distributed to you from a traditional IRA are taxable at ordinary income tax rates in the tax year that you receive them. Neither the special lump-sum distribution provisions nor capital gains treatment apply.

If you have made any non-deductible contributions or rolled over any after-tax contributions from an employer's qualified plan to any of your traditional IRAs, a portion of the subsequent distributions out of any traditional IRA (whether or not it is the traditional IRA to which you made the non-deductible contribution or rolled over the after-tax contributions) is not taxable. This taxability is based upon the ratio of the sum of the unrecovered non-deductible contributions and the after-tax contributions rolled over to the total value at the end of the year of all your traditional IRAs plus any current year distributions.

**Early Distribution Penalty Tax.** Since the purpose of a traditional IRA is to accumulate funds for retirement, if you are under age 59½ and receive a distribution from your traditional IRA, the amount distributed would be considered an "early distribution" subject to a 10% early distribution penalty tax. Exceptions to the 10% early distribution penalty tax exist if the distribution is made on account of one or more of the following:

- Unreimbursed medical expenses in excess of 7.5% of your adjusted gross income.
- Health insurance premiums (but only if you have been unemployed and collecting unemployment compensation under a Federal or State program.)
- Qualified higher education expenses.
- A first-time home purchase (\$10,000 lifetime maximum.)
- Death.
- Disability.
- A series of substantially equal periodic payments over your life expectancy or over the joint life expectancies of you and your beneficiary.
- A timely withdrawal of excess contributions
- An IRS levy.

In addition, the 10% early distribution penalty tax does not apply to a "qualified reservist distribution." A qualified reservist distribution includes a distribution from an IRA which is made:

- To a military reservist who was ordered or called to active duty for a period in excess of 179 days or for an indefinite period.
- During the period between the date of the call to duty and the close of the active duty period (as long as the order or call to active duty is after September 11, 2001).

The 10% early distribution penalty tax also does not apply to a "qualified disaster recovery assistance distribution," as defined in IRS Publication 4492-B, made before January 1, 2010. The 10% early distribution penalty tax is based upon the amount of your distribution which is included in your income for tax purposes. Some distributions of non-deductible contributions, rolled-over after-tax contributions or distributions rolled over tax-free to another IRA are not subject to the 10% early distribution penalty tax.

**Roth IRA Distributions.** If you receive a distribution from your Roth IRA that constitutes a "qualified distribution," none of the amount distributed will be included in your income or subject to any 10% early distribution penalty tax. A "qualified distribution" is any distribution that is made after satisfying a five-year holding period and that satisfies one or more of the following:

- Made on or after the date you attain age 59½
- Paid to a beneficiary after your death
- Attributable to your being totally and permanently disabled
- Disbursed to a qualified first-time home buyer (\$10,000 lifetime maximum)

The five-year holding period begins with:

- The first year for which (not necessarily the year in which) a regular contribution or a rollover contribution (including a rollover contribution from a designated Roth account under a qualified employer plan) was made to any of your Roth IRAs (including a deemed Roth IRA under a qualified employer plan), or
- The first year in which an amount was converted to any of your Roth IRAs, and ends on the last day of the fifth year.

In addition, if you received a distribution that constitutes a "qualified disaster recovery assistance distribution," as defined in IRS Publication 4492-B, before January 1, 2010, none of the amount distributed will be subject to the 10% early penalty tax.

If the distribution is not a qualified distribution and includes any of the earnings in your Roth IRA, those distributed earnings will be subject to income tax at the ordinary rates (unless you transferred those earnings to another Roth IRA under circumstances such that it qualified as a rollover) and may be subject to the 10% early distribution penalty tax. For this purpose, amounts distributed to you from your Roth IRA are treated as coming:

- First, from any unrecovered annual contributions to the Roth IRA (including a deemed Roth IRA under a qualified employer plan.)
- Next, from any amounts transferred or rolled over from another Roth IRA.
- Then, from any amounts rolled over (converted) from a traditional IRA.
- Finally, from earnings.

You do not have to pay income taxes on distributions to you of annual contributions and amounts so transferred or rolled over (converted). For these purposes, when an amount is rolled over from a designated Roth account under a qualified employer plan, the nontaxable portion of the amount is treated as being part of your annual contributions, and the taxable portion of the amount is treated as being part of your earnings.

If, within the five-year period starting with the year in which you converted any amount from a traditional IRA to a Roth IRA, you take a distribution from that Roth IRA of an amount attributable to the portion of the converted amount from the traditional IRA that you included in income, you generally must pay the 10% early distribution penalty tax on that distribution.

## G. Required Minimum Distributions

**Required Minimum Distributions before Death.** If your IRA is a traditional IRA, you must begin, and are responsible for, taking a required minimum distribution (RMD) for the year you attain age 70½ and for each year thereafter that you live (including the year in which your death occurs).

- You must take the first RMD by the April 1st following the calendar year in which you attain age 70½, although you may take more than this minimum amount.
- The amount to be distributed each year from your traditional IRA may not be less than the amount obtained by dividing the value of your traditional IRA

- as of the preceding December 31st by the distribution period in the IRS's Uniform Lifetime Table, using your age as of your birthday in that year.
- If your sole Designated Beneficiary (as defined in the following section, "Designated Beneficiary") is your spouse and your spouse is more than ten years younger than you, the distribution period is determined under the IRS's Joint and Last Survivor Table, using your age and your spouse's age in that year.
  - You may not roll over RMDs to another IRA or to an eligible retirement plan.
  - If the RMD for any year is not distributed, you will be subject to a penalty tax equal to 50% of the amount that should have been distributed to you but remained in your IRA.
  - You are not required to take any RMDs from your Roth IRA during your lifetime.

UBS Financial Services Inc. will not make any RMD to you, unless you request the distribution in accordance with UBS Financial Services Inc.'s procedures. Except as directed by guidance issued by the Internal Revenue Service, UBS Financial Services Inc. has no duty, obligation or responsibility to remind you as to these distribution obligations, nor does UBS Financial Services Inc. have any duty to calculate the amount that must actually be distributed from the IRA at any time. As a result, UBS Financial Services Inc. will not be liable to you for any tax or penalty imposed for failing to receive any RMD.

**Required Minimum Distributions for Inherited IRAs.** If your IRA is an inherited traditional IRA, you are the original beneficiary and the decedent's death occurred on or after April 1st following the year in which the decedent attained age 70½, the amount in your inherited traditional IRA is required to be distributed to you, as beneficiary, over the longer of either the decedent's remaining life expectancy or your remaining life expectancy if you are a Designated Beneficiary. If you are not a Designated Beneficiary, your inherited traditional IRA is required to be distributed over the decedent's remaining life expectancy.

If your IRA is an inherited traditional IRA, you are the original beneficiary and the decedent's death occurred before April 1st following the year in which the decedent attained age 70½ or you have an inherited Roth IRA (regardless of the decedent's age at death), your inherited IRA is required to be distributed to you, as beneficiary, as follows:

- If you are a Designated Beneficiary, but are not the surviving spouse of the decedent, over your remaining life expectancy or by the end of the calendar year containing the fifth anniversary of the decedent's death, if so elected.
- If you are the sole Designated Beneficiary and you are the decedent's surviving spouse, over your remaining life expectancy (beginning by the end of the calendar year following the year of the decedent's death or by the end of the year the decedent would have attained age 70½ if later) or by the end of the calendar year containing the fifth anniversary of the decedent's death, if so elected.
- If you are not a Designated Beneficiary, by the end of the calendar year containing the fifth anniversary of the decedent's death.

If you are a successor beneficiary designated by another beneficiary, you must continue to take required minimum distributions based on the remaining life expectancy of the original beneficiary or the remaining five-year-period, whichever applies.

UBS Financial Services Inc. has no duty, obligation or responsibility to remind you as to your RMD obligations, nor does UBS Financial Services Inc. have any duty to calculate the amount of the RMD that must be distributed from the IRA to you at any time. As a result, UBS Financial Services Inc. will not make any RMD to you, unless you request that distribution in accordance with UBS Financial Services Inc.'s procedures, and will not be liable to you for any tax or penalty imposed for failing to receive any RMD.

## H. IRA Beneficiaries

**Naming a Beneficiary.** Your "beneficiary" is the person or persons designated as such by you during your lifetime on a form accepted by UBS Financial Services Inc. You may name individuals, persons, estates, trusts or entities as beneficiaries. If you reside in a community property state and your spouse is not designated your primary beneficiary for at least 50% of your IRA assets, your spouse's consent to your beneficiary designation may be necessary for that designation to be effective.)

- If your beneficiary designation fails to dispose of all of the assets remaining in your IRA after your death, your beneficiary will be your surviving spouse.
- If you do not have a surviving spouse, your beneficiary will be your estate.

The last form accepted by UBS Financial Services Inc. before your death will be controlling, whether or not it disposes of all of the assets in your IRA, and will supersede all such forms previously filed by you.

**Designated Beneficiary.** A "Designated Beneficiary" is any individual who is designated by you as a beneficiary (as described above) and remains a beneficiary as of September 30th of the calendar year following the calendar year of your death.

- In some cases, as permitted by IRS Regulations, the individual beneficiary of a trust that is designated by you as a beneficiary can qualify as a Designated Beneficiary for purposes of determining the required period for distributions from your IRA.
- If a beneficiary other than an individual or a qualifying trust is named as your beneficiary, you will be treated as having no Designated Beneficiary for purposes of determining the required period for distributions from your IRA.

**Surviving Spouse.** If your surviving spouse is the sole Designated Beneficiary of your IRA, your spouse may make an irrevocable election to treat this IRA as if it were the spouse's own IRA by redesignating the IRA (in accordance with UBS Financial Services Inc. procedures) as an IRA in his or her own name (rather than as a beneficiary IRA). Your surviving spouse will be deemed to have made this election in accordance with our procedures by failing to cause an RMD to be made within the required time period.

**Successor Beneficiary.** The beneficiaries that you originally designate may, after your death, name a person or persons (referred to as a Successor Beneficiary) who would receive any assets remaining in the IRA upon the death of that original beneficiary. Your original beneficiary must designate any Successor Beneficiaries on a form accepted by UBS Financial Services Inc. If your original beneficiary's designation fails to dispose of all of the assets remaining in the IRA, those remaining assets will be paid to your beneficiary's surviving spouse, then your beneficiary's estate. The designation of a Successor Beneficiary will not change the amount of any RMD, which must still be calculated with respect to your original beneficiary.

**Rollover by Nonspouse Beneficiary.** If you are a nonspouse beneficiary of an account in an eligible retirement plan and you directly roll over an amount from that account into an IRA, the IRA will be treated as an inherited IRA. The minimum distribution requirements pertaining to distributions if the plan participant dies before or after his or her required beginning date and pertaining to the minimum distribution requirements that would apply to you as the beneficiary, apply to the inherited IRA. Thus, if the plan participant had died before his or her required beginning date under the plan and the 5-year distribution rule had applied to you under the plan, then the 5-year distribution rule applies to the inherited IRA. In that case, all assets of the IRA must be distributed by the end of the 5th calendar year following the year of the plan participant's death. However, there is a limited exception to this rule that permits you to take distributions from the IRA over



your life expectancy, if the direct rollover from the eligible retirement plan occurs before the end of the year following the year in which the participant died.

If the life expectancy distribution rule in the Internal Revenue Code had applied to you under the plan (or if you had elected to use this rule to determine how much you could roll over to an IRA), then the RMD from the IRA must be determined using the same distribution period as would have been used under the plan if the amount you had rolled over to the IRA had remained in the plan. Similarly, if the plan participant had died on or after his or her required beginning date, the RMD under the IRA for any year after the year of death must be determined using the same distribution period if the amount you had rolled over to the IRA had, instead, remained in the plan.

**Establishment of Inherited IRA.** Before your beneficiary may establish an inherited IRA, your beneficiary must furnish UBS Financial Services Inc. with the instruments and documents required by UBS Financial Services Inc. to establish your beneficiary's right to assets in your IRA, as well as any additional documentation we request.

## I. Investment of Contributions

**Investments.** Unless you enter into a separate written contractual arrangement with UBS Financial Services Inc. providing otherwise, you control the investment and reinvestment of the assets in your IRA. You (or a person properly authorized by you) provide instructions as to the investment of your account directly to your Financial Advisor, who acts as your agent in carrying out these investment instructions. However, the Internal Revenue Code provides that you may not invest any part of your IRA in life insurance.

- You can invest or reinvest all contributions to your IRA in marketable securities that are traded by, or obtainable through, UBS Financial Services Inc. either on a recognized exchange, such as the New York or American Stock Exchange, or "over-the-counter" or in shares of open-end regulated investment companies (mutual funds).
- You may also invest your IRA in other investments UBS Financial Services Inc., in its sole discretion, agrees to hold according to its policies and procedures then in effect. However, approval by UBS Financial Services Inc. to allow a particular investment to be acquired for, or held in, your IRA may depend upon the receipt of a written agreement from you containing such terms as UBS Financial Services Inc. deems appropriate.
- Before investing your IRA in any permissible tax advantaged investment, you should understand that tax exempt investments, such as municipal bonds, are taxable upon distribution or withdrawal from an IRA (unless the distribution or withdrawal is a tax-free distribution from a Roth IRA or a return of your basis in an IRA). Therefore, interest on these investments that would be tax exempt if held outside an IRA will generally be taxable on distribution when purchased in an IRA. You should consult your tax advisor before investing your IRA in a tax advantaged investment.
- UBS Financial Services Inc. reserves the right to revoke its decision to allow any particular investment to be held in your IRA upon notice to you. UBS Financial Services Inc. will have no liability to you if we revoke our decision, and you will be required within 30 days thereafter to instruct UBS Financial Services Inc. to sell, transfer or distribute the particular investment. If you fail to give any such instructions, UBS Financial Services Inc. may distribute the investment to you.

UBS Financial Services Inc. will hold the assets of your IRA (including annuity or insurance contracts held in the IRA) in its name for your benefit. As the income from, and gain or loss on, each investment you select for your IRA will affect the value of the IRA, the growth in value of your IRA cannot be guaranteed or projected.

**Sweep Fund.** You may select a sweep fund (from those available to your IRA) into which uninvested cash balances in your IRA will automatically be invested. As permissible by law, if you do not elect a sweep option, UBS Financial Services Inc. may automatically sweep uninvested cash balances into a sweep option consistent with the other agreements between you and UBS Financial Services Inc. then in effect.

**Collectibles.** You may not invest any part of your IRA in "collectibles," which include artworks, rugs, antiques, metals, gems, stamps, alcoholic beverages or coins, with the exception for certain gold, silver and platinum coins, any coins issued under the laws of any State and certain gold, silver, platinum or palladium bullion if such bullion is in the physical possession of UBS Financial Services Inc. If you invest any part of your IRA in a collectible, the cost of that investment is treated as a distribution from the IRA.

**Prohibited Transactions.** The tax exempt status of your IRA will be revoked if you engage in any "prohibited transaction" described in Section 4975 of the Internal Revenue Code with a "disqualified person."

A "disqualified person" is defined as anyone or any entity that is directly or indirectly associated with your IRA account, including you, your beneficiary, certain members of your family and entities (corporations, partnerships, trusts or estates) in which you or they have a substantial interest.

A prohibited transaction involving an IRA can generally be any act or transaction involving self-dealing. Some examples of prohibited transactions are:

- Selling or leasing of any property between your IRA and a disqualified person.
- Transferring any property to/from a disqualified person to/from your IRA.
- Using your IRA or any of its assets to benefit a disqualified person, such as the purchase of a vacation home for yourself.
- A disqualified person borrowing any money from your IRA or using your IRA as security for a loan to a disqualified person.

If you engage in a prohibited transaction with your IRA, the entire fair market value of your IRA as of January 1st of the calendar year in which the prohibited transaction takes place is treated as distributed to you. That entire amount is included in your income for income tax purposes and may also be subject to the 10% early distribution penalty tax if you have not yet attained age 59½.

In addition, if you use all or any part of your interest in your IRA as security for a loan to yourself, the portion of your IRA used as security for the loan will be treated as distributed to you and taxed as ordinary income in the year in which the money is borrowed. If you are under age 59½ the amount treated as distributed will also be subject to the 10% early distribution penalty tax.

**Your Legal Responsibilities for Investments.** As you control and direct the investment of the assets in your IRA, you are responsible for determining the legal consequences (including the income tax and 10% early distribution penalty tax consequences) of any investment in your IRA. For example, it is your responsibility to determine whether any investment or transaction in or involving your IRA will result in a prohibited transaction or whether an investment constitutes a collectible.

## J. Fees and Expenses of the IRA

**Amount of Fees.** Generally, all of the fees applicable to your IRA are described in detail in the "Fees and Charges" document accompanying this disclosure statement. More detailed information on our fees, compensation and other sources of revenue are available in the brochure

“Understanding our fees, charges and other compensation” available at [ubs.com/workingwithus](https://ubs.com/workingwithus). You may receive paper copies of this information at any time by contacting your Financial Advisor. UBS Financial Services Inc. has the absolute right to amend, revise or substitute fee schedules identified or referred to in this Disclosure Statement upon 30 days’ notice to you and any such amendment, revision or substitution will not be deemed an amendment to the Custodial Agreement.

**Paying Fees.** The Annual Maintenance Fee is charged for any calendar year (or portion thereof) during which you have an IRA with UBS Financial Services Inc. The fee will be charged and deducted automatically from your IRA account annually and the amount charged will be shown on your statement. In certain cases, you may also be permitted to pay the annual maintenance fee and certain other fees and expenses directly to us, but if not so paid, the fees will be charged and deducted from your IRA.

A transfer/termination fee is also charged when all or substantially all of the assets in your IRA are transferred to a successor custodian, trustee or issuer or distributed to you. However, the termination fees are not charged when the termination of the IRA is attendant to the payment of a total distribution after you reach age 59½, are totally disabled or die.

UBS Financial Services Inc. has the right to deduct from any amount distributed or transferred from your IRA (including amounts distributed or transferred on termination of your IRA) any unpaid fees or expenses, including the annual maintenance fee and any fees relating to the termination, distribution or transfer.

Fees that are deducted from your IRA will be paid from the cash and sweep options in your IRA in accordance with the agreements between you and UBS Financial Services Inc. If the cash and sweep options in your IRA are not sufficient to pay the fees, UBS Financial Services Inc. will sell securities in your account necessary to pay the fees. UBS Financial Services Inc. will not exercise discretion in selecting which securities to sell but will follow the process outlined for our annual account fee billing in the agreements governing the account.

**Expenses.** UBS Financial Services Inc. may also charge your IRA for any of its reasonable out-of-pocket costs and an appropriate administrative expense arising from unforeseen situations (such as taxes or penalties imposed upon your IRA or legal expenses incurred in defending claims against, or to resolve the claims of competing beneficiaries for, your IRA). We may also charge for expenses incurred due to the maintenance of certain investments.

You will incur normal commissions and fees on purchases and sales of securities consistent with the accompanying agreements to this account. Also, you may incur various fees and costs in connection with your IRA, such as legal fees when UBS Financial Services Inc. requires you to furnish it with a legal opinion as to certain actions you wish to take or instructions you wish to give.

## K. Tax Matters

**Complexity of Tax Rules.** The Internal Revenue Code and IRS Regulations contain numerous complex and technical rules relating to the tax treatment of IRAs, including rules governing the deductibility of contributions to an IRA, early distributions, RMDs, rollovers, prohibited transactions and the removal of excess contributions. If you have any questions as to the tax treatment of any specific transactions involving your IRA, you should consult your personal tax advisor or attorney. UBS Financial Services Inc. and its affiliates do not provide tax advice.

Neither UBS Financial Services Inc. nor its affiliates will have any liability to you or to your beneficiary for any income taxes, penalty taxes or other damages, losses, fees or expenses that may result from you or your beneficiary’s failure to follow these technical rules. Furthermore, neither UBS Financial Services Inc. nor any of its affiliates provide tax advice to you and do not assume any responsibility for the deductibility of any contributions to your traditional IRA or the taxation of distributions of any amounts from your traditional IRA or Roth IRA. To the extent that any such tax, penalty or damages are incurred, they will be charged against your IRA as an expense.

**Form 1099-R.** UBS Financial Services Inc. will report all IRA distributions to the IRS on Form 1099-R, which will include a description of the distribution (e.g., early, normal, etc.). For reporting purposes, a direct transfer of assets to a successor custodian or trustee is not considered a distribution.

**Form 5498.** UBS Financial Services Inc. will report to the IRS on Form 5498 the amount of any contributions, rollovers, conversions or recharacterizations made to an IRA during a calendar year, as well as the tax year for which the contribution is made.

### Tax Forms You Must File.

- **Form 5329**—You must file this form with the IRS if:
  - You received an early distribution from a Roth IRA, the amount on line 23 of Form 8606, Nondeductible IRAs, is more than zero, and you are required to enter an amount that is more than zero on Form 5329, line 1;
  - You received an early distribution subject to the tax on early distributions from a traditional IRA (however, if distribution code 1 is correctly shown in all your Forms 1099-R, and you owe the additional tax on each Form 1099-R, you do not have to file Form 5329. Instead, see the instructions for Form 1040 or Form 1040NR, for how to report the additional 10% tax directly on that line);
  - You received an early distribution subject to the tax on early distributions from a traditional IRA, you meet an exception to the tax on early distributions, and distribution code 1 is shown on Form 1099-R;
  - You received an early distribution subject to the tax on early distributions from a traditional IRA, you meet an exception to the tax on early distributions but your Form 1099-R does not indicate an exception or the exception does not apply to the entire distribution;
  - The contributions to a traditional or Roth IRA exceed your maximum contribution limit, or you had a tax due from an excess contribution on your Form 5329 for the prior year; or
  - You did not receive the minimum required distribution from a traditional or Roth IRA.
- **Form 8606**—You must file this form with the IRS if:
  - You made nondeductible contributions to a traditional IRA, including a repayment of a qualified reservist distribution;
  - You received distributions from a traditional, SEP, or SIMPLE IRA and your basis in traditional IRAs is more than zero (for this purpose, a distribution does not include a rollover, qualified charitable distribution, one-time distribution to fund an HSA, conversion, recharacterization, or return of certain contributions);
  - You converted an amount from a traditional, SEP, or SIMPLE IRA to a Roth IRA (unless you recharacterized the entire conversion);
  - You received distributions from a Roth IRA (other than a rollover, recharacterization, or return of certain contributions);
  - You received a distribution from an inherited Roth IRA that was not a qualified distribution or from an inherited traditional IRA that has basis or you rolled over an inherited plan account to a Roth IRA (you may need to file more than one Form 8606; see IRS Pub. 590 for more information).

If you fail to file Form 8606, a \$50 penalty per failure may be imposed.

**Withholding.** Federal income tax will be withheld from the distributions you receive from a traditional IRA (or Roth IRA, if applicable) unless you elect not to have income tax withheld. Depending on your State of residence, you may also be subject to State income tax withholding on distributions from a traditional IRA or Roth IRA. Generally, Federal income tax on non-periodic distributions is withheld at a flat 10% rate. Installment payments are generally considered non-periodic distributions for purposes of withholding. If IRA distributions are payable outside the United States, however, special withholding rules apply. Your election not to have any income tax withheld will not affect your liability for income tax on the taxable amount of any distribution.

If UBS Financial Services Inc. terminates your IRA and/or distributes assets in your IRA and you do not elect not to have the required tax withheld from such distribution, then you must instruct UBS Financial Services Inc. as to which assets should be sold to fund the withholding of all necessary taxes. If you do not give UBS Financial Services Inc. such instructions on a timely basis, we will follow the same process outlined for our annual account fee billing in the agreements governing your account.

**Unrelated Business Taxable Income.** The income earned in your IRA is generally exempt from Federal income taxes and will not be taxed until distributed to you unless you make an investment that results in "unrelated business taxable income." Unrelated business taxable income can result, for example, from an investment in a limited partnership interest in a partnership that is debt-financed or that actively conducts a trade or business or as a result of investing in a mutual fund that has REMIC residual interests as assets.

If your IRA derives unrelated business taxable income which for any year exceeds \$1,000, then unrelated business income tax will be due and a tax return, Form 990-T, Exempt Organization Business Income Tax Return, must be filed. If Form 990-T is required, you must obtain an employer identification number (EIN) from the IRS (applications for an EIN are made by filing Form SS-4 with the IRS), complete the Form 990-T and file it with the IRS, after providing the completed Form 990-T to UBS Financial Services Inc. for its signature along with your directions to sign the Form in accordance with the process provided below under "Additional Tax Reporting for Your IRA." This unrelated business income tax is an expense of your IRA and must be paid from your IRA. If the Form 990-T is not filed on a timely basis, any tax, penalties or interest that may be assessed against your IRA or UBS Financial Services Inc., as custodian of your IRA, will be charged as an expense of your IRA. If Form 990-T is required, UBS Financial Services Inc. may prepare and file the Form 990-T for your IRA and if it does, may charge a fee for this service. Contact your Financial Advisor for more information.

You should consult your tax advisor for guidance on unrelated business taxable income.

#### **Additional Tax Reporting for Your IRA.**

- You may need to file a tax return or a tax claim in order to recover a tax resulting from an investment by your IRA. For example, if certain capital gains taxes are paid by a mutual fund, or a tax is withheld on a dividend from a foreign stock, you may obtain a refund of that tax by filing an appropriate claim. You are responsible for determining whenever the filing of a tax return or tax claim is required or advantageous. It is also your responsibility to have the filing prepared at your expense (other than a return for a refund with respect to an investment in a regulated investment company or real estate investment trust).

- If any tax return (including the Form 990-T) or tax claim relating to your IRA requires the signature of UBS Financial Services Inc. as custodian of your IRA, you should arrange to have the original and one copy of the required return or claim delivered to your Financial Advisor at least two weeks before the date that tax return or tax claim is due, accompanied by a stamped envelope addressed to the taxing authority to which you wish the return or claim mailed. However, we will not review any tax return or tax claim to determine whether it is complete or correct and we sign the tax return or claim only as directed by you. If any tax is to be paid with any tax return, you should also provide your Financial Advisor with instructions regarding such payment. Any refunds of tax obtained as a result of the filing of any tax refund claim will be credited to your IRA when received by us.

**Saver's Tax Credit.** If eligible, you may receive a "Saver's Tax Credit" for contributions to a traditional IRA or Roth IRA. The credit (which is in addition to any tax deduction) is limited to a percentage (between 10% and 50% depending on your adjusted gross income (AGI) and filing status) of your IRA contribution up to a maximum of \$2,000 for each taxable year (4,000 for joint filers), and may not exceed \$1,000 for a year (\$2,000 for joint filers). This IRA contribution amount is reduced by certain IRA distributions made during the year. For 2015, the credit applies if your AGI was less than or equal to:

- \$61,000 for married filing jointly
- \$45,750 for head of household
- \$30,500 for single, married filing separately or qualifying widow(er)

These income limits may be adjusted annually for inflation. The credit is available only to individuals age 18 and older who are not students and who are not individuals for whom a dependency exemption is allowed to another taxpayer. You may request that any federal income tax refund attributed to the Saver's Tax Credit be directly deposited into your IRA.

**Estate Tax Treatment.** In general, your gross estate for federal estate tax purposes includes the value of your IRA. If your spouse is your beneficiary, the value of your IRA may be deductible for federal estate tax purposes. In addition, an IRA beneficiary may also deduct the federal estate tax paid on a distribution that is considered income in respect of a decedent. Your entire IRA may also be subject to applicable state death taxes. You should consult your tax advisor for additional information about estate tax treatment for your IRA.

**Gift Tax Treatment.** Your designation of a beneficiary (or beneficiaries) to receive distributions from your IRA upon your death will not be considered a transfer of property for federal gift tax purposes. Your exercise of an option under an IRA whereby an annuity or other payment becomes payable to a beneficiary after your death may be considered a transfer subject to federal gift tax. You should consult your tax advisor for additional information about gift tax treatment for your IRA.

**Tax Free Distributions to Charities.** If permitted by law for a particular tax year, if you are age 70½ or older, you may direct that up to \$100,000 per year be distributed from your traditional or Roth IRA directly to certain charitable organizations described in section 170(b)(1)(A) of the Code on a tax free basis. The distribution is tax-free to the extent the distribution would have otherwise been taxable and if the contribution would otherwise qualify for a charitable contribution deduction under section 170 of the Code (without regard to section 170(b)). You will not be entitled to a charitable deduction, but the distribution counts towards your required minimum distribution for the year. Special rules apply to determine what amount of the distribution would otherwise be taxable. Certain charitable organizations are not eligible, including donor-advised

groups and certain private foundations. These rules also apply if your traditional or Roth IRA is an inherited IRA. Please contact your tax advisor for more information on whether this special distribution is available for a tax year.

#### **L. Termination of the IRA**

UBS Financial Services Inc. may resign as the custodian of your IRA upon 30 days' prior written notice to you.

- If UBS Financial Services Inc. appoints a successor custodian upon its resignation, you will be treated as accepting the successor custodian's appointment unless you appoint a different successor custodian for your IRA within 30 days of being notified of UBS Financial Services Inc.'s resignation.
- If UBS Financial Services Inc. does not appoint a successor custodian upon its resignation, you must appoint a successor custodian for your IRA within 30 days of being notified of UBS Financial Services Inc.'s resignation. If you fail to appoint a successor custodian within the 30-day period, we may distribute the balance in your IRA to you, and you may be liable for income and penalty taxes on that distribution. See the "Tax Matters" section for additional tax withholding information.

In addition, if you otherwise transfer your IRA to another custodian and that successor custodian fails or refuses

to accept any asset in your IRA (such as non-publicly traded stocks or partnership interests), we may resign as custodian and distribute those assets directly to you. You may be liable for income and penalty taxes on that distribution. See the "Tax Matters" section for additional tax withholding information.

#### **M. Amendment of the IRA**

UBS Financial Services Inc. can amend your UBS Financial Services Inc. traditional IRA or Roth IRA, whether prospectively or retroactively, provided that no amendment that may take effect retroactively and may materially and adversely affect you will be effective until the expiration of a 30 day period. UBS Financial Services Inc. will give you notice of each amendment by mail, by including a notice in materials regularly distributed to IRA clients, or by electronic media, and you are considered to have consented to the amendment unless, within 30 days after the notice is given, you either:

- Direct UBS Financial Services Inc. to make a total distribution of all of the assets then in your IRA, or
- Remove UBS Financial Services Inc. and appoint a successor in accordance with the Custodial Agreement.

# Custodial Agreement for Traditional or Roth Individual Retirement Accounts

The Client named as owner in the account opening documents wishes to establish or continue, in accordance with the Custodian's policies and procedures, an individual retirement plan (IRA), as defined in Section 7701(a)(37) of the Internal Revenue Code of 1986, as amended (the Code). The Client has designated this IRA as either a traditional IRA described in Section 408(a) of the Code or as a Roth IRA described in Section 408A(b) of the Code in the IRA account opening documents.

The Client and the Custodian agree as follows:

## ARTICLE I—Traditional IRA Contribution Limit

- 1.1 If the Client has designated this IRA as a traditional IRA, then unless the contribution is a rollover contribution, as described in Sections 402(c), 402(e)(6), 403(a)(4), 403(b)(8), 403(b)(10), 408(d)(3) or 457(e)(16) of the Code (Rollover Contribution), or an employer contribution made to a Simplified Employee Pension, as described in Section 408(k) of the Code (SEP Contribution):
- Contributions to this traditional IRA may only be made by a Client who has not attained age 70½ by the end of the taxable year for which the contribution is made, and
  - Total cash contributions on behalf of the Client are limited to \$5,500 for the 2015 tax year. After 2015, the limit will be adjusted periodically for cost-of-living increases under Section 219(b)(5)(D) of the Code.

As permitted by the Code, the Client may make contributions to this traditional IRA that are fully-deductible, partially-deductible or non-deductible for Federal income tax purposes.

- 1.2 For Clients age 50 or older by the end of the taxable year, the annual cash contribution limit indicated above is increased by \$1,000 for the 2015 tax year and thereafter.
- 1.3 In addition to the amounts described in Sections 1.1 and 1.2 above, the Client may make additional contributions specifically authorized by statute—such as repayments of qualified reservist distributions, repayments of certain plan distributions made on account of a federally declared disaster and certain amounts received in connection with the Exxon Valdez litigation.
- 1.4 In addition to the amounts described in Sections 1.1 and 1.3 above, a Client who was a participant in a §401(k) plan of a certain employer in bankruptcy described in Section 219(b)(5)(C) of the Code may have contributed up to \$3,000 for taxable years beginning after 2006 and before 2010 only. A Client who made contributions under this Section 1.4 may not have also made contributions under Section 1.2.
- 1.5 The Client may recharacterize a contribution to a Roth IRA or a conversion from an eligible retirement plan, as defined in Section 402(c)(8) of the Code, or a traditional IRA to a Roth IRA (or any other conversion to the extent permitted under applicable law) and transfer it to this traditional IRA, according to Section 408A(d)(6) of the Code and the relevant Treasury regulations including Treasury Regulation Section 1.408A-5. A recharacterized contribution (but not a recharacterized conversion) is subject to the limits in Section 1.1 above for the taxable year for which it was made to the traditional IRA.

- 1.6 Except in the case of a Rollover Contribution or SEP Contribution, the Custodian will not knowingly accept contributions to the traditional IRA exceeding the sum of the annual dollar limitations described in Sections 1.1 and 1.2, nor shall the Custodian knowingly accept any contribution other than in cash.

## ARTICLE II—Roth IRA Contribution Limit

- 2.1 If the Client has designated this IRA as a Roth IRA, subject to the requirements and limitations set forth below in this Article II, a Client may make Regular Contributions, Qualified Rollover Contributions and Direct Transfers to this Roth IRA. The Client assumes all responsibility for determining, and represents to the Custodian, that:
- All contributions or transfers comply with all of the requirements, and do not exceed any of the limitations, set forth in Sections 2.2, 2.3, 2.4 and 2.5 below, and
  - Any Qualified Rollover Contribution to the Roth IRA conforms to the definition of such a contribution as presented in Section 2.7(f).
- 2.2 The Client's maximum Regular Contributions to this Roth IRA, when aggregated with the Client's Regular Contributions to all other Roth IRAs for any taxable year shall not exceed the lesser of:
- The Applicable Amount (defined in Section 2.7(a)) or
  - The Client's Compensation (defined in Section 2.7(c)) for the year.

However, notwithstanding the preceding limits on contributions, a Client may make additional contributions specifically authorized by statute—such as repayments of qualified reservist distributions, repayments of certain plan distributions made on account of a federally declared disaster and certain amounts received in connection with the Exxon Valdez litigation.

The maximum amount for any taxable year shall be reduced (but not below \$0) by the greater of the following amounts:

- The amount\* which reflects the same ratio to such maximum amount as the excess of the Client's modified adjusted gross income (MAGI) (defined in Section 2.7(e)) for the year over the Client's Applicable Dollar Amount (defined in Section 2.7(b)) for the year as it compares to \$15,000, or \$10,000 if the Client is married, or
- The amount of the Client's Regular Contributions for that year to all IRAs\*\* maintained for the Client other than Roth IRAs.

\* This amount is rounded down to the next multiple of \$10, and shall not reduce the maximum amount of Regular Contributions below \$200, unless it reduces the amount to zero.

\*\* Contributions to a SIMPLE IRA, a Coverdell education savings account (that is, an account described in Section 530 of the Code) or a SEP (that is, a simplified employer pension described in Section 408(k) of the Code) are not taken into account in determining the amount of the Client's Regular Contributions.

- 2.3 The \$100,000 MAGI ceiling was eliminated beginning on January 1, 2010 for conversions from a traditional IRA (and eligible employer retirement plans) to a Roth IRA. If the Client makes such a conversion,

however, he or she will have to pay income tax on the taxable portion of the assets converted to a Roth IRA, although they are not subject to the 10% early distribution penalty.

- 2.4 The Client may recharacterize a Regular Contribution to an IRA, which is not a Roth IRA, and transfer it to this Roth IRA, according to Section 408A(d)(6) of the Code and the relevant Treasury regulations including Treasury Regulation Section 1.408A-5. The Regular Contribution is subject to the limits in Section 2.2 above for the taxable year for which it was made to the non-Roth IRA.
- 2.5 The Custodian will not knowingly accept any Regular Contribution to the Roth IRA in excess of the Applicable Amount (defined in Section 2.7(a)), nor shall the Custodian knowingly accept any Regular Contribution other than in cash.
- 2.6 For purposes of applying this Article II (and the definition of "Applicable Dollar Amount" in Section 2.7(a)), a Client shall not be considered married for a taxable year if the Client and his or her spouse lived apart at all times during that taxable year, and file separate federal income tax returns for that taxable year.
- 2.7 The following definitions shall apply for purposes of this Article II:
  - a. "Applicable Amount" is defined as:
    - \$5,500 for taxable year 2015 and thereafter if the Client is under age 50 at the end of the year, and
    - \$6,500 for taxable year 2015 and thereafter if the Client is age 50 or older at the end of the year.

After 2015, the limits described above will be adjusted by the Secretary of the Treasury for cost-of-living increases under Section 219(b)(5) (D) of the Code. Such adjustments will be in multiples of \$500.

If the Client was a participant in a Section 401(k) plan of a certain employer in bankruptcy described in Code Section 219(b)(5)(C), then the applicable amount under this Section 2.7(a) was increased by \$3,000 for taxable years beginning after 2006 and before 2010 only. A Client who made contributions under this paragraph and was age 50 or older may not have also made the additional \$1,000 age-related catch-up contribution.

- b. "Applicable Dollar Amount" is defined as:
  - \$183,000 for taxable year 2015 if the Client is married and files a joint federal income tax return for that year.
  - \$116,000 for taxable year 2015, if the Client is single.
  - Zero if the Client is married and files a separate federal income tax return.

The dollar amounts listed in Section 2.7(b) will be adjusted by the Secretary of the Treasury for cost-of-living increases under Code Section 408A(c)(3). Such adjustments will be in multiples of \$1,000.

- c. "Compensation" is defined as:
  - Wages, salaries, professional fees, and any other amounts derived from or received for personal services actually rendered (including, but not limited to, commissions paid to salesmen, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips, and bonuses).
  - "Earned income," as defined in Section 401(c)(2) of the Code, reduced by any deduction taken by the Client for contributions made to a

self-employed retirement plan, and determined by applying Section 401(c)(2) of the Code as if the term "trade or business" used in Section 1402 of the Code included service described in Section 401(c)(6) of the Code.

- Any amount that is able to be included in the Client's gross income for federal income tax purposes under Section 71 of the Code with respect to a divorce or separation instrument described in Section 71(b)(2)(A) of the Code. The term "compensation" also includes any differential wage payments as defined in Section 3401(h)(2) of the Code

Compensation does not include:

- Amounts not included in the Client's gross income for federal income tax purposes (determined without regard to Section 112 of the Code).
- Amounts derived from or received as earnings or profits from property (including, but not limited to, interest and dividends)
- Amounts received as a pension or annuity or as deferred compensation.

If, for any taxable year the Client is married and files a joint federal income tax return, and the Compensation of the Client's spouse is greater than the Client's own Compensation, then the Client's Compensation for the year is increased by the excess of the Compensation of the Client's spouse for the year over the aggregate amount of the spouse's Regular Contributions to all Roth IRAs and deductible contributions to all traditional IRAs.

- d. "Direct Transfer" is defined as a transfer from the trustee or custodian of one IRA directly to the trustee or custodian of another IRA of the same type, or a transfer from an eligible retirement plan to a Roth IRA. A Direct Transfer shall not be treated as a Qualified Rollover Contribution (with the exception of a transfer from an eligible retirement plan to a Roth IRA), or a Regular Contribution.
- e. "Modified AGI," (MAGI) for any taxable year, is defined as adjusted gross income as determined under Section 219(g)(3) of the Code, except that such term shall not include:
  - Any amount included in federal adjusted gross income under Section 408A(d)(3) of the Code as a result of a Qualified Rollover Contribution or
  - Any amount included in gross income for federal income tax purposes by reason of a distribution required to be made from an IRA under Section 408(a)(6) or (b)(3) of the Code.
- f. "Qualified Rollover Contribution" is defined as:
  - A rollover contribution of a distribution from an eligible retirement plan described in Section 402(c)(8). If the distribution is from an IRA, the rollover must meet the requirements of Section 408(d)(3) of the Code. If the distribution is from an eligible retirement plan other than an IRA, the rollover must meet the requirements of Section 402(c), 402(e)(6), 403(a)(4), 403(b)(8), 403(b)(10), 408(d)(3) or 457(e)(16), as applicable,
  - All or part of a military death gratuity or servicemembers' group life insurance ("SGLI") payment if contributed within one year of receiving the gratuity or payment. Such contributions are disregarded for purposes of the one-rollover-per-year rule under Section 408(d)(3)(B) of the Code,
  - All or part of an airline payment (as defined in Section 125 of the Worker, Retiree, and Employer Recovery Act of 2008 ("WRERA"))

received by certain airline employees if contributed within 180 days of receiving the payment.

The one-rollover-per-year rule of Section 408(d)(3)(B) does not apply if the Qualified Rollover Contribution is from an IRA other than a Roth IRA, or from an eligible retirement plan.

- g. "Regular Contribution" is defined as a contribution other than a Qualified Rollover Contribution that does not exceed the lesser of the Applicable Amount or the Client's Compensation.

#### ARTICLE III—Exclusive Benefit and Nonforfeitable Interest

- 3.1 The IRA is established for the exclusive benefit of the Client or his or her Beneficiaries.
- 3.2 The Client's interest in the balance in the IRA is nonforfeitable at all times.

#### ARTICLE IV—Investments

- 4.1 Unless otherwise agreed to in a separate written contractual arrangement with UBS Financial Services Inc., the Client shall direct the investments in the IRA. Such investments may be made in:
- Marketable securities that are traded by, or obtainable through, the Custodian either "over-the-counter" or on a recognized exchange
  - Shares of open-ended regulated investment companies
  - Other investments the Custodian in its sole discretion agrees to hold according to its policies and procedures then in effect.

The Custodian may condition its decision to allow an investment to be held in the IRA upon the receipt of an agreement from the Client containing such terms, conditions and representations and warranties as the Custodian shall determine. The Custodian's decision to permit the holding of any investment in the IRA shall not constitute approval of the investment merits of the investment nor a judgment as to the prudence, advisability or suitability of the investment.

The Custodian reserves the absolute right to revoke its decision to permit the holding in the IRA of any investment at any time and for any reason, and the Custodian shall have no liability for any loss, damage or expense suffered or incurred by the Client by reason of the revocation of the Custodian's decision. If the Custodian notifies the Client that it revokes its decision, then within thirty (30) days after such notice is given, the Client shall instruct the Custodian as to the liquidation, distribution, transfer or other disposition of the investment to which the revocation of the Custodian's decision applies. If the Client fails to provide the Custodian with instructions within such thirty day period, the Client shall be deemed to have elected to receive an in-kind distribution of such investment and if the Client fails to waive or otherwise satisfy any withholding obligations with respect to the distribution of the investment or any fee obligation to the Custodian within such thirty day period, the Client shall be deemed to have instructed the Custodian to sell other investments in the IRA sufficient to pay all required withholding and any fee by following the same process outlined for annual account fee billing in other agreements governing the IRA as if the tax withheld were a fee or other administrative expense. Further, the Client acknowledges, understands and agrees that the Custodian shall not be liable to the Client for any loss incurred or profit denied by reason of any such sale, nor shall the Custodian be liable for any claim with respect to the timing of any such sale. In

addition, the Client acknowledges, understands and agrees that the Custodian shall be entitled to deduct any fees and expenses in connection with any such sale, including the Custodian's fees and expenses for effecting or executing such sale and that the failure of the Custodian to promptly sell any assets of, or promptly deduct any amounts from, the IRA for any fees or expenses shall not constitute a waiver of such fees or expenses.

- 4.2 In addition, the Client acknowledges, agrees, understands and warrants the following with respect to any non-publicly traded investment (the "Investment") the Custodian allows the Client to hold in the IRA:
- a. The Client is solely responsible for reviewing all offering materials and other disclosures, evaluating the risks and merits of the Investment, making all of the representations, warranties and/or agreements required as a condition to the purchase of the Investment and the Client alone is solely responsible for monitoring the Investment and deciding what action, if any, to take with respect to the Investment, including making all decisions to retain or dispose of the Investment, retaining sufficient other assets in the IRA to meet any capital calls or to pay any expenses for, or relating to, the administration or maintenance of the Investment, retaining in the IRA, property required to be sold pursuant to the terms of any option, and filing such documents as may be necessary or advisable to preserve, protect or defend the title to the Investment. The Client acknowledges, understands and agrees that the Custodian has not solicited the Client to acquire or hold the Investment, has not made nor will make any recommendation as to the acquisition, retention or disposition of the Investment in the IRA, and that any review of the Investment by or for the Custodian is not a review of the substance, merits or suitability of the Investment but is solely for the limited purposes of determining whether the Custodian can or will hold the Investment as Custodian. Further, the Client understands and acknowledges that the Client has been advised to consult the Client's own attorney or tax advisor to review the substance of the Investment prior to investing. The Client also acknowledges, understands and agrees that any signature provided by UBS Financial Services Inc. in connection with the Investment is made as the Client's agent only and shall be made only at the Client's direction.
- b. The Client must furnish to the Custodian in writing the fair market value of each Investment annually by the 15th day of each January, valued as of the preceding December 31st, and within twenty days of any other written request from the Custodian, valued as of the date specified in such request. The Client acknowledges, understands and agrees that a statement that the fair market value is undeterminable, or that cost basis should be used is not acceptable and the Client agrees that the fair market value furnished to the Custodian will be obtained from the issuer of the Investment (which includes the general partner or managing member thereof). The Client acknowledges, understands and agrees that if the issuer is unable or unwilling to provide a fair market value, the Client shall obtain the fair market value from an independent, qualified appraiser and the valuation shall be furnished on the letterhead of the person providing the valuation. The Client acknowledges, understands and agrees that the Custodian shall have no obligation to investigate or determine whether the fair market value so furnished is the correct fair market value (without

- regard to any actual or constructive knowledge that the Custodian may otherwise have), but if the Custodian otherwise has a different value for an Investment, the Custodian may use such other value in its reports to the Client and to the Internal Revenue Service if the Custodian (in its sole discretion) so chooses. The Client acknowledges, understands and agrees that the Custodian shall rely upon the Client's continuing attention, and timely performance, of this responsibility. The Client acknowledges, understands and agrees that if the Custodian does not receive a fair market value as of the preceding December 31, the Custodian shall distribute the Investment to the Client and issue an IRS Form 1099-R for the last available value of the Investment.
- c. The sole obligation of the Custodian with respect to the Investment is to hold the Investment in custody in the IRA. The Client acknowledges, understands and agrees that where the Investment is in "book entry" form, such as, for example, an interest in a limited partnership or a limited liability company, the Custodian shall return any certificates or other documents nominally evidencing the Investment to the Client. Further, the Client acknowledges, understands and agrees that the Custodian has no other obligations as a result of, or with respect to, the Investment, including without limitation any obligation to notify the Client (or any other party) of the receipt or failure to receive any amount (such as dividends, interest or other distributions), to forward to the Client any notices with respect to the Investment (such as capital calls, class action notices, proxies, etc.), to monitor or report to the Client as to the performance or nonperformance of the Investment or of any person involved with the Investment (or the performance or nonperformance by any person of any obligation or term contained in, or imposed by, the Investment) or to take enforcement or other action with respect thereto, regardless of whether the Custodian has any actual or constructive knowledge which might make such action or inaction advisable. Moreover, the Client acknowledges, understands and agrees that the Custodian's holding the Investment in an IRA imposes no continuing obligation upon the Custodian to continue to hold this Investment in an IRA of which it is the custodian. In addition, the Client acknowledges, understands and agrees that the Client, and not the Custodian, is solely responsible for the safekeeping of all agreements or documents related to the Investment, such as limited partnership agreements, subscription agreements, participation agreements, etc., or which grant the holder of the Investment certain additional rights, such as security agreements, collateral assignments, etc.
- d. The Client shall indemnify and hold the Custodian harmless from and against any and all loss, liability, cost or expense (including attorneys' fees and disbursements and any taxes, penalties or interest): (i) with respect to the acquisition, holding or disposition of the Investment, (ii) as a result of the making or failing to make any distribution; (iii) relating to or arising out of a failure by the Client to timely and properly file any tax returns, or a failure to timely pay any tax required as a result of, or attributable to, the Investment; (iv) as a result of the Client's failure to provide or use by the Custodian for any purpose of the valuation of the Investment in accordance with this Agreement; or (v) arising out of, or in connection with, the acquisition, holding or disposition of the Investment or the Custodian's agreement to act as custodian of the Investment pursuant to this Agreement. The Client acknowledges, understands and agrees that the Custodian shall not be obligated or expected to commence or defend any legal action or proceeding in connection with the Investment unless agreed upon by the Custodian and the Client, which the Custodian may decline to commence or defend in its absolute discretion and for any reason. Further, the Client acknowledges, understands and agrees that if the Custodian agrees to defend or commence any legal action or proceeding, the Custodian shall first be fully indemnified to its sole satisfaction. The Client acknowledges, understands and agrees that this indemnification provision shall survive the termination of this Agreement.
- e. Nothing contained herein constitutes any agreement to hold any investment into which the Investment may be converted, including real estate and tangible property, whether pursuant to the terms of the Investment, by reason of any option or conversion privilege contained therein or upon any enforcement of rights or remedies with respect to the Investment. The Client acknowledges, understands and agrees to notify the Custodian prior to the conversion of any Investment and to seek the Custodian's agreement to hold any investment into which the Investment may be converted.
- f. Nothing contained in this Section 4.2 shall be construed to diminish, reduce or eliminate any other rights which the Custodian may have under this Agreement, including but not limited to rights of the Custodian to indemnification or agreements to arbitrate any disputes, nor shall anything in this Section 4.2 be construed to diminish, reduce or eliminate any obligations of the Client under this Agreement.
- g. The Client shall pay to the Custodian the amount of any initial and ongoing or annual fees charged by the Custodian for the holding of the Investment in the IRA and any applicable charges in connection with the purchase/transfer and review (or requested purchase/transfer) of the Investment in an IRA. In addition, the Client acknowledges, understands and agrees that promptly, upon demand, the Client shall pay or reimburse the Custodian for all additional out-of-pocket fees and expenses (including legal fees and expenses) incurred by, or imposed upon, the Custodian as a result of holding the Investment in the IRA.
- 4.3 No part of the assets in the IRA may be invested in life insurance contracts, nor may the assets in the IRA be commingled with other property except in a common trust fund or common investment fund (according to Section 408(a)(5) of the Code).
- 4.4 No part of the assets in the IRA may be invested in collectibles (according to Section 408(m) of the Code).
- 4.5 The Custodian will offer one or more sweep options into which uninvested cash balances in the IRA may be invested and reinvested. If more than one sweep option is offered, and a Client does not elect a sweep option, the Custodian may automatically sweep uninvested cash balances into a sweep option consistent with the other agreements then in effect between the Client and Custodian and with applicable law.
- 4.6 All investments will be made through the facilities of the Custodian and the Custodian shall not have any duty to question the Client's investment instructions or to render any advice to the Client regarding the



value of any investment or to make recommendations regarding the advisability of investing in, holding or selling any investment, unless otherwise agreed to in writing by the Custodian. The Client agrees that the Custodian shall not be liable for any loss which may result from the investment of any asset in the IRA.

- 4.7 The Custodian shall carry out all investment directions for this account and make any purchases and sales of investments for, and on behalf of, the IRA.
- The Custodian shall maintain records of all of its transactions.
  - The brokerage account maintained in connection with the IRA shall be in the name of the Custodian for the benefit of the Client.
  - All assets of the IRA (including annuity or insurance contracts held in the IRA) shall be registered in the name of the Custodian or of a nominee (the same nominee may be used with respect to assets of other investors whether or not held under agreements similar to this one or in any fiduciary capacity whatsoever), provided, however, that the Custodian may hold any security in bearer form or by or through a central clearing corporation maintained by institutions active in the national securities markets.
- 4.8 The Client shall have the sole responsibility to determine whether the acquisition, holding or disposition of any asset in the IRA:
- Complies with the limitations applicable to investments by IRAs, including the limitations contained in the preceding Sections 4.3 and 4.4 or
  - Is a "prohibited transaction" under Section 4975 of the Code and the Client acknowledges and understands that the Code prohibits IRAs from engaging in prohibited transactions with disqualified persons who include the IRA owner and natural persons and legal entities sharing certain family or ownership relationships with an IRA owner (including certain partners and joint ventures of an IRA owner) and that prohibited transactions include any purchase or sale or loan between the IRA and a disqualified person, as well as the receipt by a disqualified person of any consideration or benefit for himself/herself from any person dealing with an IRA.

The Client warrants that any investment or other instructions given to the Custodian will comply with such limitations and will not constitute a prohibited transaction. The Custodian shall have no liability to the Client for any tax, penalty, loss or liability as a result of failure to comply with such rules. In the event the Client is involved in a prohibited transaction with the Client's IRA, the Client acknowledges and understands that the IRA will cease to be a tax-exempt IRA as of the first day of the calendar year in which the prohibited transaction occurs, and once the Custodian becomes aware of the prohibited transaction, the IRA will be treated as having distributed all of its assets to the Client and will be subject to reporting on IRS Form 1099-R.

#### ARTICLE V—Contributions

- 5.1 The Custodian may accept contributions from or on behalf of the Client, and unless otherwise specified by the Client, the Custodian shall assume that all contributions received apply to the taxable year in which they are received by the Custodian.
- 5.2 If this IRA is a traditional IRA, and the Client elects to transfer any contributions for a taxable year from this traditional IRA to a Roth IRA (in accordance with Section 408A(d)(3)(D) of the Code), the Client shall notify the Custodian and specify the amount of any earnings produced by the contribution amount.
- 5.3 The Custodian will accept no contributions to this IRA under a SIMPLE IRA plan established by any employer pursuant to Section 408(p) of the Code. Also, the

Custodian will not knowingly accept any transfer or rollover of funds attributable to contributions made by a particular employer under its SIMPLE IRA plan (i.e., an IRA used in conjunction with a SIMPLE IRA plan) prior to the expiration of the 2-year period beginning on the date the Client first participated in that employer's SIMPLE IRA plan.

- 5.4 If this is an inherited IRA within the meaning of Section 408(d)(3)(C) of the Code, no contributions will be accepted, provided, however, that the Client may establish this IRA as an inherited IRA by transfer from another inherited IRA of the same type, as beneficiary of the decedent under such inherited IRA, by direct transfer from an eligible retirement plan as defined in Section 402(c)(8)(B) of the Code as a non-spouse beneficiary of the decedent under such plan in accordance with Section 402(c)(11) of the Code, including the requirement that the non-spouse beneficiary be a Designated Beneficiary, or by rollover from another inherited IRA or eligible retirement plan as the spouse beneficiary of the decedent under such IRA in accordance with section 408(d)(3) of the Code or such plan in accordance with section 402(c) of the Code. If this IRA is established by the Client as an inherited IRA, no transfer or rollover contribution as described in this Article V may be made after the initial such contribution, unless otherwise permitted by applicable law.
- 5.5 If the Client contributes an amount that exceeds the maximum amount allowed the Client for the taxable year, the Client shall complete documentation required by the Custodian regarding the reason for the excess, the taxable year to which the excess relates and the amount of the excess (together with any earnings that apply, if necessary). The Custodian shall distribute to the Client an amount of cash, or property with a fair market value at the time of distribution, equal to the sum of the excess plus any applicable earnings, if required.

Any excess contributions that do not exceed the maximum amount that may be contributed under Section 219 of the Code may be treated by the Client as a contribution in the current or succeeding taxable year instead of receiving a distribution from the Custodian. However, the Client may still be liable for taxes and penalties between the year in which the excess contribution was actually made and the year in which the amount is subsequently treated as having been contributed. If this is an inherited IRA within the meaning of Section 408(d)(3)(C) of the Code, any contribution made by a Client other than a surviving spouse who is the sole designated beneficiary of a deceased individual to the IRA will be considered an excess contribution.

#### ARTICLE VI—Distributions

- 6.1 The Client acknowledges that he or she is required to ensure that the distribution of his or her interest in this IRA is made according to the requirements under Section 408(a)(6) of the Code, as modified by Section 408A(c)(5) (for Roth IRAs) and the Treasury Regulations, the provisions of which are covered here in Article VI and are herein incorporated by reference.
- 6.2 This Section 6.2 does not apply if this is an inherited IRA (within the meaning of Section 408(d)(3) (C) of the Code, or, with respect to a spouse beneficiary, without regard to subsection (C)(ii)(II) thereof.)
- a. If this IRA is designated as a traditional IRA in the IRA account opening documents, the Client acknowledges that he or she is responsible for ensuring that the entire interest in this traditional IRA and all IRAs (other than a Roth IRA) must begin to be distributed by the April 1st following the end of the calendar year in which the Client

attains age 70½ (the Required Beginning Date (RBD)) over the life of the Client or the lives of the Client and his or her Designated Beneficiary. For purposes of this Section 6.2, all of the Client's IRAs, including this IRA, shall be treated as a single IRA and the required minimum distributions (RMDs) calculated for this IRA may be withdrawn from another eligible IRA of the Client according to Treasury Regulation Section 1.408-8 Q&A 9, as determined by the Client.

- b. Beginning with the calendar year in which the Client attains age 70½ and continuing through the year of death, the RMD is determined by dividing the value of the IRA (as determined under Section 6.5) as of the end of the preceding year by the distribution period in the Uniform Lifetime Table in Treasury Regulation Section 1.401(a)(9)-9 Q&A 2, using the Client's age as of his or her birthday in the year. However, if the Client's sole Designated Beneficiary is his or her surviving spouse and the spouse is more than 10 years younger than the Client, the distribution period is determined under the Joint and Last Survivor Table in Treasury Regulation Section 1.401(a)(9)-9 Q&A 3, using the Client's and spouse's ages in that year.
- c. The RMD for the year the Client attains age 70½ can be made as late as April 1st of the following year. The RMD for any other year must be made by the end of each year.

- 6.3 References in this Section 6.3 to "Client" refer to the deceased individual, and references to the "Beneficiary" and "Designated Beneficiary" refer to the Client.

If this IRA is designated as a traditional IRA in the IRA account opening documents and the Client dies on or after the RBD, then the remaining portion of his or her interest in this IRA is required to be distributed at least as rapidly as follows:

- a. If the Designated Beneficiary is not the Client's surviving spouse, or is the Client's surviving spouse, but the spouse is not the Client's sole Designated Beneficiary, the remaining interest must be distributed:
  - Over the remaining life expectancy of the Designated Beneficiary, with life expectancy determined using the Beneficiary's age as of his or her birthday in the year following the year of the Client's death, or
  - Over the period described in paragraph (c) below if longer.
- b. If the sole Designated Beneficiary is the Client's surviving spouse, the remaining interest must be distributed:
  - Over the spouse's life expectancy, or
  - Over the period described in paragraph (c) below if longer.

Any interest remaining after the spouse's death must be distributed over the spouse's remaining life expectancy determined using the spouse's age as of his or her birthday in the year of the spouse's death, or, if the distributions are being made over the period described in paragraph (c) below, over that period.

- c. If there is no Designated Beneficiary, or if applicable by operation of paragraph (a) or (b) above, the remaining interest must be distributed over the Client's remaining life expectancy determined in the year of the Client's death.

- d. The amount that must be distributed each year under paragraph (a), (b) or (c), beginning with the year following the year of the Client's death, is determined by dividing the value of the IRA as of the end of the preceding year by the remaining life expectancy specified in the paragraph that applies. Life expectancy is determined using the Single Life Table in Treasury Regulation Section 1.401(a)(9)-9 Q&A-1.
- e. If distributions are being made to a surviving spouse as the sole Designated Beneficiary, the spouse's remaining life expectancy is the number in the Single Life Table that corresponds to the spouse's age in the year. In all other cases, remaining life expectancy is the number in the Single Life Table that corresponds to the Beneficiary's or Client's age in the year specified in paragraph (a), (b) or (c) and reduced by 1 for each subsequent year.

- 6.4 References in this Section 6.4 to "Client" refer to the deceased individual, and references to the "Beneficiary" and "Designated Beneficiary" refer to the Client.

If this IRA is designated as a Roth IRA in the IRA account opening documents, no amount is required to be distributed prior to the death of the Client. If this is a Roth IRA and the Client dies or if this IRA is designated as a traditional IRA in the IRA account opening documents and the Client dies before the RBD, his or her entire interest in this IRA must be distributed at least as rapidly as follows:

- a. If the Designated Beneficiary is not the Client's surviving spouse, or is the Client's surviving spouse, but the spouse is not the Client's sole Designated Beneficiary, the entire interest must be distributed, starting by the end of the year following the year of the Client's death, over the remaining life expectancy of the Designated Beneficiary. Life expectancy is determined using the age of the Designated Beneficiary as of his or her birthday in the year following the year of the Client's death, or, if elected, according to paragraph (c) below. If this is an inherited IRA within the meaning of Code §408(d)(3) (C) established for the benefit of a non-spouse designated beneficiary by a direct trustee-to-trustee transfer from a retirement plan of a deceased individual under §402(c)(11), then, notwithstanding any election made by the deceased individual pursuant to the preceding sentence, the non-spouse designated beneficiary may elect to have distributions made under this Section 6.4(a) if the transfer is made no later than the end of the year following the year of death.
- b. If the sole Designated Beneficiary is the Client's surviving spouse, the entire interest must be distributed, starting by the end of the year following the year of the Client's death (or by the end of the year in which the Client would have attained age 70½, if later):
  - Over such spouse's life expectancy, or
  - If elected, according to paragraph (c) below.

If the surviving spouse dies before distributions are required to begin, the remaining interest is required to be distributed, starting by the end of the year following the year of the spouse's death:

- Over the spouse's Designated Beneficiary's remaining life expectancy determined using the Designated Beneficiary's age as of his or her birthday in the year following the death of the spouse, or
- If elected, according to paragraph (c) below.

- If the surviving spouse dies after distributions are required to begin, any remaining interest must be distributed over the spouse's remaining life expectancy determined using the spouse's age as of his or her birthday in the year of the spouse's death.
- c. If there is no Designated Beneficiary, or if applicable by operation of paragraph (a) or (b) above, the entire interest must be distributed by the end of the year containing the fifth anniversary of the Client's death (or of the spouse's death in the case of the surviving spouse's death before distributions are required to begin under paragraph (b) above).
- d. The amount to be distributed each year under paragraph (a) or (b) is determined by dividing the value of the IRA, as of the end of the preceding year, by the remaining life expectancy specified in the paragraph that applies. Life expectancy is determined using the Single Life Table in Treasury Regulation Section 1.401(a)(9)-9 Q&A-1.
- If distributions are being made to a surviving spouse as the sole Designated Beneficiary, the spouse's remaining life expectancy is the number in the Single Life Table that corresponds to the spouse's age in the year.
  - In all other cases, remaining life expectancy is the number in the Single Life Table that corresponds to the Beneficiary's age in the year specified in paragraph (a) or (b) and reduced by 1 for each subsequent year.
- 6.5 The "value" of the IRA includes the amount of any outstanding rollover, transfer and recharacterization under Treasury Regulation Section 1.408-8 Q&As 7 and 8.
- 6.6 A Client's surviving spouse who is the sole Designated Beneficiary of this IRA may elect to treat it as his or her own IRA by redesignating it (according to the procedures established by the Custodian) as an IRA in the name of the surviving spouse (rather than as a Beneficiary of the Client). In accordance with the procedures established by the Custodian, a surviving spouse of a deceased Client will also be deemed to make that election by either:
- Contributing any amount to the IRA, or
  - Failing to cause the distribution to the surviving spouse as Beneficiary of the amount required to be distributed according to this Article VI following the death of the Client within the required time period. A surviving spouse who makes that election will thereafter be deemed to be the Client.
- 6.7 The Beneficiary, or, if this an inherited IRA within the meaning of Section 408(d)(3)(C) of the Code (without regard to subsection (C)(ii)(II) thereof), the Client, must notify the Custodian (in a manner acceptable to the Custodian) of any election desired to be made, including an election to establish separate accounts with respect to this IRA.
- The Custodian has no duty, obligation or responsibility to notify the Beneficiary or the Client, as applicable, as to their obligations under the Code.
  - The Custodian has no obligation or responsibility to determine the amount that must be distributed from the IRA at any time.
  - The Custodian is not liable for any tax or penalty imposed upon the Beneficiary or Client, as applicable, if the Beneficiary or Client fails to receive any distribution, or the requisite minimum distribution from his or her account. For purposes of Sections 6.3 and 6.4, a Client may aggregate IRAs from the same decedent for purposes of the RMD rules according to Treasury Regulation Section 1.408-8 Q&A 9.
- 6.8 Regardless of any other provision of this Agreement (or any other instruction received, such as a beneficiary designation):
- The Custodian is not required to make any distribution from this IRA until directed on a form provided by, and delivered to, the Custodian for that purpose.
  - The Custodian has no duty or responsibility to initiate the making of or to see to the application of any distribution from the IRA, or to calculate the amount of any distribution, except to the extent required by law.
  - In addition to receiving proper distribution instructions and being advised by the Client of the reason for the distribution, the Custodian may condition any distribution (or any assignment of the IRA) upon receipt of any and all applications, certificates, tax waivers, signature guarantees and other documents (including proof of any legal representative's authority) deemed necessary or advisable by the Custodian, in the Custodian's sole judgment.
  - The Custodian has no liability for any loss, tax or penalty incurred by the Client due to the Custodian's failure to comply with any instruction for distribution or to establish separate accounts until the Custodian has received all information and documents which it, in its sole judgment, requires.
  - The Client acknowledges that the Custodian is not liable for any tax or penalty imposed upon the Client if the Client fails to receive any minimum distribution from the IRA.
- 6.9 The term "Beneficiary" means the person or persons designated as such by the Client in a form acceptable to, and accepted by, the Custodian, including a Successor Beneficiary.
- The designation may name individuals, persons, estates, trusts or legal entities.
  - If the designation does not effectively dispose of the entire IRA by the time such distribution is to commence, then, for the IRA (or any part not effectively disposed of), the term "Beneficiary" shall mean the Client's surviving spouse (at the time of death), and if none, then the Client's estate.
  - The form last accepted by the Custodian before the Client's death shall be controlling, whether or not it fully disposes of the entire IRA, and it shall revoke all prior designations.
  - If the Client designates the Client's spouse as Beneficiary, the Client's subsequent divorce or legal termination of the marriage will automatically revoke the designation. The Client may designate the Client's former spouse as Beneficiary by completing a new change of beneficiary form after the divorce is final or in connection with the divorce proceedings.
  - The Beneficiary designated by the Client, following the death of the Client, may name a person or persons entitled to receive any assets remaining in the IRA upon the death of the original Beneficiary (Successor Beneficiary). The Successor Beneficiary shall be designated by the original Beneficiary in a form acceptable to, and accepted by, the Custodian. If the Beneficiary does not name a Successor Beneficiary, the IRA assets will be paid to the Beneficiary's surviving spouse and if none, the Beneficiary's estate.
  - With respect to items (a) through (e) below, the Custodian shall not have any responsibility and may rely conclusively upon and shall be fully protected and be free from all liability in acting upon, the written statement of the appropriate authority, which may be the executor of the Client's will, the administrator of the Client's estate, or any or all of the Beneficiaries Client has designated, including the trustee of any trust designated as a Beneficiary or any

custodian holding funds for the benefit of a minor Beneficiary, as determined by the Custodian in its sole discretion:

- a. The interpretation of any applicable federal or state law contained in the beneficiary designation;
  - b. Whether any condition or restriction contained in the beneficiary designation has been satisfied;
  - c. The number, identity and existence of persons or entities designated as beneficiaries in the beneficiary designation, including where the Client has not identified the person with sufficient specificity in the beneficiary designation;
  - d. The portion or amount of the IRA allocated to any Beneficiary; and
  - e. The interpretation, construction or application of any document referenced in the beneficiary designation.
- Any provision of the beneficiary designation that is inconsistent with or contrary to any provision of this Custodial Agreement shall be null and void and the Agreement shall govern in all instances where there is a conflict between the beneficiary designation and the Agreement, notwithstanding any language to the contrary in the beneficiary designation.
  - After the Client's death, each Beneficiary shall become the owner of the portion of the IRA allocated to such Beneficiary under the beneficiary designation and the Client's estate shall not have any rights with respect to the IRA. Each Beneficiary shall be required to establish his or her own inherited individual retirement account with the portion of the IRA allocated to such Beneficiary under the beneficiary designation. Pending establishment of each Beneficiary's own inherited individual retirement account, each Beneficiary shall be bound by the terms of this Agreement; provided, however, that no contribution may be made to the IRA by a Beneficiary and no Beneficiary may designate his or her own Beneficiary. If a Beneficiary dies prior to the establishment of the Beneficiary's own inherited individual retirement account, the Beneficiary's allocated portion of the IRA shall be paid to the Beneficiary's surviving spouse, and if there is no surviving spouse, to the Beneficiary's estate.
  - If any Beneficiary desires to disclaim all or any portion of his or her interest in the IRA, in addition to any other requirements imposed by applicable local, state or federal law, the Beneficiary shall deliver to the Custodian a written notarized statement (e.g., the UBS Disclaimer of Beneficial Interest in a Retirement Account form) or court-filed document reflecting such disclaimer, and the Custodian shall rely conclusively upon, and shall be fully protected in acting upon, such written statement or document as to the effectiveness of such disclaimer and any other facts in the statement or document.

- 6.10 The term "Designated Beneficiary" means a Beneficiary who constitutes a designated beneficiary or beneficiaries as determined according to the rules in Treasury Regulation Section 1.401(a)(9)-4.

#### ARTICLE VII—Custodial Agreement

- 7.1 The Client gives the Custodian the right to amend this Agreement, whether prospectively or retroactively, provided that no amendment that may materially and adversely affect the Client shall be effective until the expiration of a thirty (30) day period. The Custodian shall give notice to the Client of each amendment by mail, by including a notice in materials regularly distributed to IRA Clients, or by electronic media, and the Client is considered to have

consented to the amendment unless, within thirty (30) days after the notice is given, the Client either:

- Directs the Custodian to make a total distribution of all of the assets then in the IRA, or
- Removes the Custodian and appoints a successor according to Article XI.

The Custodian shall have the right to deduct from the amount distributed or transferred any unpaid fees or expenses, including the annual maintenance fee and any termination, transfer or other fees and charges previously disclosed (whether or not the Client refused to consent to any amendment)

- 7.2 If at any time this IRA has no balance, the Custodian may deem the IRA to be terminated in accordance with the Custodian's procedures.
- 7.3 The Client and the Custodian agree that the Custodian has the absolute right to amend, revise or substitute fee schedules identified or referred to in the Disclosure Statement and that no amendment, revision or substitution of a fee schedule shall be deemed an amendment of this Agreement.

#### ARTICLE VIII—Administration of the IRA

- 8.1 The Custodian shall be responsible only for carrying out the responsibilities specifically set forth in this Agreement and no others.
- The Client agrees that the Custodian shall not be liable to the Client for any loss, liability, cost or expense incurred by the Client as a result of any act or omission by the Custodian in performing these responsibilities, except as a result of gross negligence or willful misconduct by the Custodian.
  - The Custodian, in its discretion, may delegate to one or more agents the responsibility to carry out any of its responsibilities, and may compensate such agents for expenses attendant to those responsibilities.
  - The Client agrees that the Custodian shall not be liable for any act or omission of any agent (whether or not constituting gross negligence or willful misconduct) to whom it has delegated any such responsibility.
- 8.2 The Custodian shall not have any discretionary authority or control or otherwise assume any fiduciary duties with respect to the IRA, and none shall be implied, unless the Custodian agrees to such authority, control or duty in writing. The Custodian shall not be liable for (nor assume any responsibility for) the deductibility of any contribution or the eligibility of any contributions under this Agreement, or the purpose or appropriateness of any distribution according to Article VI. These matters are the sole responsibility of Client.
- 8.3 The Custodian shall deliver, or arrange to be delivered, to the Client, or at the written direction of the Client to a third party, all annuity policies, prospectuses, annual reports, proxies and proxy soliciting materials actually received by the Custodian with respect to assets in the IRA. Unless agreed to in writing, the Custodian shall not be responsible for:
- Voting any shares of stock or taking any other action,
  - Granting any consents or waivers,
  - Exercising any conversion privileges, or
  - Taking any action permitted to be taken with respect to any asset in the IRA.
- 8.4 The Custodian may rely upon, and shall not be liable when acting in good faith upon, any written, oral or electronic order from the Client or any notice, request, consent, certificate or other instrument or paper believed to be genuine and to have been

properly executed. If any such directions are not received as required or, if received, are unclear in the sole opinion of the Custodian, compliance with the instructions may be delayed, without liability for any loss caused by any delay, pending receipt of instructions or clarification that the Custodian considers appropriate.

If the Custodian receives any conflicting claims to some or all of the assets in the IRA (including any claim inconsistent with the then designation of Beneficiaries), the Custodian may, at its discretion and without liability:

- Hold some or all of the assets in the IRA until it receives evidence satisfactory to the Custodian that ownership has been resolved, or
- Deposit some or all of the assets in the IRA into the registry or custody of any court of competent jurisdiction together with any such legal pleadings as the Custodian may deem appropriate (charging the IRA for any resulting costs or expenses, including attorney's fees and disbursements).

#### Article IX—Reports and Tax Filings

- 9.1 The Client agrees to promptly provide the Custodian with necessary information in a manner that may be necessary or helpful for the Custodian to prepare or file any reports according to Section 408(i) of the Code and the relevant Treasury Regulations.
- 9.2 The Custodian agrees to prepare and furnish annual calendar-year reports on the status of the IRA, including any contributions to, and distributions from (including information on RMDs) the IRA as required by the Code and the Commissioner of Internal Revenue.
- 9.3 The Client is solely responsible for the preparation and filing of any other tax return or report or tax claim required or advisable under the Code regarding any investment in the IRA and the Client must provide the Client's Financial Advisor with any instructions regarding the payment of any such taxes. If the signature of the Custodian is required on any tax return or report or claim, the Client acknowledges, understands and agrees that the Client must deliver an original and one copy of the completed return, report or claim to the Client's Financial Advisor at least two weeks before the date that the tax return or report or tax claim is due, accompanied by a stamped, addressed envelope for mailing the return, report or claim.

The Client acknowledges and understands that while an IRA is generally exempt from income taxes, some investments generate what is called "unrelated business taxable income" which is subject to current income tax and that unrelated business taxable income can result, for example, from an investment in a limited partnership that incurs debt or that actively conducts any trade or business. Further the Client acknowledges and understands that if an IRA derives unrelated business taxable income which for any year exceeds \$1,000, then unrelated business income tax will be due and a tax return, Form 990-T, Exempt Organization Business Income Tax Return, must be filed. Moreover, the Client acknowledges, understands and agrees that if a Form 990-T is required to be filed, an employer identification number (EIN) must be obtained for the IRA from the IRS (applications for an EIN are made by filing Form SS-4 with the IRS). The Client acknowledges and understands that unrelated business income tax is an expense of the IRA and should be paid from the IRA that generated the unrelated business taxable income.

This Section 9.3 includes any return or report required as a result of:

- *Realizing any gross income from any unrelated trade or business or unrelated debt financed income,*

- *The occurrence of a windfall profits tax, or*
- *Any other return or report necessary to obtain any credit or refund of tax previously paid.*

The Client acknowledges, understands and agrees that the Custodian has no responsibility for, and so will not, review any tax return or report or tax claim to determine whether it is complete or correct and will not sign any such form without a letter of instruction from the Client acceptable to the Custodian.

#### ARTICLE X—IRA Fees and Expenses; Tax Withholding

- 10.1 The Custodian, for its services as Custodian of the IRA, shall receive various fees applicable to maintaining the IRA. The Custodian reserves the absolute right to revise these fees at any time or from time to time. Further, the Custodian shall receive additional fees or compensation for additional or extraordinary services that the Custodian considers to be necessary to conserve the assets of the IRA or that the Client requests, plus, in either case, reimbursement for all relevant out-of-pocket expenses.
- 10.2 The Custodian shall also receive such fees and compensation for implementing or completing securities transactions on behalf of the IRA and for any other relevant broker-dealer or investment advisory services as requested by the Client subject to applicable disclosure or documentation, all of which shall be charged to the IRA unless otherwise agreed to in writing by the Custodian and the Client.
- 10.3 Taxes plus any relevant interest and penalties imposed on the IRA shall be charged to the IRA.
- 10.4 Any fees and other administrative expenses chargeable to the IRA shall be deducted from the IRA; provided, however, that the Client may elect to pay certain fees and expenses directly to the Custodian, but if not so paid, the fees and expenses will be deducted from the IRA. The Client understands and agrees that the Custodian will follow the process outlined for annual account fee billing in the other agreements governing the IRA to satisfy the payment of outstanding fees and expenses from the IRA.
- 10.5 If the Custodian has terminated the IRA and elected to distribute all or any part of the assets in the IRA and the Client does not provide a tax withholding election for such distribution, then the Custodian shall cover the required tax withholding by following the process outlined for annual account fee billing in the other agreements governing the IRA as if the tax withheld were a fee or other administrative expense.
- 10.6 The Client shall indemnify the Custodian and hold the Custodian harmless from and against any and all loss, liability, cost or expense (including attorneys' fees and disbursements):
- Incurred by or asserted against the Custodian of this IRA, except those which arise due solely to the Custodian's gross negligence or willful misconduct,
  - With respect to the acquisition, holding or disposition of any investment, or
  - As a result of making or failing to make any distribution.
- The Custodian shall not be obligated or expected to initiate or defend any legal action or proceeding in connection with the IRA unless agreed upon by the Custodian and the Client, and unless the Custodian is fully indemnified to its satisfaction for so doing.

#### ARTICLE XI—Resignation or Removal of the Custodian

- 11.1 Upon thirty (30) days' prior notice to the Custodian (or a shorter period, if accepted by the Custodian):
- The Client may remove the Custodian as the custodian of this IRA.

- The Client must identify the successor custodian in the notice to the Custodian.

The Custodian may resign at any time upon thirty (30) days' notice to the Client.

- The Custodian may resign and substitute another custodian if the Custodian receives notice from the Commissioner of Internal Revenue that such a substitution is required because it has failed to comply with the requirements of Treasury Regulation Section 1.408-2(e).
- Except as required above, upon its resignation, the Custodian may, but shall not be required to, appoint a qualifying successor custodian.
- If the Custodian upon its resignation appoints a successor and the Custodian does not receive from the Client within thirty (30) days of its resignation, written notice of the Client's appointment of a different successor custodian, then the Client will be deemed to have ratified, confirmed and accepted the Custodian's appointed successor.
- If the Custodian resigns without appointing a successor, the Client shall appoint a successor custodian within thirty (30) days of the Custodian's resignation. Failure to appoint a successor custodian in the required time shall result in the termination of the IRA and distribution of the assets in the IRA in accordance with Sections 12.1 and 12.2.

Notwithstanding the transfer of the assets of the IRA to a successor custodian or the distribution of the assets of the IRA upon termination of the IRA, the Client (and the IRA) shall remain liable for payment in full of all of the fees and other administrative charges and any expenses then due and payable or which become due and payable as a result of, upon or following any transfer or distribution of the assets of the IRA as described in Article X.

- 11.2 To qualify, a successor custodian shall be a bank, insured credit union, or other entity or person satisfactory to the Secretary of the Treasury according to Treasury Regulation Section 1.408-2(e).
- The Client represents and warrants that any successor custodian appointed by the Client is qualified to act as a custodian of this IRA.
  - Upon receipt by the Custodian of notice (whether written or electronic) of the appointment by the Client of a successor custodian, the Custodian shall transfer and pay over to the successor the assets of the IRA.

Notwithstanding the foregoing, the Custodian is authorized to reserve an amount of money or other property as it may determine is advisable for payment of all its fees, compensation, costs and expenses, or for payment of any other liabilities actually or potentially constituting a charge on or against the assets of the IRA or on or against the Custodian. Any balance of such reserve remaining after the payment of all such items is to be paid over to the successor custodian.

- 11.3 The Custodian shall not be liable for the acts or omissions of any successor custodian, even if such successor custodian has been appointed by the Custodian.

#### **ARTICLE XII—Termination of the IRA**

- 12.1 The Custodian may terminate the IRA if, within thirty (30) days after the resignation or removal of the Custodian, no successor custodian has been appointed or the successor custodian appointed by the Client fails or refuses to accept any asset in the IRA transferred by the Custodian. In addition, the Custodian may terminate the IRA at any time the

Client appoints a successor custodian in connection with a transfer of all or part of the IRA to another custodian, if the successor custodian fails or refuses to accept any asset in the IRA transferred by the Custodian. To complete the termination of the IRA, the Custodian shall distribute any assets remaining in the IRA in a lump-sum in cash or in kind to the Client, subject to the Custodian's right to reserve funds as provided in Section 11.2 and to sell assets to satisfy any tax withholding obligations of the Client as provided in Section 10.5.

- 12.2 The termination of the IRA shall not terminate the Client's obligations, representations or agreements nor the Custodian's rights or remedies, including the Client's obligation covered in Section 10.6 to indemnify the Custodian. The Custodian's obligations under this Agreement shall terminate upon termination of this IRA. Upon delivery or distribution of any assets in the IRA to, or upon order of, the Client, the Custodian shall be relieved from all further liability under this Agreement with respect to the assets delivered or distributed.

#### **ARTICLE XIII—Miscellaneous**

- 13.1 "UBS Financial Services Inc.," shall mean UBS Financial Services Inc., a Delaware corporation, and any successor corporation by merger, consolidation or liquidation, as well as any other entity to which UBS Financial Services Inc. has transferred all or a substantial portion of its retail brokerage business.
- 13.2 If UBS Financial Services Inc. is a party to any other agreement with the Client, nothing contained therein shall be construed to diminish, reduce or eliminate any rights which UBS Financial Services Inc. may have under this Agreement nor shall anything in this Agreement be construed to diminish, reduce or eliminate any obligations of the Client under any such other agreement.
- 13.3 Any notice, communication or disclosure (including, but not limited to, any "applicable notice" as defined under Section 1.401(a)-21(e)(1) of the Treasury Regulations) to the Client regarding this Agreement or the Disclosure Statement shall be considered given upon mailing to the Client (by any class of mail) at the Client's last address appearing on the records of the Custodian. Any notice, communication or disclosure given by the Custodian to the Client may be:
- Provided separately, or
  - Included with any brokerage account statement mailed or sent (either by hard copy or by electronic media, if permitted by applicable law.)

Notwithstanding the foregoing, the Custodian reserves the right to deliver any notice, communication or disclosure to the Client by electronic medium (as defined under Section 1.401(a)-21(e)(3) of the Treasury Regulations) and the Client shall be deemed to have the effective ability to access the electronic medium used to provide the notice, communication, or disclosure under Section 1.401(a)-21(c)(2) of the Treasury Regulations, unless the Client requests a paper copy of the applicable notice, communication or disclosure within 30 days after the Custodian mails a written paper notice to the Client, in accordance with the first two sentences of this Section 13.3, regarding the availability of the notice, communication or disclosure.

- 13.4 The Client shall not have the right or power to anticipate any part of the IRA or to sell, assign, transfer, pledge or hypothecate any part thereof. The IRA shall not be liable for the debts of the Client

or subject to any seizure, attachment, execution or other legal process in respect thereof, except as provided by law. At no time shall it be possible for any part of the income or assets of the IRA to be used for, or diverted to, purposes other than for the exclusive benefit of the Client.

- 13.5 This Agreement shall be construed and administered in accordance with the laws of the State of New York, without regard to the choice of law principles thereof.
- 13.6 This Agreement is intended to qualify as an individual retirement plan as defined in Section 7701 (a)(37) of the Code to entitle the Client to the retirement savings deduction provided under Section 219 of the Code if the Client is eligible. If any provisions of this Agreement are subject to more than one interpretation or any term used herein is subject to more than one construction, such ambiguity shall be resolved in favor of that interpretation or construction which is consistent with that intent.
- 13.7 The relevant Code and the Treasury Regulations contain numerous complex and technical rules relating to individual retirement accounts, including,

but not limited to, rules governing the deductibility of contributions, early distributions, required minimum distributions, rollovers, prohibited transactions and the removal of excess contributions. The Custodian has advised the Client that if the Client has any questions as to the treatment of any transaction involving the Client's IRA under the Code and the Treasury Regulations, the application of any State or local income tax laws, or the effect of any other tax, estate, inheritance or property laws, the Client should obtain and rely upon the advice of the Client's personal tax advisor or attorney.

The Client agrees that the Custodian has no responsibility or obligation to advise the Client as to the tax treatment of any transaction or to caution the Client as to any adverse consequences of any transaction involving the IRA. The Client agrees that the Custodian will not be liable to the Client for any income taxes, penalties or other damages of any kind that may result from the Client's failure to follow these technical rules, or any claim of a failure of the Custodian to advise the Client (or of having advised the Client incorrectly) as to the tax treatment of any transaction involving the Client's IRA.

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# Disclosure Statement for SIMPLE Retirement Accounts

## Highlights

- Under your employer's SIMPLE IRA Plan, you can establish your own SIMPLE IRA, which generally operates under the same rules that govern a traditional IRA.
- The only contributions that can be made to a SIMPLE IRA consist of your pre-tax salary reduction contributions and required employer matching or non-elective contributions.
- Tax-free rollovers are generally allowed between SIMPLE IRAs and from SIMPLE IRAs to "eligible retirement plans" (i.e., traditional IRAs, qualified employer plans, etc.) only after a two-year period has expired since you first participated in your employer's SIMPLE IRA Plan.
- All amounts distributed to you from a SIMPLE IRA are taxable at ordinary income tax rates.
- As with traditional IRAs, you must begin taking required minimum distributions (RMDs) from your SIMPLE IRA for the year you attain age 70½ and for each year thereafter.

## A. Revocation of this SIMPLE IRA

When you first establish your SIMPLE IRA, you may revoke the SIMPLE IRA at any time within seven (7) days after the date you receive this Disclosure Statement. If you are eligible to revoke your IRA and wish to revoke the SIMPLE IRA within the seven (7) day time limit, you may do so only by mailing or delivering a written notice of revocation to the following address:

Retirement Consulting Services—Operations  
UBS Financial Services Inc.  
1000 Harbor Boulevard, 6th Floor  
Weehawken, NJ 07086-6791

We will consider your notice to be given on the date that it is postmarked if it is mailed by U.S. mail (or if sent by certified or registered mail, the date of certification or registration), first class postage prepaid and is properly addressed to and received in due course by UBS Financial Services Inc.

If you revoke your SIMPLE IRA within the seven-day period, you are entitled to a return of the entire amount you originally paid into your SIMPLE IRA, without adjustment for such items as brokerage commissions or fees, administrative expenses or fluctuations in market value.

If you have any questions as to your right to revoke this SIMPLE IRA, please call your UBS Financial Advisor or 855-880-5015 during normal business hours.

## B. Introductory Information

**SIMPLE IRA Plans.** Certain small employers—typically those with 100 or fewer employees—may establish a Savings Incentive Match Plan for Employees, called a SIMPLE IRA Plan, in accordance with Section 408(p) of the Internal Revenue Code. If you are eligible to participate in your employer's SIMPLE IRA Plan, your employer is required to notify you and provide you with a summary description of the SIMPLE IRA Plan. Once you are eligible to participate, you can establish your own SIMPLE IRA through your employer's SIMPLE IRA Plan, which entitles you to make salary reduction contributions, while your employer contributes either matching or nonelective contributions on your behalf.

All contributions under a SIMPLE IRA Plan can only be made to a SIMPLE IRA and cannot be made to any other type of IRA. Generally, a SIMPLE IRA is subject to the same rules that govern traditional IRAs, except that only contributions under a SIMPLE IRA Plan can be made to the SIMPLE IRA and only amounts from a SIMPLE IRA can be rolled over to another SIMPLE IRA.

**Establishing a SIMPLE IRA.** You may establish a SIMPLE IRA with UBS Financial Services Inc. to receive and hold contributions made on your behalf under your employer's SIMPLE IRA Plan by completing a SIMPLE IRA Application.

You may also establish a SIMPLE IRA with UBS Financial Services Inc. by instructing the trustee/custodian of your present SIMPLE IRA to transfer all (or a portion) of the SIMPLE IRA balance to UBS Financial Services Inc. by completing a Transfer Form that you can obtain from your Financial Advisor.

**Disclosure Statement.** Internal Revenue Service (IRS) regulations require UBS Financial Services Inc. to provide you with this Disclosure Statement. It consists of a general description of the requirements and features of SIMPLE IRAs and a summary of the material terms of the Custodial Agreement. References to "we", "us" or "our" throughout the Disclosure Statement refer to UBS Financial Services Inc. References to "you" or "your" throughout the Disclosure Statement refer to the individual establishing the IRA.

A copy of the Custodial Agreement for SIMPLE Individual Retirement Accounts accompanies this Disclosure Statement. This Custodial Agreement is a legal agreement between you and UBS Financial Services Inc. Please review the agreement carefully.

Before deciding to open a SIMPLE IRA with UBS Financial Services Inc., you should review the commissions, fees and other charges associated with a UBS SIMPLE IRA with your Financial Advisor. Information on our commissions, fees and other charges is found in the "Fees and Charges" document accompanying this Disclosure Statement. More detailed information on our fees and other sources of revenue are available in the brochure "Understanding our fees, charges and other compensation" available at [ubs.com/workingwithus](http://ubs.com/workingwithus). You may receive paper copies of this information by contacting your Financial Advisor.

The IRS also publishes detailed information on SIMPLE IRAs that you can obtain from any IRS District Office or from [www.irs.gov](http://www.irs.gov).

**Legal Requirements.** By law, a SIMPLE IRA is a trust or custodial account created by a written document in the United States for the exclusive benefit of you and your beneficiaries. It must meet all of the following requirements:

- The trustee or custodian must be a bank, a federally insured credit union, a savings and loan association or other entity, such as UBS Financial Services Inc., that has been approved by the IRS to act as an IRA trustee or custodian.
- Contributions, except for rollover contributions must be in cash and made under a SIMPLE IRA Plan.
- The entire amount in a SIMPLE IRA is fully vested, i.e., non-forfeitable, at all times.
- Assets in a SIMPLE IRA cannot be commingled or combined with other property, except in a common trust fund or common investment fund.

- Money in a SIMPLE IRA cannot be used to buy a life insurance policy.
- Distributions from a SIMPLE IRA must start by April 1st of the year following the year you reach age 70½.

**Important Information.** This SIMPLE IRA has received an opinion letter from the IRS that it satisfies the applicable requirements for IRAs under Section 408(p) of the Internal Revenue Code. The IRS approval pertains to the form of the SIMPLE IRA only and not to its merits.

### C. Contributions to SIMPLE IRAs

The only contributions that you are allowed to make to a SIMPLE IRA are those made under a SIMPLE IRA Plan. The contributions must consist of your salary reduction contributions and either required employer matching or non-elective contributions.

**Employee Contributions.** For 2015, you can elect to contribute 100% of your income up to \$12,500 (indexed periodically for inflation) to your SIMPLE IRA. If you are age 50 or older, you can contribute an additional \$3,000 as a "catch-up" contribution. Since your contributions are made on a pre-tax basis, your annual taxable income is reduced by the amount of your contribution. You make your election by completing a salary reduction agreement furnished by your employer. Your employer must contribute these salary reduction contributions on your behalf to your SIMPLE IRA by the close of the 30-day period following the last day of the month for which the contributions are made.

**Employer Contributions.** Each year, your employer is required to make a contribution to your SIMPLE IRA based on one of two formulas:

- A dollar-for-dollar match of your salary reduction contributions up to 3% of your compensation. Twice during any five-year period, your employer may reduce its match to as little as 1% for the year and must notify you of the reduction.
- A mandatory contribution of 2% of compensation for all eligible employees, regardless of whether they contribute to the SIMPLE IRA Plan. For purposes of calculating nonelective contributions, compensation is limited. For 2015, compensation is limited to \$265,000. The limit will be indexed periodically for inflation for years after 2015.

**Inherited IRAs.** If you inherit a SIMPLE IRA from anyone other than your deceased spouse, you cannot treat the SIMPLE IRA as your own and you cannot make any contributions to the SIMPLE IRA or roll over any amounts into or out of the inherited SIMPLE IRA. You may transfer amounts from one inherited SIMPLE IRA to another inherited SIMPLE IRA established in the name of the same deceased SIMPLE IRA owner for the benefit of you as beneficiary.

**Excess Contributions.** If your employer contributes amounts to your SIMPLE IRA on your behalf that are over the maximum amount that is allowed to be contributed to your SIMPLE IRA under the employer's SIMPLE IRA Plan for the year, that excess amount will be considered an excess contribution. You will be subject to a non-deductible excise tax of 6% on the excess contribution for each year it remains in the SIMPLE IRA. If you think your employer may have contributed an excess amount to your SIMPLE IRA, we recommend that you contact your employer and your tax advisor as soon as possible to discuss the excess amount and its timely removal to avoid the excise tax.

### D. Transfers and Rollovers

**Transfers.** If you move funds directly to or from your SIMPLE IRA with one trustee or custodian to a SIMPLE IRA with another trustee or custodian, it is a tax-free transfer, not a rollover, and is not affected by the one-year waiting period between rollovers discussed below. You may transfer your SIMPLE IRA to UBS Financial Services Inc. by instructing

the trustee/custodian of your present SIMPLE IRA to transfer all (or a portion) of the SIMPLE IRA balance to UBS Financial Services Inc. or by completing a Transfer Form that you can obtain from your Financial Advisor. A transfer incident to divorce is another type of tax-free transfer.

**Rollovers.** If you request a withdrawal of an existing SIMPLE IRA that is issued directly to you rather than to a successor trustee or custodian, the amount ultimately deposited into the SIMPLE IRA is considered a rollover subject to the rules discussed below.

- You can roll over an amount in your SIMPLE IRA tax-free to a traditional IRA, a qualified employer plan, a 403(b) tax-sheltered annuity or custodial account or a government-sponsored 457 deferred compensation plan (collectively, these plans are referred to here as "eligible retirement plans").
- A tax-free rollover can occur only after a two-year period has expired since you first participated in the SIMPLE IRA Plan of your employer (measured from the first date your employer deposited contributions into your SIMPLE IRA).
- To roll over tax-free all or part of a distribution to you of cash or property from a SIMPLE IRA, you must roll over the distribution within 60 days after the day you receive the distribution. If property is distributed from a SIMPLE IRA, that property, and not the proceeds from its sale, must be rolled over.
- If you rollover an amount in your SIMPLE IRA (other than to another SIMPLE IRA) before the end of that two-year period, the rollover is treated as a taxable distribution and not a tax-free rollover.
- Rollovers are permitted to a SIMPLE IRA at any time from another SIMPLE IRA.
- Except as otherwise permitted by applicable law, you are only permitted to make one roll over between your IRAs in a 12-month period. The 12-month period begins on the date on which you receive the distribution from the IRA. The 12-month limitation applies to all of your IRAs, including your SIMPLE IRA. However, a transfer of funds in your SIMPLE IRA directly from one trustee or custodian to another is not a rollover but a tax-free transfer.
- You may also roll over distributions from a SIMPLE IRA directly to a Roth IRA, but you must pay taxes on the taxable portion of the distribution.
- Generally, you cannot roll over the amount of any distribution that is equal to the required minimum distribution for the year from a SIMPLE IRA.

**Conversions to Roth IRA.** You may convert (roll over) amounts from a SIMPLE IRA to a Roth IRA after the 2-year period beginning on the date you first participated in your employer's SIMPLE IRA Plan. The conversion is subject to the same rules as a rollover from one SIMPLE IRA to another SIMPLE IRA (i.e., the rollover must be completed within 60 days and required minimum distributions cannot be converted), but the one-year waiting period does not apply. If this is an inherited SIMPLE IRA, you may not convert any amounts of the inherited SIMPLE IRA to a Roth IRA, unless you are the spouse of the deceased SIMPLE IRA owner.

However, unlike a rollover from one SIMPLE IRA to another SIMPLE IRA, the amount rolled over from your SIMPLE IRA to your Roth IRA will be subject to income tax (except for any basis in your SIMPLE IRA due to non-deductible contributions rolled over from a traditional IRA and after-tax contributions rolled over to a traditional IRA from an eligible retirement plan). The 10% early distribution penalty tax will not apply to the amount subject to income tax.

**Recharacterization of SIMPLE IRA Conversion to Roth IRA.** An amount converted from a SIMPLE IRA to a Roth IRA may be recharacterized as a contribution to a SIMPLE IRA, including the original SIMPLE IRA. To recharacterize a conversion, you must transfer that conversion (or the part you want to recharacterize) plus the earnings allocable to that conversion contribution from the Roth IRA to the SIMPLE IRA.

You must make that transfer by the due date (including extensions) for filing your income tax return for the taxable year. If you have timely filed your tax return, you have an automatic 6-month extension to recharacterize a conversion.

- You cannot recharacterize employer contributions under a SIMPLE IRA to another IRA.
- If you converted a SIMPLE IRA to a Roth IRA and then recharacterized that conversion, you may not reconvert that amount during the same tax year or during the 30-day period following the recharacterization, if later.

If you want to recharacterize a conversion, IRS regulations require you to provide an irrevocable written notice to the custodian of your IRAs of your election to recharacterize a conversion. If UBS Financial Services Inc. is the custodian of both your IRAs, you should contact your Financial Advisor who can provide you with the requisite form of notice. Also, a recharacterization is not a rollover, so it is not subject to withholding nor is it subject to the rule limiting rollovers to once every year.

### E. Taxation of Simple IRA Distributions

**SIMPLE IRA Distributions.** If you never made any non-deductible contributions or rolled over any after-tax contributions from an employer's qualified plan to a traditional IRA, all amounts distributed to you from a SIMPLE IRA are taxable at ordinary income tax rates in the tax year that you receive them. Neither the special lump-sum distribution provisions nor capital gains treatment applies.

If you have made any non-deductible contributions or rolled over any after-tax contributions from an employer's qualified plan to any of your traditional IRAs, a portion of the subsequent distributions out of your SIMPLE IRA is not taxable. This taxability is based upon the ratio of the sum of the unrecovered non-deductible contributions and the after-tax contributions rolled over to the total value at the end of the year of all your traditional, SEP and SIMPLE IRAs, plus any current year distributions.

**Early Distribution Penalty Tax.** Since the purpose of a SIMPLE IRA is to accumulate funds for retirement, if you are under age 59½ and receive a distribution from your SIMPLE IRA, the amount distributed would be considered an "early distribution" subject to a 10% early distribution penalty tax. However, if the early distribution occurs during the two-year period following the date on which you first participated in your employer's SIMPLE Plan (measured from the first date your employer deposited contributions into your SIMPLE IRA), the penalty tax is increased from 10% to 25%. Exceptions to the 10% (or 25%) early distribution penalty tax exist if the distribution is made on account of one or more of the following:

- Unreimbursed medical expenses in excess of 7.5% of your adjusted gross income.
- Health insurance premiums (but only if you have been unemployed and collecting unemployment compensation under a Federal or State program.)
- Qualified higher education expenses
- A first-time home purchase (\$10,000 lifetime maximum.)
- Death.
- Disability.
- A series of substantially equal periodic payments over your life expectancy or over the joint life expectancies of you and your beneficiary.
- A timely withdrawal of excess contributions.
- An IRS levy.

In addition, the 10% (or 25%) early distribution penalty tax does not apply to a "qualified disaster recovery assistance distribution," as defined in IRS Publication 4492-B, made before January 1, 2010. The 10% (or 25%) early distribution penalty tax is based upon the amount of your distribution which is included in your income for tax purposes.

### F. Required Minimum Distributions

- Required Minimum Distributions before Death.** You must begin, and are responsible for, taking a required minimum distribution (RMD) from your SIMPLE IRA for the year you attain age 70½ and for each year thereafter that you live (including the year in which your death occurs).
- You must take the first RMD by the April 1st following the calendar year in which you attain age 70½, although you may take more than this minimum amount.
  - The amount to be distributed each year from your SIMPLE IRA may not be less than the amount obtained by dividing the value of your SIMPLE IRA as of the preceding December 31st by the distribution period in the IRS's Uniform Lifetime Table, using your age as of your birthday in that year.
  - If your sole Designated Beneficiary (as defined in the following section, "Designated Beneficiary") is your spouse and your spouse is more than ten years younger than you, the distribution period is determined under the IRS's Joint and Last Survivor Table, using your age and your spouse's age in that year.
  - You may not roll over RMDs to another SIMPLE IRA or to an eligible retirement plan.
  - If the RMD for any year is not distributed, you will be subject to a penalty tax equal to 50% of the amount that should have been distributed to you but remained in your SIMPLE IRA.

UBS Financial Services Inc. will not make any RMD to you, unless you request the distribution in accordance with UBS Financial Services Inc.'s procedures. Except as directed by guidance issued by the Internal Revenue Service, UBS Financial Services Inc. has no duty, obligation or responsibility to remind you as to these distribution obligations, nor does UBS Financial Services Inc. have any duty to calculate the amount that must actually be distributed from the SIMPLE IRA at any time. As a result, UBS Financial Services Inc. will not be liable to you for any tax or penalty imposed for failing to receive any RMD.

#### Required Minimum Distributions for Inherited IRAs.

If your IRA is an inherited SIMPLE IRA, you are the original beneficiary and the decedent's death occurred on or after April 1st following the year in which the decedent attained age 70½, the amount in your inherited SIMPLE IRA is required to be distributed to you, as beneficiary, over the longer of either the decedent's remaining life expectancy or your remaining life expectancy if you are a Designated Beneficiary. If you are not a Designated Beneficiary, your inherited traditional IRA is required to be distributed over the decedent's remaining life expectancy.

If your IRA is an inherited SIMPLE IRA, you are the original beneficiary and the decedent's death occurred before April 1st following the year in which the decedent attained age 70½, your inherited SIMPLE IRA is required to be distributed to you, as beneficiary, as follows:

- If you are a Designated Beneficiary, but are not the surviving spouse of the decedent, over your remaining life expectancy or by the end of the calendar year containing the fifth anniversary of the decedent's death, if so elected.
- If you are the sole Designated Beneficiary and you are the decedent's surviving spouse, over your remaining life expectancy (beginning by the end of the calendar year following the year of the decedent's death or by the end of the year the decedent would have attained age 70½ if later) or by the end of the calendar year containing the fifth anniversary of the decedent's death, if so elected
- If you are not a Designated Beneficiary, by the end of the calendar year containing the fifth anniversary of the decedent's death.

If you are a successor beneficiary designated by another beneficiary, you must continue to take required minimum distributions based on the remaining life expectancy of the original beneficiary or the remaining five year period, whichever applies.

UBS Financial Services Inc. has no duty, obligation or responsibility to remind you as to your RMD obligations, nor does UBS Financial Services Inc. have any duty to calculate the amount of the RMD that must be distributed from the SIMPLE IRA to you at any time. As a result, UBS Financial Services Inc. will not make any RMD to you, unless you request that distribution in accordance with UBS Financial Services Inc.'s procedures and will not be liable to you for any tax or penalty imposed for failing to receive any RMD.

### G. SIMPLE IRA Beneficiaries

**Naming a Beneficiary.** Your "beneficiary" is the person or persons designated as such by you during your lifetime on a form accepted by UBS Financial Services Inc. You may name individuals, persons, estates, trusts or entities as beneficiaries. If you reside in a community property state and your spouse is not designated your primary beneficiary for at least 50% of your SIMPLE IRA assets, your spouse's consent to your beneficiary designation may be necessary for that designation to be effective.)

- If your beneficiary designation fails to dispose of all of the assets remaining in your SIMPLE IRA after your death, your beneficiary will be your surviving spouse.
- If you do not have a surviving spouse, your beneficiary will be your estate.

The last form accepted by UBS Financial Services Inc. before your death will be controlling, whether or not it disposes of all of the assets in your SIMPLE IRA, and will supersede all such forms previously filed by you.

**Designated Beneficiary.** A "Designated Beneficiary" is any individual who is designated by you as a beneficiary (as described above) and remains a beneficiary as of the September 30th of the calendar year following the calendar year of your death.

- In some cases, as permitted by IRS Regulations, the individual beneficiary of a trust that is designated by you as a beneficiary can qualify as a Designated Beneficiary for purposes of determining the required period for distributions from your SIMPLE IRA.
- If a beneficiary other than an individual or a qualifying trust is named as your beneficiary, you will be treated as having no Designated Beneficiary for purposes of determining the required period for distributions from your SIMPLE IRA.

**Surviving Spouse.** If your surviving spouse is the sole Designated Beneficiary of your SIMPLE IRA, your spouse may make an irrevocable election to treat this SIMPLE IRA as if it were the spouse's own IRA by redesignating the SIMPLE IRA (in accordance with UBS Financial Services Inc. procedures) as an IRA in his or her own name (rather than as a beneficiary IRA). Your surviving spouse will be deemed to have made this election in accordance with our procedures by failing to cause an RMD to be made within the required time period.

**Successor Beneficiary.** The beneficiaries that you originally designate may, after your death, name a person or persons, referred to as a Successor Beneficiary, who would receive any assets remaining in the SIMPLE IRA upon the death of that original beneficiary. Your original beneficiary must designate any Successor Beneficiaries on a form accepted by UBS Financial Services Inc. If your original beneficiary's designation fails to dispose of all of the assets remaining in the SIMPLE IRA, those remaining assets will be paid to your beneficiary's surviving spouse, then your beneficiary's estate (for beneficiaries dying after December 31, 2003). The designation of a Successor Beneficiary will not change the amount of any RMD, which must still be calculated with respect to your original beneficiary.

**Establishment of Inherited IRA.** Before your beneficiary may establish an inherited IRA, your beneficiary must furnish UBS Financial Services Inc. with the instruments

and documents required by UBS Financial Services Inc. to establish your beneficiary's right to assets in your SIMPLE IRA as well as any additional documentation we request.

### H. Investment of Contributions

**Investments.** Unless you enter into a separate written contractual arrangement with UBS Financial Services Inc. providing otherwise, you control the investment and reinvestment of the assets in your SIMPLE IRA. You (or a person properly authorized by you) provide instructions as to the investment of your account directly to your Financial Advisor, who acts as your agent in carrying out these investment instructions. However, the Internal Revenue Code provides that you may not invest any part of your SIMPLE IRA in life insurance.

- You can invest or reinvest all contributions to your SIMPLE IRA in marketable securities that are traded by, or obtainable through, UBS Financial Services Inc. either on a recognized exchange, such as the New York or American Stock Exchange, or "over-the-counter" or in shares of open-end regulated investment companies (mutual funds.)
- You may also invest your SIMPLE IRA in other investments UBS Financial Services Inc. in its sole discretion agrees to hold according to its policies and procedures then in effect. However, approval by UBS Financial Services Inc. to allow a particular investment to be acquired for, or held in, your SIMPLE IRA may depend upon the receipt of a written agreement from you containing such terms as UBS Financial Services Inc. deems appropriate.
- Before investing your SIMPLE IRA in any permissible tax advantaged investment, you should understand that tax exempt investments, such as municipal bonds, are taxable upon distribution or withdrawal from a SIMPLE IRA. Therefore, interest on these investments that would be tax exempt if held outside a SIMPLE IRA will generally be taxable on distribution when purchased in a SIMPLE IRA. You should consult your tax advisor before investing your SIMPLE IRA in a tax advantaged investment.
- UBS Financial Services Inc. reserves the right to revoke its decision to allow any particular investment to be held in your SIMPLE IRA upon notice to you. UBS Financial Services Inc. will have no liability to you if we revoke our decision, and you will be required within 30 days thereafter to instruct UBS Financial Services Inc. to sell, transfer or distribute the particular investment. If you fail to give any such instructions, UBS Financial Services Inc. may distribute the investment to you.

UBS Financial Services Inc. will hold the assets of your SIMPLE IRA (including annuity or insurance contracts held in the SIMPLE IRA) in its name for your benefit. As the income from, and gain or loss on, each investment you select for your SIMPLE IRA will affect the value of the SIMPLE IRA, the growth in value of your SIMPLE IRA cannot be guaranteed or projected.

**Sweep Fund.** You may select a sweep fund (from those available to your SIMPLE IRA) into which uninvested cash balances in your SIMPLE IRA will automatically be invested. As permissible by law, if you do not elect a sweep option, UBS Financial Services Inc. may automatically sweep uninvested cash balances into a sweep option consistent with the other agreements between you and UBS Financial Services Inc. then in effect.

**Collectibles.** You may not invest any part of your SIMPLE IRA in "collectibles," which include artworks, rugs, antiques, metals, gems, stamps, alcoholic beverages or coins, with the exception of certain gold, silver and platinum coins, any coins issued under the laws of any State and certain gold, silver, platinum or palladium bullion if such bullion is in the physical possession of UBS Financial Services Inc. If you invest any part of your SIMPLE IRA

in a collectible, the cost of that investment is treated as a distribution from the SIMPLE IRA.

**Prohibited Transactions.** The tax exempt status of your SIMPLE IRA will be revoked if you engage in any “prohibited transaction” described in Section 4975 of the Internal Revenue Code with a “disqualified person.”

A “disqualified person” is defined as anyone or any entity that is directly or indirectly associated with your SIMPLE IRA account, including you, your beneficiary, certain members of your family and entities (corporations, partnerships, trusts or estates) in which you or they have a substantial interest.

A prohibited transaction involving a SIMPLE IRA can generally be any act or transaction involving self-dealing. Some examples of prohibited transactions are:

- Selling or leasing of any property between your SIMPLE IRA and a disqualified person.
- Transferring any property to/from a disqualified person to/from your SIMPLE IRA.
- Using your SIMPLE IRA or any of its assets to benefit a disqualified person, such as the purchase of a vacation home for yourself.
- A disqualified person borrowing any money from your SIMPLE IRA or using your SIMPLE IRA as security for a loan to a disqualified person.

If you engage in a prohibited transaction with your SIMPLE IRA, the entire fair market value of your SIMPLE IRA as of the January 1st of the calendar year in which the prohibited transaction takes place is treated as distributed to you. That entire amount is included in your income for income tax purposes and may also be subject to the 10% (or 25%) early distribution penalty tax if you have not yet attained age 59½.

In addition, if you use all or any part of your interest in your SIMPLE IRA as security for a loan to yourself, the portion of your SIMPLE IRA used as security for the loan will be treated as distributed to you and taxed as ordinary income in the year in which the money is borrowed. If you are under age 59½, the amount treated as distributed will also be subject to the 10% (or 25%) early distribution penalty tax.

**Your Legal Responsibilities for Investments.** As you control and direct the investment of the assets in your SIMPLE IRA, you are responsible for determining the legal consequences (including the income tax and 10% (or 25%) early distribution penalty tax consequences) of any investment in your SIMPLE IRA. For example, it is your responsibility to determine whether any investment or transaction in or involving your SIMPLE IRA will result in a prohibited transaction or whether an investment constitutes a collectible.

## I. Fees and Expenses of the IRA

**Amount of Fees.** Generally, all of the fees applicable to your SIMPLE IRA are described in detail in the “Fees and Charges” document accompanying this disclosure statement. More detailed information on our fees, compensation and other sources of revenue are available in the brochure “Understanding our fees, charges and other compensation” available at [ubs.com/workingwithus](http://ubs.com/workingwithus). You may receive paper copies of this information at any time by contacting your Financial Advisor. UBS Financial Services Inc. has the absolute right to amend, revise or substitute fee schedules identified or referred to in this Disclosure Statement upon 30 days’ notice to you and any such amendment, revision or substitution will not be deemed an amendment to the Custodial Agreement.

**Paying Fees.** The Annual Maintenance Fee is charged for any calendar year (or portion thereof) during which you have a SIMPLE IRA with UBS Financial Services Inc. The

fee will be charged and deducted automatically from your SIMPLE IRA account annually and the amounts charged will be shown on your statement. In certain cases, you may also be permitted to pay the annual maintenance fee and certain other fees and expenses directly to us, but if not so paid, the fees will be charged and deducted from your SIMPLE IRA.

A transfer/termination fee is also charged when all or substantially all of the assets in your SIMPLE IRA are transferred to a successor custodian, trustee, or issuer or distributed to you. However, the termination fees are not charged when the termination of the SIMPLE IRA is attendant to the payment of a total distribution after you reach age 59½, are totally disabled or die.

UBS Financial Services Inc. has the right to deduct from any amount distributed or transferred from your SIMPLE IRA (including amounts distributed or transferred on termination of your SIMPLE IRA) any unpaid fees or expenses, including the annual maintenance fee and any fees relating to the termination, distribution or transfer.

Fees that are deducted from your SIMPLE IRA will be paid from the cash and sweep options in your SIMPLE IRA in accordance with the agreements between you and UBS Financial Services Inc. If the cash and sweep options in your SIMPLE IRA are not sufficient to pay the fees, UBS Financial Services Inc. will sell securities in your account necessary to pay the fees. UBS Financial Services Inc. will not exercise discretion in selecting which securities to sell but will follow the same process outlined for our annual fee billing in the agreements governing the account.

**Expenses.** UBS Financial Services Inc. may also charge your SIMPLE IRA for any of its reasonable out-of-pocket costs and an appropriate administrative expense arising from unforeseen situations (such as taxes or penalties imposed upon your SIMPLE IRA or legal expenses incurred in defending claims against, or to resolve the claims of competing beneficiaries for, your SIMPLE IRA). We may also charge for expenses incurred due to the maintenance of certain investments.

You will incur normal commissions and fees on purchases and sales of securities consistent with the accompanying agreements to this account. Also, you may incur various fees and costs in connection with your SIMPLE IRA, such as legal fees when UBS Financial Services Inc. requires you to furnish it with a legal opinion as to certain actions you wish to take or instructions you wish to give.

## J. Tax Matters

**Complexity of Tax Rules.** The Internal Revenue Code and the IRS Regulations contain numerous complex and technical rules relating to the tax treatment of IRAs, including rules governing early distributions, required minimum distributions, rollovers and prohibited transactions. If you have any questions as to the tax treatment of any specific transactions involving your SIMPLE IRA, you should obtain and rely upon the advice of your personal tax advisor or attorney. UBS Financial Services Inc. and its affiliates do not provide tax advice.

Neither UBS Financial Services Inc. nor any of its affiliates will have any liability to you or to your beneficiary for any income taxes, penalty taxes or other damages, losses, fees or expenses that may result from you or your beneficiary’s failure to follow these technical rules. Furthermore, neither UBS Financial Services Inc. nor its affiliates provide tax advice to you and do not assume any responsibility for the taxation of distributions of any amounts from your SIMPLE IRA. To the extent that any such tax, penalty or damages are incurred, they will be charged against your SIMPLE IRA as an expense.

**Form 1099R.** UBS Financial Services Inc. will report all SIMPLE IRA distributions to the IRS on Form 1099-R, which will include a description of the distribution (e.g., early, normal, etc.). For reporting purposes, a direct transfer of assets to a successor custodian or trustee is not considered a distribution.

**Form 5498.** UBS Financial Services Inc. will report to the IRS on Form 5498 the amount of any contribution, rollover or recharacterization made to a SIMPLE IRA during a calendar year, as well as the tax year for which the contribution is made.

**Tax Forms You Must File.**

**Form 5329**—You must file Form 5329 with the IRS if:

- You received an early distribution subject to the tax on early distributions from your SIMPLE IRA (however, if distribution code 1 is correctly shown in all your Forms 1099-R, and you owe the additional tax on each Form 1099-R, you do not have to file Form 5329. Instead, see the instructions for Form 1040 or Form 1040NR, for how to report the additional 10% tax directly on that line);
- You received an early distribution subject to the tax on early distributions from your SIMPLE IRA, you meet an exception to the tax on early distributions, and distribution code 1 is shown on Form 1099-R;
- You received an early distribution subject to the tax on early distributions from your SIMPLE IRA, you meet an exception to the tax on early distributions but your Form 1099-R does not indicate an exception or the exception does not apply to the entire distribution;
- The contributions to your SIMPLE IRA exceed the maximum amount that may be contributed under your employer's SIMPLE IRA Plan or you had an excise tax due for an excess contribution on your Form 5329 for the prior year; or
- You did not receive the minimum required distribution from your SIMPLE IRA.

**Form 8606**—You must file Form 8606 with the IRS if:

- You received distributions from a SIMPLE IRA and your basis in traditional IRAs is more than zero (for this purpose, a distribution does not include a rollover, qualified charitable distribution, one-time distribution to fund an HSA, conversion, recharacterization, or return of certain contributions);
- You converted an amount from a SIMPLE IRA to a Roth IRA (unless you recharacterized the entire conversion);

If you fail to file Form 8606, a \$50 penalty per failure may be imposed.

**Withholding.** Federal income tax will be withheld from the distributions you receive from a SIMPLE IRA unless you elect not to have income tax withheld. Depending on your State of residence, you may also be subject to State income tax withholding on distributions. Generally, Federal income tax on non-periodic distributions is withheld at a flat 10% rate. Installment payments are generally considered non-periodic distributions for purposes of withholding. If SIMPLE IRA distributions are payable outside the United States, however, special withholding rules apply. Your election not to have any income tax withheld will not affect your liability for income tax on the taxable amount of any distribution.

If UBS Financial Services Inc. terminates your SIMPLE IRA and/or distributes assets in your SIMPLE IRA and you do not elect not to have the required tax withheld from such distributions, then you must instruct UBS Financial Services Inc. as to which assets should be sold to fund the withholding of all necessary taxes. If you do not give UBS Financial Services Inc. such instructions on a timely basis, we will follow the same process outlined for our annual account fee billing in the agreements governing your account.

**Unrelated Business Taxable Income.** The income earned in your SIMPLE IRA is generally exempt from Federal income taxes and will not be taxed until distributed to you unless you make an investment that results in "unrelated business taxable income." Unrelated business taxable income can result, for example, from an investment in a limited partnership interest in a partnership that is debt-financed or that actively conducts a trade or business or as a result of investing in a mutual fund that has REMIC residual interests as assets.

If your SIMPLE IRA derives unrelated business taxable income which for any year exceeds \$1,000, then unrelated business income tax will be due and a tax return, Form 990-T, Exempt Organization Business Income Tax Return must be filed. If Form 990-T is required, you must obtain an employer identification number (EIN) from the IRS (applications for an EIN are made by filing Form SS-4 with the IRS), complete the Form 990-T and file it with the IRS, after providing the completed Form 990-T to UBS Financial Services Inc. for its signature along with your directions to sign the Form in accordance with the process provided below under "Additional Tax Reporting for Your SIMPLE IRA." This unrelated business income tax is an expense of your SIMPLE IRA and must be paid from your SIMPLE IRA. If the Form 990-T is not filed on a timely basis, any tax penalties or interest that may be assessed against your SIMPLE IRA or UBS Financial Services Inc., as custodian of your SIMPLE IRA, will be charged as an expense of your SIMPLE IRA. If Form 990-T is required, UBS Financial Services Inc. may prepare and file the Form 990-T for your SIMPLE IRA and if it does, may charge a fee for this service. Contact your Financial Advisor for more information.

You should consult your tax advisor for guidance on unrelated business taxable income.

**Additional Tax Reporting for Your SIMPLE IRA**

- You may need to file a tax return or a tax claim in order to recover a tax resulting from an investment by your SIMPLE IRA. For example, if certain capital gains taxes are paid by a mutual fund, or a tax is withheld on a dividend from a foreign stock, you may obtain a refund of that tax by filing an appropriate claim. You are responsible for determining whenever the filing of a tax return or tax claim is required or advantageous. It is also your responsibility to have the filing prepared at your expense (other than a return for a refund with respect to an investment in a regulated investment company or real estate investment trust).
- If any tax return (including the Form 990-T) or tax claim relating to your SIMPLE IRA requires the signature of UBS Financial Services Inc. as custodian of your SIMPLE IRA, you should arrange to have the original and one copy of the required return or claim delivered to your Financial Advisor at least two weeks before the date that tax return or tax claim is due, accompanied by a stamped envelope addressed to the taxing authority to which you wish the return or claim mailed. However, UBS Financial Services Inc. will not review any tax return or tax claim to determine whether it is complete or correct and we sign the tax return or claim only as directed by you. If any tax is to be paid with any tax return, you should also provide your Financial Advisor with instructions regarding such payment. Any refunds of tax obtained as a result of the filing of any tax refund claim will be credited to your SIMPLE IRA when received by UBS Financial Services Inc.

**Saver's Tax Credit.** If eligible, you may receive a "Saver's Tax Credit" for contributions to a SIMPLE IRA. The credit (which is in addition to any tax deduction) is limited to a percentage (between 10% and 50% depending on your adjusted gross income (AGI) and filing status) of your SIMPLE IRA contribution up to a maximum of \$2,000 for each taxable year (\$4,000 for joint filers), and may not

exceed \$1,000 for a year (\$2,000 for joint filers). This SIMPLE IRA contribution amount is reduced by certain SIMPLE IRA distributions made during the year. For 2015, the credit applies if your AGI is less than or equal to:

- \$61,000 for married filing jointly.
- \$45,750 for head of household.
- \$30,500 for single, married filing separately or qualifying widow(er).

These income limits may be adjusted annually for inflation. The credit is available only to individuals age 18 and older who are not students and who are not individuals for whom a dependency exemption is allowed to another taxpayer. You may request that any federal income tax refund attributed to the Saver's Tax Credit be directly deposited into your SIMPLE IRA.

**Estate Tax Treatment.** In general, your gross estate for federal estate tax purposes includes the value of your SIMPLE IRA. If your spouse is your beneficiary, the value of your SIMPLE IRA may be deductible for federal estate tax purposes. In addition, a SIMPLE IRA beneficiary may also deduct the federal estate tax paid on a distribution that is considered income in respect of a decedent. Your entire IRA may also be subject to applicable state death taxes. You should contact your tax advisor for additional information about estate tax treatment for your SIMPLE IRA.

**Gift Tax Treatment.** Your designation of a beneficiary (or beneficiaries) to receive distributions from your SIMPLE IRA upon your death will not be considered a transfer of property for federal gift tax purposes. Your exercise of an option under a SIMPLE IRA whereby an annuity or other payment becomes payable to a beneficiary after your death may be considered a transfer subject to federal gift tax. You should contact your tax advisor for additional information about gift tax treatment for your SIMPLE IRA.

#### K. Termination of SIMPLE IRA

UBS Financial Services Inc. may resign as the custodian of your SIMPLE IRA upon 30 days' prior written notice to you.

- If UBS Financial Services Inc. appoints a successor custodian upon its resignation, you will be treated as accepting the successor custodian's appointment unless you appoint a different successor custodian for your SIMPLE IRA within 30 days of being notified of UBS Financial Services Inc.'s resignation.

- If UBS Financial Services Inc. does not appoint a successor custodian upon its resignation, you must appoint a successor custodian for your SIMPLE IRA within 30 days of being notified of UBS Financial Services Inc.'s resignation. If you fail to appoint a successor custodian within the 30-day period, UBS Financial Services Inc. may distribute the balance in your SIMPLE IRA to you, and you may be liable for income and penalty taxes on that distribution. See the "Tax Matters" section for additional tax withholding information.

In addition, if you otherwise transfer your SIMPLE IRA to another custodian and that successor custodian fails or refuses to accept any asset in your SIMPLE IRA (such as non-publicly traded stocks or partnership interests), we may resign as custodian and distribute the asset directly to you. You may be liable for income and penalty taxes on that distribution. See the "Tax Matters" section for additional tax withholding information.

#### L. Amendment of the IRA

UBS Financial Services Inc. can amend your UBS Financial Services Inc. SIMPLE IRA, whether prospectively or retroactively, provided that no amendment that may take effect retroactively and may materially and adversely affect you will be effective until the expiration of a 30 day period. UBS Financial Services Inc. will give you notice of each amendment by mail, by including a notice in materials regularly distributed to SIMPLE IRA clients, or by electronic media, and you are considered to have consented to the amendment unless, within 30 days after the notice is given, you either:

- Direct UBS Financial Services Inc. to make a total distribution of all of the assets then in your SIMPLE IRA, or
- Remove UBS Financial Services Inc. and appoint a successor in accordance with the Custodial Agreement.

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# Custodial Agreement for SIMPLE Retirement Accounts

The Client named as owner in the account opening documents wishes to establish or continue, in accordance with the Custodian's policies and procedures, a SIMPLE retirement account (a SIMPLE IRA), as defined in Section 408(p) of the Internal Revenue Code of 1986, as amended (the Code). The Client has designated this IRA in the account opening documents as a SIMPLE IRA.

The Client and the Custodian agree as follows:

## ARTICLE I—Contribution Limit

- 1.1 Except in the case of a rollover or a transfer of assets from another SIMPLE IRA of the Client, the only contributions to this SIMPLE IRA that are allowed are cash contributions made by an employer on behalf of the Client under a SIMPLE IRA Plan described in Section 408(p) of the Code.

## ARTICLE II—Exclusive Benefit and Nonforfeitable Interest

- 2.1 The SIMPLE IRA is established for the exclusive benefit of the Client or his or her Beneficiaries.
- 2.2 The Client's interest in the balance in the SIMPLE IRA is nonforfeitable at all times.

## ARTICLE III—Investments

- 3.1 Unless otherwise agreed to in a separate written contractual arrangement with UBS Financial Services Inc., the Client shall direct the investments in the SIMPLE IRA. Such investments may be made in:
  - Marketable securities that are traded by, or obtainable through, the Custodian either "over-the-counter" or on a recognized exchange
  - Shares of open-ended regulated investment companies
  - Other investments the Custodian in its sole discretion agrees to hold according to its policies and procedures then in effect

The Custodian may condition its decision to allow an investment to be held in the SIMPLE IRA upon the receipt of an agreement from the Client containing such terms, conditions and representations and warranties as the Custodian shall determine. The Custodian's decision to permit the holding of any investment in the SIMPLE IRA shall not constitute approval of the investment merits of the investment nor a judgment as to the prudence, advisability or suitability of the investment.

The Custodian reserves the absolute right to revoke its decision to permit the holding in the SIMPLE IRA of any investment at any time and for any reason, and the Custodian shall have no liability for any loss, damage or expense suffered or incurred by the Client by reason of the revocation of the Custodian's decision. If the Custodian notifies the Client that it revokes its decision, then within thirty (30) days after such notice is given the Client shall instruct the Custodian as to the liquidation, distribution, transfer or other disposition of the investment to which the revocation of the Custodian's decision applies. If the Client fails to provide the Custodian with instructions within such thirty-day period, the Client shall be deemed to have elected to receive an in-kind distribution of such investment and if the Client fails to waive or otherwise satisfy any withholding

obligations with respect to the distribution of the investment or any fee obligation to the Custodian within such thirty-day period, the Client shall be deemed to have instructed the Custodian to sell other investments in the IRA sufficient to pay all required withholding and any fee by following the same process outlined for annual account fee billing in other agreements governing the SIMPLE IRA as if the tax withheld were a fee or other administrative expense. Further, the Client acknowledges, understands and agrees that the Custodian shall not be liable to the Client for any loss incurred or profit denied by reason of any such sale, nor shall the Custodian be liable for any claim with respect to the timing of any such sale. In addition, the Client acknowledges, understands and agrees that the Custodian shall be entitled to deduct any fees and expenses in connection with any such sale, including the Custodian's fees and expenses for effecting or executing any such sale and that the failure of the Custodian to promptly sell any assets of, or promptly deduct any amounts from, the SIMPLE IRA for any fees or expenses shall not constitute a waiver of such fees or expenses.

- 3.2 In addition, the Client acknowledges, agrees, understands and warrants the following with respect to any non-publicly traded investment (the "Investment") the Custodian allows the Client to hold in the SIMPLE IRA:
  - a. The Client is solely responsible for reviewing all offering materials and other disclosures, evaluating the risks and merits of the Investment, making all of the representations, warranties and/or agreements required as a condition to the purchase of the Investment and the Client alone is solely responsible for monitoring the Investment and deciding what action, if any, to take with respect to the Investment, including making all decisions to retain or dispose of the Investment, retaining sufficient other assets in the SIMPLE IRA to meet any capital calls or to pay any expenses for, or relating to, the administration or maintenance of the Investment, retaining in the SIMPLE IRA, property required to be sold pursuant to the terms of any option, and filing such documents as may be necessary or advisable to preserve, protect or defend the title to the Investment. The Client acknowledges, understands and agrees that the Custodian has not solicited the Client to acquire or hold the Investment, has not made nor will make any recommendation as to the acquisition, retention or disposition of the Investment in the SIMPLE IRA, and that any review of the Investment by or for the Custodian is not a review of the substance, merits or suitability of the Investment but is solely for the limited purposes of determining whether the Custodian can or will hold the Investment as Custodian. Further, the Client understands and acknowledges that the Client has been advised to consult the Client's own attorney or tax advisor to review the substance of the Investment prior to investing. The Client also acknowledges, understands and agrees that any signature provided by UBS Financial Services Inc. in connection with the Investment is made as the Client's agent only and shall be made only at the Client's direction.

- b. The Client must furnish to the Custodian in writing the fair market value of each Investment annually by the 15th day of each January, valued as of the preceding December 31st, and within twenty days of any other written request from the Custodian, valued as of the date specified in such request. The Client acknowledges, understands and agrees that a statement that the fair market value is undeterminable, or that cost basis should be used is not acceptable and the Client agrees that the fair market value furnished to the Custodian will be obtained from the issuer of the Investment (which includes the general partner or managing member thereof). The Client acknowledges, understands and agrees that if the issuer is unable or unwilling to provide a fair market value, the Client shall obtain the fair market value from an independent, qualified appraiser and the valuation shall be furnished on the letterhead of the person providing the valuation. The Client acknowledges, understands and agrees that the Custodian shall have no obligation to investigate or determine whether the fair market value so furnished is the correct fair market value (without regard to any actual or constructive knowledge that the Custodian may otherwise have), but if the Custodian otherwise has a different value for an Investment, the Custodian may use such other value in its reports to the Client and to the Internal Revenue Service if the Custodian (in its sole discretion) so chooses. The Client acknowledges, understands and agrees that the Custodian shall rely upon the Client's continuing attention, and timely performance, of this responsibility. The Client acknowledges, understands and agrees that if the Custodian does not receive a fair market value as of the preceding December 31, the Custodian shall distribute the Investment to the Client and issue an IRS Form 1099-R for the last available value of the Investment.
- c. The sole obligation of the Custodian with respect to the Investment is to hold the Investment in custody in the SIMPLE IRA. The Client acknowledges, understands and agrees that where the Investment is in "book entry" form, such as, for example, an interest in a limited partnership or a limited liability company, the Custodian shall return any certificates or other documents nominally evidencing the Investment to the Client. Further, the Client acknowledges, understands and agrees that the Custodian has no other obligations as a result of, or with respect to, the Investment, including without limitation any obligation to notify the Client (or any other party) of the receipt or failure to receive any amount (such as dividends, interest or other distributions), to forward to the Client any notices with respect to the Investment (such as capital calls, class action notices, proxies, etc.), to monitor or report to the Client as to the performance or nonperformance of the Investment or of any person involved with the Investment (or the performance or nonperformance by any person of any obligation or term contained in, or imposed by, the Investment) or to take enforcement or other action with respect thereto, regardless of whether the Custodian has any actual or constructive knowledge which might make such action or inaction advisable. Moreover, the Client acknowledges, understands and agrees that the Custodian's holding the Investment in a SIMPLE IRA imposes no continuing obligation upon the Custodian to continue to hold this Investment in a SIMPLE IRA of which it is the custodian. In addition, the Client acknowledges, understands and agrees that the Client, and not the Custodian, is solely responsible for the safekeeping of all agreements or documents related to the Investment, such as limited partnership agreements, subscription agreements, participation agreements, etc., or which grant the holder of the Investment certain additional rights, such as security agreements, collateral assignments, etc.
- d. The Client shall indemnify and hold the Custodian harmless from and against any and all loss, liability, cost or expense (including attorneys' fees and disbursements and any taxes, penalties or interest): (i) with respect to the acquisition, holding or disposition of the Investment, (ii) as a result of the making or failing to make any distribution; (iii) relating to or arising out of a failure by the Client to timely and properly file any tax returns, or a failure to timely pay any tax required as a result of, or attributable to, the Investment; (iv) as a result of the Client's failure to provide or use by the Custodian for any purpose of the valuation of the Investment in accordance with this Agreement; or (v) arising out of, or in connection with, the acquisition, holding or disposition of the Investment or the Custodian's agreement to act as custodian of the Investment pursuant to this Agreement. The Client acknowledges, understands and agrees that the Custodian shall not be obligated or expected to commence or defend any legal action or proceeding in connection with the Investment unless agreed upon by the Custodian and the Client, which the Custodian may decline to commence or defend in its absolute discretion and for any reason. Further, the Client acknowledges, understands and agrees that if the Custodian agrees to defend or commence any legal action or proceeding, the Custodian shall first be fully indemnified to its sole satisfaction. The Client acknowledges, understands and agrees that this indemnification provision shall survive the termination of this Agreement.
- e. Nothing contained herein constitutes any agreement to hold any investment into which the Investment may be converted, including real estate and tangible property, whether pursuant to the terms of the Investment, by reason of any option or conversion privilege contained therein or upon any enforcement of rights or remedies with respect to the Investment. The Client acknowledges, understands and agrees to notify the Custodian prior to the conversion of any Investment and to seek the Custodian's agreement to hold any investment into which the Investment may be converted.
- f. Nothing contained in this Section 3.2 shall be construed to diminish, reduce or eliminate any other rights which the Custodian may have under this Agreement, including but not limited to rights of the Custodian to indemnification or agreements to arbitrate any disputes, nor shall anything in this Section 3.2 be construed to diminish, reduce or eliminate any obligations of the Client under this Agreement.
- g. The Client shall pay to the Custodian the amount of any initial and ongoing or annual fees charged by the Custodian for the holding of the Investment in the SIMPLE IRA and any applicable charges in connection with the purchase/transfer and review (or requested purchase/transfer) of the Investment in a SIMPLE IRA. In addition, the Client acknowledges, understands and agrees that promptly, upon demand, the Client shall pay or reimburse the Custodian for all additional out-

of-pocket fees and expenses (including legal fees and expenses) incurred by, or imposed upon, the Custodian as a result of holding the Investment in the SIMPLE IRA.

- 3.3 No part of the assets in the SIMPLE IRA may be invested in life insurance contracts, nor may the assets in the SIMPLE IRA be commingled with other property except in a common trust fund or common investment fund (according to Section 408(a)(5) of the Code).
- 3.4 No part of the assets in the SIMPLE IRA may be invested in collectibles (according to Section 408(m) of the Code).
- 3.5 The Custodian will offer one or more sweep options into which uninvested cash balances in the SIMPLE IRA may be invested and reinvested. If more than one sweep option is offered, and a Client does not elect a sweep option, the Custodian may automatically sweep uninvested cash balances into a sweep option consistent with the other agreements then in effect between the Client and Custodian and with applicable law.
- 3.6 All investments will be made through the facilities of the Custodian and the Custodian shall not have any duty to question the Client's investment instructions or to render any advice to the Client regarding the value of any investment or to make recommendations regarding the advisability of investing in, holding or selling any investment, unless otherwise agreed to in writing by the Custodian. The Client agrees that the Custodian shall not be liable for any loss which may result from the investment of any asset in the SIMPLE IRA.
- 3.7 The Custodian shall carry out all investment directions for this account and make any purchases and sales of investments for, and on behalf of, the SIMPLE IRA.
  - The Custodian shall maintain records of all of its transactions.
  - The brokerage account maintained in connection with the SIMPLE IRA shall be in the name of the Custodian for the benefit of the Client.
  - All assets of the SIMPLE IRA (including annuity or insurance contracts held in the SIMPLE IRA) shall be registered in the name of the Custodian or of a nominee (and the same nominee may be used with respect to assets of other investors whether or not held under agreements similar to this one or in any fiduciary capacity whatsoever), provided, however, that the Custodian may hold any security in bearer form or by or through a central clearing corporation maintained by institutions active in the national securities markets.
- 3.8 The Client shall have the sole responsibility to determine whether the acquisition, holding or disposition of any asset in the SIMPLE IRA:
  - Complies with the limitations applicable to investments by SIMPLE IRAs, including the limitations contained in the preceding Sections 3.3 and 3.4, or
  - Is a "prohibited transaction" under Section 4975 of the Code and the Client acknowledges and understands that the Code prohibits SIMPLE IRAs from engaging in prohibited transactions with disqualified persons who include the SIMPLE IRA owner and natural persons and legal entities sharing certain family or ownership relationships with a SIMPLE IRA owner (including certain partners and joint ventures of a SIMPLE IRA owner) and that prohibited transactions include any purchase or sale or loan between the SIMPLE IRA and a disqualified person, as well as the receipt by a disqualified person of any

consideration or benefit for himself/herself from any person dealing with a SIMPLE IRA.

The Client warrants that any investment or other instructions given to the Custodian will comply with such limitations and will not constitute a prohibited transaction. The Custodian shall have no liability to the Client for any tax, penalty, loss or liability as a result of failure to comply with such rules. In the event the Client is involved in a prohibited transaction with the Client's SIMPLE IRA, the Client acknowledges and understands that the SIMPLE IRA will cease to be a tax-exempt SIMPLE IRA as of the first day of the calendar year in which the prohibited transaction occurs, and once the Custodian becomes aware of the prohibited transaction, the SIMPLE IRA will be treated as having distributed all of its assets to the Client and will be subject to reporting on IRS Form 1099-R.

#### ARTICLE IV—Contributions

- 4.1 The Custodian may accept contributions from the Client's employer on behalf of the Client, and unless otherwise specified by the Client's employer or the Client, the Custodian shall assume that all contributions received apply to the taxable year in which they are received by the Custodian.
- 4.2 If the Client's employer contributes an amount to the SIMPLE IRA on behalf of the Client that exceeds the maximum amount allowed under the employer's SIMPLE IRA Plan for the taxable year, the Client shall complete the documentation required by the Custodian regarding the reason for the excess, the taxable year of the Client to which the excess relates and the amount of the excess (together with any earnings that apply, if necessary). The Custodian shall distribute to the Client (or the Client's employer with the Client's consent) an amount of cash, or property with a fair market value at the time of distribution, equal to the sum of the excess plus any applicable earnings, if required.
- 4.3 If this is an inherited SIMPLE IRA within the meaning of Section 408(d)(3)(C) of the Code, no contributions will be accepted, provided, however, that the Client may establish this IRA as an inherited SIMPLE IRA by transfer from another inherited SIMPLE IRA, as beneficiary of the decedent under such inherited SIMPLE IRA, or by rollover from another inherited SIMPLE IRA as the spouse beneficiary of the decedent under such SIMPLE IRA in accordance with section 408(d)(3) of the Code. If this SIMPLE IRA is established by the Client as an inherited SIMPLE IRA, no transfers or rollovers, as described in this Article IV, may be made after the initial such transfer or rollover, unless otherwise permitted by applicable law.

#### ARTICLE V—Distributions

- 5.1 The Client acknowledges that he or she is required to ensure that the distribution of his or her interest in the SIMPLE IRA is made according to the requirements under Section 408(a)(6) of the Code and the Treasury Regulations, the provisions of which are covered here in Article V and are herein incorporated by reference.
- 5.2 This Section 5.2 does not apply if this is an inherited IRA (within the meaning of Section 408(d)(3)(C) of the Code, or, with respect to a spouse beneficiary, without regard to subsection(C)(ii)(II) thereof).
  - a. The Client acknowledges that he or she is responsible for ensuring that the entire interest in all IRAs (including this SIMPLE IRA, but not including Roth IRAs established under Section 408A of the Code) must begin to be distributed by the April 1st following the end of the calendar year in which the Client attains age 70½ (Required

Beginning Date) (RBD) over the life of the Client or the lives of the Client and his or her Designated Beneficiary. For purposes of this Section 5.2, all of the Client's IRAs, including this SIMPLE IRA, shall be treated as a single IRA and the required minimum distributions (RMDs) calculated for this SIMPLE IRA may be withdrawn from another eligible IRA of the Client according to Treasury Regulation Section 1.408-8 Q&A 9, as determined by the Client.

- b. Beginning with the calendar year in which the Client attains age 70½ and continuing through the year of death, the RMD is determined by dividing the value of the SIMPLE IRA (as determined under Section 5.5) as of the end of the preceding year by the distribution period in the Uniform Lifetime Table in Treasury Regulation Section 1.401(a)(9)-9 Q&A 2, using the Client's age as of his or her birthday in the year. However, if the Client's sole Designated Beneficiary is his or her surviving spouse and the spouse is more than 10 years younger than the Client, the distribution period is determined under the Joint and Last Survivor Table in Treasury Regulation Section 1.401(a)(9)-9 Q&A 3, using the Client's and spouse's ages in that year.

- c. The RMD for the year the Client attains age 70½ can be made as late as April 1st of the following year. The RMD for any other year must be made by the end of each year.

- 5.3 References in this Section 5.3 to "Client" refer to the deceased individual, and references to the "Beneficiary" and "Designated Beneficiary" refer to the Client.

If the Client dies on or after the Required Beginning Date, the remaining portion of his or her interest in this SIMPLE IRA is required to be distributed at least as rapidly as follows:

- a. If the Designated Beneficiary is not the Client's surviving spouse, or is the Client's surviving spouse, but the spouse is not the Client's sole Designated Beneficiary, the remaining interest must be distributed:
  - Over the remaining life expectancy of the Designated Beneficiary, with life expectancy determined using the Beneficiary's age as of his or her birthday in the year following the year of the Client's death, or
  - Over the period described in paragraph (c) below, if longer.
- b. If the sole Designated Beneficiary is the Client's surviving spouse, the remaining interest must be distributed:
  - Over the spouse's life expectancy, or
  - Over the period described in paragraph (c) below if longer.

Any interest remaining after the spouse's death must be distributed over the spouse's remaining life expectancy determined using the spouse's age as of his or her birthday in the year of the spouse's death, or, if the distributions are being made over the period described in paragraph (c) below, over that period.

- c. If there is no Designated Beneficiary, or if applicable by operation of paragraph (a) or (b) above, the remaining interest must be distributed over the Client's remaining life expectancy determined in the year of the Client's death.

- d. The amount that must be distributed each year under paragraph (a), (b) or (c), beginning with the year following the year of the Client's death, is determined by dividing the value of the SIMPLE IRA as of the end of the preceding year by the remaining life expectancy specified in the paragraph that applies. Life expectancy is determined using the Single Life Table in Treasury Regulation Section 1.401(a)(9)-9 Q&A-1.
- e. If distributions are being made to a surviving spouse as the sole Designated Beneficiary, the spouse's remaining life expectancy is the number in the Single Life Table that corresponds to the spouse's age in that year. In all other cases, remaining life expectancy is the number in the Single Life Table that corresponds to the Beneficiary's or Client's age in the year specified in paragraph (a), (b) or (c) and reduced by 1 for each subsequent year.

- 5.4 References in this Section 5.4 to "Client" refer to the deceased individual, and references to the "Beneficiary" and "Designated Beneficiary" refer to the Client.

If the Client dies before the Required Beginning Date, his or her entire interest in this SIMPLE IRA must be distributed at least as rapidly as follows:

- a. If the Designated Beneficiary is not the Client's surviving spouse, or is the Client's surviving spouse, but the spouse is not the Client's sole Designated Beneficiary, the entire interest must be distributed, starting by the end of the year following the year of the Client's death, over the remaining life expectancy of the Designated Beneficiary. Life expectancy is determined using the age of the Designated Beneficiary as of his or her birthday in the year following the year of the Client's death, or, if elected, according to paragraph (c) below.

- b. If the sole Designated Beneficiary is the Client's surviving spouse, the entire interest must be distributed, starting by the end of the year following the year of the Client's death (or by the end of the year in which the Client would have attained age 70½, if later):
  - Over the spouse's life expectancy, or
  - If elected, according to paragraph (c) below.

If the surviving spouse dies before distributions are required to begin, the remaining interest must be distributed, starting by the end of the year following the year of the spouse's death:

- Over the spouse's Designated Beneficiary's remaining life expectancy determined using the Designated Beneficiary's age as of his or her birthday in the year following the death of the spouse, or
- If elected, according to paragraph (c) below.

If the surviving spouse dies after distributions are required to begin, any remaining interest must be distributed over the spouse's remaining life expectancy determined using the spouse's age as of his or her birthday in the year of the spouse's death.

- c. If there is no Designated Beneficiary, or if applicable by operation of paragraph (a) or (b) above, the entire interest must be distributed by the end of the year containing the fifth anniversary of the Client's death (or of the spouse's death in the case of the surviving spouse's death before distributions are required to begin under paragraph (b) above).

- d. The amount to be distributed each year under paragraph (a) or (b) is determined by dividing the value of the SIMPLE IRA, as of the end of the preceding year, by the remaining life expectancy specified in the paragraph that applies. Life expectancy is determined using the Single Life Table in Treasury Regulation Section 1.401(a) (9)-9 Q&A-1.
- If distributions are being made to a surviving spouse as the sole Designated Beneficiary, the spouse's remaining life expectancy is the number in the Single Life Table that corresponds to the spouse's age in the year.
  - In all other cases, remaining life expectancy is the number in the Single Life Table that corresponds to the Beneficiary's age in the year specified in paragraph (a) or (b) and reduced by 1 for each subsequent year.
- 5.5 The "value" of the SIMPLE IRA includes the amount of any outstanding rollover, transfer and recharacterization under Treasury Regulation Section 1.408-8 Q&As 7 and 8.
- 5.6 A Client's surviving spouse who is the sole Designated Beneficiary of this SIMPLE IRA may elect to treat it as his or her own SIMPLE IRA by redesignating it (according to the procedures established by the Custodian) as a SIMPLE IRA in the name of the surviving spouse (rather than as a Beneficiary of the Client). In accordance with the procedures established by the Custodian, a surviving spouse of a deceased Client will also be deemed to make that election by making a contribution to the SIMPLE IRA (permitted under the contribution rules for SIMPLE IRAs as if the surviving spouse were the SIMPLE IRA owner) or failing to cause the distribution to the surviving spouse as Beneficiary of the amount required to be distributed according to this Article V following the death of the Client within the required time period. A surviving spouse who makes that election will thereafter be deemed to be the Client hereunder.
- 5.7 The Beneficiary, or, if this is an inherited IRA within the meaning of Section 408(d)(3)(C) of the Code (without regard to subsection (C)(ii)(II) thereof), the Client, must notify the Custodian (in a manner acceptable to the Custodian) of any election desired to be made, including an election to establish separate accounts with respect to this SIMPLE IRA.
- The Custodian has no duty, obligation or responsibility to notify the Beneficiary or the Client, as applicable, as to their obligations under the Code.
  - The Custodian has no obligation or responsibility to determine the amount that must be distributed from the SIMPLE IRA at any time.
  - The Custodian is not liable for any tax or penalty imposed upon the Beneficiary or Client, as applicable, if the Beneficiary or Client fails to receive any distribution, or the requisite minimum distribution from his or her account. For purposes of Sections 5.3 and 5.4, a Client may aggregate IRAs from the same decedent for purposes of the RMD rules according to Treasury Regulation Section 1.408-8 Q&A 9.
- 5.8 Regardless of any other provision of this Agreement (or any other instruction received, such as a beneficiary designation):
- The Custodian is not required to make any distribution from this SIMPLE IRA until directed on a form provided by and delivered to, the Custodian for that purpose.
  - The Custodian has no duty or responsibility to initiate the making of, or to see to the application of any distribution from the SIMPLE IRA, or to calculate the amount of any distribution, except to the extent required by law.
- In addition to receiving proper distribution instructions and being advised by the Client of the reason for the distribution, the Custodian may condition any distribution (or any assignment of the SIMPLE IRA) upon receipt of any and all applications, certificates, tax waivers, signature guarantees and other documents (including proof of any legal representative's authority) deemed necessary or advisable by the Custodian, in the Custodian's sole judgment.
  - The Custodian has no liability for any loss, tax or penalty incurred by the Client due to the Custodian's failure to comply with any instruction for distribution or to establish separate accounts until the Custodian has received all information and documents which it, in its sole judgment, requires.
  - The Client acknowledges that the Custodian is not liable for any tax or penalty imposed upon the Client if the Client fails to receive any minimum distribution from the SIMPLE IRA.
- 5.9 The term "Beneficiary" means the person or persons designated as such by the Client in a form acceptable to, and accepted by, the Custodian, including a Successor Beneficiary.
- The designation may name individuals, persons, estates, trusts or legal entities.
  - If the designation does not effectively dispose of the entire SIMPLE IRA by the time such distribution is to commence, then, for the SIMPLE IRA (or any part not effectively disposed of), the term "Beneficiary" shall mean the Client's surviving spouse (at the time of death), and if none, then the Client's estate.
  - The form last accepted by the Custodian before the Client's death shall be controlling, whether or not it fully disposes of the entire SIMPLE IRA, and it shall revoke all prior designations.
  - If the Client designates the Client's spouse as Beneficiary, the Client's subsequent divorce or legal termination of the marriage will automatically revoke the Client's designation. The Client may designate the Client's former spouse as Beneficiary by completing a new change of beneficiary form after the divorce is final or in connection with the divorce proceedings.
  - The Beneficiary designated by the Client, following the death of the Client, may name a person or persons entitled to receive any assets remaining in the SIMPLE IRA upon the death of the original Beneficiary (Successor Beneficiary). The Successor Beneficiary shall be designated by the original Beneficiary in a form acceptable to, and accepted by, the Custodian. If the Beneficiary does not name a Successor Beneficiary, the SIMPLE IRA assets will be paid to the Beneficiary's surviving spouse and if none, the Beneficiary's estate.
  - With respect to items (a) through (e) below, the Custodian shall not have any responsibility and may rely conclusively upon and shall be fully protected and be free from all liability in acting upon, the written statement of the appropriate authority, which may be the executor of the Client's will, the administrator of the Client's estate, or any or all of the Beneficiaries Client has designated, including the trustee of any trust designated as a Beneficiary or any custodian holding funds for the benefit of a minor Beneficiary, as determined by the Custodian in its sole discretion:
    - a. The interpretation of any applicable federal or state law contained in the beneficiary designation;
    - b. Whether any condition or restriction contained in the beneficiary designation has been satisfied;
    - c. The number, identity and existence of persons or entities designated as beneficiaries

- in the beneficiary designation, including where the Client has not identified the person with sufficient specificity in the beneficiary designation;
  - d. The portion or amount of the SIMPLE IRA allocated to any Beneficiary; and
  - e. The interpretation, construction or application of any document referenced in the beneficiary designation.
- Any provision of the beneficiary designation that is inconsistent with or contrary to any provision of this Custodial Agreement shall be null and void and the Agreement shall govern in all instances where there is a conflict between the beneficiary designation and the Agreement, notwithstanding any language to the contrary in the beneficiary designation.
  - After the Client's death, each Beneficiary shall become the owner of the portion of the SIMPLE IRA allocated to such Beneficiary under the beneficiary designation and the Client's estate shall not have any rights with respect to the SIMPLE IRA. Each Beneficiary shall be required to establish his or her own inherited individual retirement account with the portion of the SIMPLE IRA allocated to such Beneficiary under the beneficiary designation. Pending establishment of each Beneficiary's own inherited individual retirement account, each Beneficiary shall be bound by the terms of this Agreement; provided, however, that no contributions may be made to the SIMPLE IRA by the Beneficiary or on behalf of a Beneficiary, no distribution may be made from the SIMPLE IRA to a Beneficiary and no Beneficiary may designate his or her own Beneficiary. If a Beneficiary dies prior to the establishment of the Beneficiary's own inherited retirement account, the Beneficiary's allocated portion of the SIMPLE IRA shall be paid to the Beneficiary's surviving spouse, and if there is no surviving spouse, to the Beneficiary's estate.
  - If any Beneficiary desires to disclaim all or any portion of his or her interest in the SIMPLE IRA, in addition to any other requirements imposed by applicable local, state or federal law, the Beneficiary shall deliver to the Custodian a written notarized statement (e.g., the UBS Disclaimer of Beneficial Interest in a Retirement Account form) or court-filed document reflecting such disclaimer, and the Custodian shall rely conclusively upon, and shall be fully protected in acting upon, such written statement or document as to the effectiveness of such disclaimer and any other facts in the statement or document.
- 5.10 The term "Designated Beneficiary" means a Beneficiary who constitutes a designated beneficiary or beneficiaries as determined according to the rules in Treasury Regulation Section 1.401(a)(9)-4.
- 5.10 Prior to the expiration of the two-year period beginning on the date the Client first participated in any SIMPLE IRA plan maintained by the Client's employer:
- Any rollover or transfer by the Client of funds from this SIMPLE IRA must be made to another SIMPLE IRA of the Client.
  - Any distribution of funds to the Client during this two-year period may be subject to a twenty-five percent (25%) additional tax if the Client does not roll over the amount of the distribution into a SIMPLE IRA.
  - After the expiration of this two-year period, the Client may roll over or transfer funds to any IRA of the Client that is qualified under Sections 408(a), (b) or (p) of the Code, or to another eligible retirement plan described in Section 402(c) (8)(B) of the Code.

#### ARTICLE VI—Custodial Agreement

- 6.1 The Client gives the Custodian the right to amend this Agreement, whether prospectively or retroactively, provided that no amendment that may materially and adversely affect the Client shall be effective until the expiration of a thirty (30) day period. The Custodian shall give notice to the Client of each amendment by mail, by including a notice in materials regularly distributed to IRA Clients, or by electronic media, and the Client is considered to have consented to the amendment unless, within thirty (30) days after the notice is given, the Client either:
- Directs the Custodian to make a total distribution of all of the assets then in the SIMPLE IRA, or
  - Removes the Custodian and appoints a successor according to Article X.
- The Custodian shall have the right to deduct from the amount distributed or transferred any unpaid fees or expenses, including the annual maintenance fee and any termination, transfer or other fees and charges previously disclosed (whether or not the Client refused to consent to any amendment).
- 6.2 If at any time, this SIMPLE IRA has no balance, then the Custodian may deem the SIMPLE IRA to be terminated in accordance with the Custodian's procedures.
- 6.3 The Client and the Custodian agree that the Custodian has the absolute right to amend, revise or substitute fee schedules identified or referred to in the Disclosure Statement, and that no amendment, revision or substitution of a fee schedule shall be deemed an amendment of this Agreement.

#### ARTICLE VII—Administration of the SIMPLE IRA

- 7.1 The Custodian shall be responsible only for carrying out the responsibilities specifically set forth in this Agreement and no others.
- The Client agrees that the Custodian shall not be liable to the Client for any loss, liability, cost or expense incurred by the Client as a result of any act or omission by the Custodian in performing these responsibilities, except as a result of gross negligence or willful misconduct by the Custodian.
  - The Custodian, in its discretion, may delegate to one or more agents the responsibility to carry out any of its responsibilities, and may compensate such agents for expenses attendant to those responsibilities.
  - The Client agrees that the Custodian shall not be liable for any act or omission of any agent (whether or not constituting gross negligence or willful misconduct) to whom it has delegated any such responsibility.
- 7.2 The Custodian shall not have any discretionary authority or control or otherwise assume any fiduciary duties with respect to the SIMPLE IRA and none shall be implied, unless the Custodian agrees to such authority, control or duty in writing. The Custodian shall not be liable for (nor assume any responsibility for) the deductibility of any contribution or the eligibility of any contributions under this Agreement, or the purpose or appropriateness of any distribution according to Article V. These matters are the sole responsibility of Client.
- 7.3 The Custodian shall deliver, or arrange to be delivered, to the Client, or at the written direction of the Client to a third party, all annuity policies, prospectuses, annual reports, proxies and proxy soliciting materials actually received by the Custodian with respect to assets in the SIMPLE IRA. Unless agreed to in writing, the Custodian shall not be responsible for:

- Voting any shares of stock or taking any other action,
- Granting any consents or waivers,
- Exercising any conversion privileges or
- Taking any action permitted to be taken with respect to any asset in the SIMPLE IRA.

7.4 The Custodian may rely upon, and shall not be liable when acting in good faith upon, any written, oral or electronic order from the Client or any notice, request, consent, certificate or other instrument or paper believed to be genuine and to have been properly executed. If any such directions are not received as required or, if received, are unclear in the sole opinion of the Custodian, compliance with the instructions may be delayed, without liability for any loss caused by any delay, pending receipt of such instructions or clarification that the Custodian considers appropriate.

If the Custodian receives any conflicting claims to some or all of the assets in the SIMPLE IRA (including any claim inconsistent with the then designation of Beneficiaries), the Custodian may, at its discretion and without liability:

- Hold some or all of the assets in the SIMPLE IRA until it receives evidence satisfactory to the Custodian that ownership has been resolved, or
- Deposit some or all of the assets in the SIMPLE IRA into the registry or custody of any court of competent jurisdiction together with any such legal pleadings as the Custodian may deem appropriate (charging the SIMPLE IRA for any resulting costs or expenses, including attorney's fees and disbursements).

#### ARTICLE VIII—Reports and Tax Filings

- 8.1 The Client agrees to promptly provide the Custodian with necessary information in a manner that may be necessary or helpful for the Custodian to prepare or file any reports according to Section 408(i) of the Code and the relevant Treasury Regulations.
- 8.2 The Custodian agrees to prepare and furnish annual calendar-year reports on the status of the SIMPLE IRA, including any contributions to, and distributions from (including information on RMDs) the SIMPLE IRA as required by the Code and the Commissioner of Internal Revenue. If contributions made on behalf of the Client according to a SIMPLE IRA plan established by the Client's employer under Section 408(p) of the Code are received directly by the Custodian from the employer for any year, the Custodian will provide the employer with the summary description required by Section 408(l)(2)(B) of the Code.
- 8.3 The Client is solely responsible for the preparation and filing of any other tax return or report or tax claim required or advisable under the Code regarding any investment in the SIMPLE IRA and the Client must provide the Client's Financial Advisor with any instructions regarding the payment of any such taxes. If the signature of the Custodian is required on any tax return or report or claim, the Client acknowledges, understands and agrees that the Client must deliver an original and one copy of the completed return, report or claim to the Client's Financial Advisor at least two weeks before the date that the tax return or report or tax claim is due, accompanied by a stamped, addressed envelope for mailing the return, report or claim.

The Client acknowledges and understands that while a SIMPLE IRA is generally exempt from income taxes, some investments generate what is called "unrelated business taxable income" which is subject to current income tax and that unrelated business taxable income can result, for example, from an

investment in a limited partnership that incurs debt or that actively conducts any trade or business. Further the Client acknowledges and understands that if a SIMPLE IRA derives unrelated business taxable income which for any year exceeds \$1,000, then unrelated business income tax will be due and a tax return, Form 990-T, Exempt Organization Business Income Tax Return, must be filed. Moreover, the Client acknowledges, understands and agrees that if a Form 990-T is required to be filed, an employer identification number (EIN) must be obtained for the SIMPLE IRA from the IRS (applications for an EIN are made by filing Form SS-4 with the IRS). The Client acknowledges and understands that unrelated business income tax is an expense of the SIMPLE IRA and should be paid from the SIMPLE IRA that generated the unrelated business taxable income.

This Section 8.3 includes any return or report required as a result of:

- Realizing any gross income from any unrelated trade or business or unrelated debt financed income,
- The occurrence of a windfall profits tax, or
- Any other return or report necessary to obtain any credit or refund of tax previously paid.

The Client acknowledges, understands and agrees that the Custodian has no responsibility for, and so will not, review any tax return or report or tax claim to determine whether it is complete or correct and will not sign any such form without a letter of instruction from the Client acceptable to the Custodian.

#### ARTICLE IX—SIMPLE IRA Fees and Expenses; Tax Withholding

- 9.1 The Custodian, for its service as the Custodian of the SIMPLE IRA, shall receive various fees applicable to maintaining the SIMPLE IRA. The Custodian reserves the absolute right to revise these fees at any time or from time to time. Further, the Custodian shall receive additional fees or compensation for additional or extraordinary services either that the Custodian considers to be necessary to conserve the assets of the SIMPLE IRA or that the Client requests, plus, in either case, reimbursement for all relevant out-of-pocket expenses.
- 9.2 The Custodian shall also receive such fees and compensation for implementing or completing securities transactions on behalf of the SIMPLE IRA and for such other relevant broker-dealer or investment advisory services as requested by the Client, subject to applicable disclosure or documentation, all of which shall be charged to the SIMPLE IRA unless otherwise agreed to in writing by the Custodian and the Client.
- 9.3 Taxes plus any relevant interest and penalties imposed on the SIMPLE IRA, shall be charged to the SIMPLE IRA.
- 9.4 Any fees and other administrative expenses chargeable to the SIMPLE IRA shall be deducted from the SIMPLE IRA; provided, however that the Client may elect to pay certain fees and expenses directly to the Custodian, but if not so paid, the fees and expenses will be deducted from the SIMPLE IRA. The Client understands and agrees that the Custodian will follow the process outlined for annual account fee billing in the other agreements governing the SIMPLE IRA to satisfy the payment of outstanding fees and expenses from the SIMPLE IRA.
- 9.5 If the Custodian has terminated the SIMPLE IRA and elected to distribute all or any part of the assets in the SIMPLE IRA, and the Client does not provide a tax

withholding election for such distribution, then the Custodian shall cover the required tax withholding by following process outlined for annual account fee billing in the other agreements governing the SIMPLE IRA as if the tax withheld were a fee or other administrative expense.

- 9.6 The Client shall indemnify the Custodian and hold the Custodian harmless from and against any and all loss, liability, cost or expense (including attorneys' fees and disbursements): Incurred by or asserted against the Custodian of this SIMPLE IRA, except those which arise due solely to the Custodian's gross negligence or willful misconduct,
- With respect to the acquisition, holding or disposition of any investment, or
  - As a result of making or failing to make any distribution.

The Custodian shall not be obligated or expected to initiate or defend any legal action or proceeding in connection with the SIMPLE IRA unless agreed upon by the Custodian and the Client, and unless the Custodian is fully indemnified to its satisfaction for so doing.

- 9.7 In the event that the Custodian has agreed in writing to, and is acting as a "designated financial institution" (within the meaning of Section 408(p)(7) of the Code) under the terms of a SIMPLE IRA Plan established by the Client's employer under Section 408(p) of the Code, the Client will be permitted to transfer his or her balance without cost or penalty (within the meaning of Section 408(p)(7) of the Code) to another IRA of the Client that is qualified under Section 408(a), (b), or (p) of the Code, or to another eligible retirement plan described in Section 402(c)(8)(B) of the Code.

**ARTICLE X—Resignation or Removal of the Custodian**

- 10.1 Upon thirty (30) days' prior notice to the Custodian (or a shorter period, if accepted by the Custodian):
- The Client may remove the Custodian as the custodian of this SIMPLE IRA.
  - The Client must identify the successor custodian in the notice to the Custodian.

The Custodian may resign at any time upon thirty (30) days' notice to the Client.

- The Custodian may resign and substitute another custodian if the Custodian receives notice from the Commissioner of Internal Revenue that such a substitution is required because it has failed to comply with the requirements of Treasury Regulation Section 1.408-2(e).
- Except as required above, upon its resignation, the Custodian may, but shall not be required to, appoint a qualifying successor custodian.
- If the Custodian upon its resignation appoints a successor and the Custodian does not receive from the Client within thirty (30) days of its resignation, written notice of the Client's appointment of a different successor custodian, then the Client will be deemed to have ratified, confirmed and accepted the Custodian's appointed successor.
- If the Custodian resigns without appointing a successor, the Client shall appoint a successor custodian within thirty (30) days of the Custodian's resignation. Failure to appoint a successor custodian in the required time shall result in the termination of this SIMPLE IRA and distribution of the assets in the SIMPLE IRA in accordance with Sections 12.1 and 12.2.

Notwithstanding the transfer of the assets of the SIMPLE IRA to a successor custodian or the distribution of the assets of the SIMPLE IRA upon termination of the SIMPLE IRA, the Client (and the SIMPLE IRA) shall remain liable for payment in full

of all of the fees and other administrative charges and any expenses then due and payable or which become due and payable as a result of, upon or following any transfer or distribution of the assets of the SIMPLE IRA as described in Article IX.

- 10.2 To qualify, a successor custodian shall be a bank, insured credit union, or other entity or person satisfactory to the Secretary of the Treasury according to Treasury Regulation Section 1.408-2(e).
- The Client represents and warrants that any successor custodian appointed by the Client is qualified to act as a custodian of this SIMPLE IRA.
  - Upon receipt by the Custodian of notice (whether written or electronic) of the appointment by the Client of a successor custodian, the Custodian shall transfer and pay over to the successor the assets of the SIMPLE IRA.

Notwithstanding the foregoing, the Custodian is authorized to reserve an amount of money or other property as it may determine is advisable for payment of all its fees, compensation, costs, and expenses, or for payment of any other liabilities actually or potentially constituting a charge on or against the assets of the SIMPLE IRA or on or against the Custodian. Any balance of such reserve remaining after the payment of all such items is to be paid over to the successor custodian.

- 10.3 The Custodian shall not be liable for the acts or omissions of any successor custodian, even if such successor custodian has been appointed by the Custodian.

**ARTICLE XI—Termination of the SIMPLE IRA**

- 11.1 The Custodian may terminate the SIMPLE IRA if, within thirty (30) days after the resignation or removal of the Custodian, no successor custodian has been appointed or the successor custodian appointed by the Client fails or refuses to accept any asset in the SIMPLE IRA transferred by the Custodian. In addition, the Custodian may terminate the SIMPLE IRA at any time the Client appoints a successor custodian in connection with a transfer of all or part of the SIMPLE IRA to another custodian, if the successor custodian, fails or refuses to accept any asset in the SIMPLE IRA transferred by the Custodian. To complete the termination of the SIMPLE IRA, the Custodian shall distribute any assets remaining in the SIMPLE IRA in a lump-sum in cash or in kind to the Client, subject to the Custodian's right to reserve funds as provided in Section 10.2 and to sell assets to satisfy any tax withholding obligation of the Client as provided in Section 9.5.

- 11.2 The termination of the SIMPLE IRA shall not terminate the Client's obligations, representations or agreements nor the Custodian's rights or remedies, including the Client's obligation covered in Section 9.6 to indemnify the Custodian. The Custodian's obligations under this Agreement shall terminate upon termination of this SIMPLE IRA. Upon delivery or distribution of any assets in the SIMPLE IRA to, or upon order of, the Client, the Custodian shall be relieved from all further liability under this Agreement with respect to the assets delivered or distributed.

**ARTICLE XII—Miscellaneous**

- 12.1 "UBS Financial Services Inc." shall mean UBS Financial Services Inc., a Delaware corporation, and any successor corporation by merger, consolidation or liquidation, as well as any other entity to which UBS Financial Services Inc. has transferred all or a substantial portion of its retail brokerage business.
- 12.2 If UBS Financial Services Inc. is a party to any other agreement with the Client, nothing contained therein shall be construed to diminish, reduce or eliminate



any rights which UBS Financial Services Inc. may have under this Agreement nor shall anything in this Agreement be construed to diminish, reduce or eliminate any obligations of the Client under any such other agreement.

- 12.3 Any notice, communication or disclosure (including, but not limited to, any “applicable notice” as defined under Section 1.401(a)-21(e)(1) of the Treasury Regulations) to the Client regarding this Agreement or Disclosure Statement shall be considered given upon mailing to the Client (by any class of mail) at the Client’s last address appearing on the records of the Custodian. Any notice, communication or disclosure given by the Custodian to the Client may be:
- Provided separately, or
  - Included with any brokerage account statement mailed or sent to the Client (either by hard copy or by electronic media, if permitted by applicable law).

Notwithstanding the foregoing, the Custodian reserves the right to deliver any notice, communication or disclosure to the Client by any electronic medium (as defined under Section 1.401(a)-21(e)(3) of the Treasury Regulations) and the Client shall be deemed to have the effective ability to access the electronic medium used to provide the notice, communication or disclosure under Section 1.401(a)-21(c)(2) of the Treasury Regulations, unless the Client requests a paper copy of the applicable notice, communication or disclosure within 30 days after the Custodian mails a written paper notice to the Client, in accordance with the first two sentences of this Section 12.3, regarding the availability of the notice, communication or disclosure.

- 12.4 The Client shall not have the right or power to anticipate any part of the SIMPLE IRA or to sell, assign, transfer, pledge or hypothecate any part thereof. The SIMPLE IRA shall not be liable for the debts of the Client or subject to any seizure, attachment, execution or other legal process in respect thereof, except as provided by law. At no time shall it be possible for any part of the income or assets of the SIMPLE IRA to be used for, or diverted to, purposes other than for the exclusive benefit of the Client.

- 12.5 This Agreement shall be construed and administered in accordance with the laws of the State of New York, without regard to the choice of law principles thereof.
- 12.6 This Agreement is intended to qualify as a “simple retirement account” as defined in Section 408(p) of the Code. If any provisions of this Agreement are subject to more than one interpretation or any term used herein is subject to more than one construction, such ambiguity shall be resolved in favor of that interpretation or construction which is consistent with that intent.
- 12.7 The relevant Code and the Treasury Regulations contain numerous complex and technical rules relating to individual retirement accounts, including, but not limited to, rules governing early distributions, required minimum distributions, rollovers, prohibited transactions and the removal of excess contributions.

The Custodian has advised the Client that if the Client has any questions as to the treatment of any transaction involving the Client’s SIMPLE IRA under the Code and the Treasury Regulations, the application of any State or local income tax laws, or the effect of any other tax, estate, inheritance or property laws, the Client should obtain and rely upon the advice of the Client’s personal tax advisor or attorney.

The Client agrees that the Custodian has no responsibility or obligation to advise the Client as to the tax treatment of any transaction or to caution the Client as to any adverse consequences of any transaction involving the SIMPLE IRA. The Client agrees that the Custodian will not be liable to the Client for any income taxes, penalties or other damages of any kind that may result from the Client’s failure to follow these technical rules, or any claim of a failure of the Custodian to advise the Client (or of having advised the Client incorrectly) as to the tax treatment of any transaction involving the Client’s SIMPLE IRA.

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TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

AUG 26 2004

UBS Financial Services Inc.  
(FKA UBS PaineWebber Inc.)  
1285 Avenue of the Americas  
New York, NY 10019

As required by Treasury Regulation 1.408-2(e)(7)(iii), UBS Financial Services Inc. is hereby furnishing you a copy of its written notice of approval to act as a custodian of IRAs.

EIN Number: 13-2638166

Ladies and Gentlemen:

In a letter dated April 15, 2003, as supplemented by letters dated October 17 and December 4, 2003, January 7, 22 and 30, 2004, February 12, 2004, and March 9, 18 and 19, 2004, your authorized representative requested a written notice of approval that UBS Financial Services Inc. may act as a passive or non-passive nonbank custodian of medical savings accounts established under section 220 of the Internal Revenue Code, and health savings accounts described in section 223, passive or non-passive nonbank custodian of plans qualified under section 401 or accounts described in section 403(b)(7), passive or non-passive nonbank custodian for individual retirement accounts (IRAs) established under sections 408, and 408A (dealing with Roth IRAs), passive or non-passive nonbank custodian of Coverdell education savings accounts established under section 530, and as a passive nonbank custodian of eligible deferred compensation plans described in section 457(b).

Section 220(d)(1)(B) of the Code (dealing with Archer MSAs (medical savings accounts)) provides, in pertinent part, that the trustee of a medical savings account must be a bank (as defined in section 408(n)), an insurance company (as defined in section 816), or another person who demonstrates to the satisfaction of the Secretary that the manner in which such person will administer the trust will be consistent with the requirements of this section. Q & A-10 of Notice 96-53, 1996-2 C.B. 219 provides, in pertinent part, that persons other than banks, insurance companies, or previously approved IRA trustees or custodians may request approval to be a trustee or custodian in accordance with the procedures set forth in section 1.408-2(e) of the Income Tax Regulations.

Section 223(d)(1)(B) of the Code provides, in pertinent part, that the trustee of a health savings account must be a bank (as defined in section 408(n)), an insurance company

(as defined in section 816), or another person who demonstrates to the satisfaction of the Secretary that the manner in which such person will administer the trust will be consistent with the requirements of this section. Section 223(d)(4)(E) provides, in general, that rules similar to section 408(h) (dealing with custodial accounts) also apply to health savings accounts.

Section 401(f)(1) of the Code provides that a custodial account shall be treated as a qualified trust under this section if such custodial account would, except for the fact it is not a trust, constitute a qualified trust under this section. Section 401(f)(2) provides that the custodian must be a bank (as defined in section 408(n)) or another person who demonstrates to the satisfaction of the Secretary that the manner in which such other person will hold the assets will be consistent with the requirements of section 401 of the Code. Section 401(f) also provides that in the case of a custodial account treated as a qualified trust, the person holding the assets of such account shall be treated as the trustee thereof.

Section 403(b)(7)(A) of the Code requires, in part, that for amounts paid by an employer to a custodial account to be treated as amounts contributed to an annuity contract for his employee, the custodial account must satisfy the requirements of section 401(f)(2). That section also requires, in order for the amounts paid by an employer to be treated as amounts contributed to an annuity contract for his employee, that the amounts are to be invested in regulated investment company stock to be held in the custodial account, and under the custodial account no such amounts may be paid or made available to any distributee before the employee dies, attains age 59 1/2, has a severance from employment, becomes disabled (within the meaning of section 72(m)(7)), or in the case of contributions made pursuant to a salary reduction agreement (within the meaning of section 3121(a)(1)(D)), encounters financial hardship.

Section 408(h) of the Code provides that a custodial account shall be treated as a trust under this section if the assets of such account are held by a bank (as defined in subsection (n)) or another person who demonstrates to the satisfaction of the Secretary that the manner in which such other person will administer the account will be consistent with the requirements of this section, and if the custodial account would, except for the fact that it is not a trust, constitute an IRA described in subsection (a). Section 408(h) also provides that, in the case of a custodial account treated as a trust by reason of the preceding sentence, the custodian of such account shall be treated as the trustee thereof.

Section 408A of the Code provides, in general, that a Roth IRA shall be treated in the same manner as an individual retirement plan. Section 7701(a)(37)(A) defines an individual retirement plan as an individual retirement account described in section 408.

Section 530(g) of the Code (dealing with Coverdell education savings accounts) provides that a custodial account shall be treated as a trust if the assets of such account

are held by a bank (as defined in section 408(n)) or another person who demonstrates, to the satisfaction of the Secretary, that the manner in which he will administer the account will be consistent with the requirements of this section, and if the custodial account would, except for the fact that it is not a trust, constitute an account described in subsection (b)(1). For purposes of title 26 [the Internal Revenue Code], in the case of a custodial account treated as a trust by reason of the preceding sentence, the custodian of such account shall be treated as the trustee thereof.

Section VII of Notice 98-8, 1998-1 C.B. 355 (guidance relating to the requirements applicable to eligible deferred compensation plans described in section 457(b) of the Code), provides, in pertinent part, that for purposes of the trust requirements of section 457(g)(1), a custodial account will be treated as a trust if the custodian is a bank, as described in section 408(n), or a person who meets the nonbank trustee requirements of section VIII of this notice, and the account meets the requirements of section VI of this notice, other than the requirement that it be a trust. Section VIII provides that the custodian of a custodial account may be a person other than a bank only if the person demonstrates to the satisfaction of the Commissioner that the manner in which the person will administer the custodial account will be consistent with the requirements of sections 457(g)(1) and (g)(3) of the Code. To do so, the person must demonstrate that the requirements of paragraphs (2)-(6) of section 1.408-2(e) of the regulations relating to nonbank trustees will be met.

The Income Tax Regulations at section 1.408-2(e) contain the requirements that such other person must comply with in order to act as custodian, for purposes of sections 220, 223, 401(f), 403(b)(7), 408(h), 408(q), 408A, 457(b) and 530 of the Code. One of the requirements of section 1.408-2(e) states that such person must file a written application with the Commissioner demonstrating, as set forth in that section, its ability to act as a trustee or custodian.

Based on all the information submitted to this office and all the representations made in the application, we have concluded that UBS Financial Services Inc. meets the requirements of section 1.408-2(e) of the regulations and, therefore, is approved to act as a passive or non-passive nonbank custodian of medical savings accounts established under section 220 of the Internal Revenue Code, and health savings accounts described in section 223, passive or non-passive nonbank custodian of plans qualified under section 401 or accounts described in section 403(b)(7), passive or non-passive nonbank custodian for individual retirement accounts (IRAs) established under sections 408, and 408A (dealing with Roth IRAs), passive or non-passive nonbank custodian of Coverdell education savings accounts established under section 530, and as a passive nonbank custodian of eligible deferred compensation plans described in section 457(b).

This letter authorizes UBS Financial Services Inc. to act as a passive or non-passive nonbank custodian. When UBS Financial Services Inc. acts as a passive nonbank

custodian (pursuant to section 1.408-2(e)(6)(i)(A) of the regulations), it is authorized only to acquire and hold particular investments specified by the custodial agreement. It may not act as a passive custodian if under the written custodial agreement it has discretion to direct investments of the custodial funds.

This letter while authorizing UBS Financial Services Inc. to act as a custodian does not authorize it to pool accounts in a common investment fund (other than a mutual fund) within the meaning of section 1.408-2(e)(5)(viii)(C) of the regulations. UBS Financial Services Inc. may not act as a custodian unless it undertakes to act only under custodial agreements that contain a provision to the effect that the grantor is to substitute another trustee or custodian upon notification by the Commissioner that such substitution is required because UBS Financial Services Inc. has failed to comply with the requirements of section 1.408-2(e) of the regulations or is not keeping such records, or making such returns or rendering such statements as are required by forms or regulations. For example, one such form is Form 990-T for IRAs that have \$1000 or more of unrelated business taxable income that is subject to tax by section 511(b)(1) of the Code.

UBS Financial Services Inc. is required to notify the Commissioner of Internal Revenue, Attn: SE:T:EP:RA, Internal Revenue Service, Washington, D.C. 20224, in writing, of any change which affects the continuing accuracy of any representations made in its application. Further, the continued approval of UBS Financial Services Inc. to act as a passive or non-passive nonbank custodian of medical savings accounts established under section 220 of the Internal Revenue Code, and health savings accounts described in section 223, passive or non-passive nonbank custodian of plans qualified under section 401 or accounts described in section 403(b)(7), passive or non-passive nonbank custodian for individual retirement accounts (IRAs) established under sections 408, and 408A (dealing with Roth IRAs), passive or non-passive nonbank custodian of Coverdell education savings accounts established under section 530, and as a passive nonbank custodian of eligible deferred compensation plans described in section 457(b) is contingent upon the continued satisfaction of the criteria set forth in section 1.408-2(e) of the regulations.

This approval letter is not transferable to any other entity. An entity that is a member of a controlled group of corporations, within the meaning of section 1563(a) of the Code, may not rely on an approval letter issued to another member of the same controlled group. Furthermore, any entity that goes through an acquisition, merger, consolidation or other type of reorganization may not necessarily be able to rely on the approval letter issued to such entity prior to the acquisition, merger, consolidation or other type of reorganization. Such entity may have to apply for a new notice of approval in accordance with section 1.408-2(e) of the regulations.

This letter constitutes a notice that UBS Financial Services Inc. may act as a passive or non-passive nonbank custodian of medical savings accounts established under section

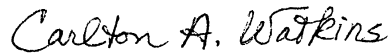
220 of the Internal Revenue Code, and health savings accounts described in section 223, passive or non-passive nonbank custodian of plans qualified under section 401 or accounts described in section 403(b)(7), passive or non-passive nonbank custodian for individual retirement accounts (IRAs) established under sections 408, and 408A (dealing with Roth IRAs), passive or non-passive nonbank custodian of Coverdell education savings accounts established under section 530, and as a passive nonbank custodian of eligible deferred compensation plans described in section 457(b) and does not bear upon its capacity to act as a custodian under any other applicable law. This is not an endorsement of any investment. The Internal Revenue Service does not review or approve investments.

This is a retroactive notice of approval effective May 2, 1989 and will remain in effect until withdrawn by UBS Financial Services Inc. or revoked by the Service. This notice of approval supplements the notice of approval issued to PaineWebber Inc. on May 2, 1989. This notice of approval does not authorize UBS Financial Services Inc. to accept any fiduciary account before this notice becomes effective.

In accordance with the power of attorney on file in this office, a copy of this letter is being sent to your authorized representative.

If you have any questions, please contact Mr. C. Thompson (Badge No. 50-07262) at (202) 283-9596.

Sincerely,



Carlton A. Watkins, Manager  
Employee Plans Technical Group 1



TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

Plan Name: Traditional or Roth IRA Custodial Account 001  
FFN: 50145680000-001 Case: 201400882 EIN: 13-2638166  
Letter Serial No: M100043b

UBS FINANCIAL SERVICES INC  
1000 HARBOR BLVD., 3RD FLOOR  
WEEHAWKEN, NJ 07086

Contact Person:  
Sherise Dorman  
Telephone Number:  
202-317-8701  
In Reference To: SE:T:EP:RA  
Date: 02/05/2015

Dear Applicant:

In our opinion, the form of the prototype trust, custodial account or annuity contract/endorsement identified above is acceptable either for use as a traditional IRA under section 408 of the Internal Revenue Code or for use as a Roth IRA under Code section 408A, as amended through the Small Business Jobs Act of 2010.

Each individual who adopts this approved prototype will be considered to have either a traditional IRA that satisfies the requirements of Code section 408 or a Roth IRA that satisfies the requirements of Code section 408A, provided the individual explicitly and unambiguously indicates at the time of adoption which type of IRA it is to be, follows the terms of the approved prototype document applicable to the type of IRA adopted, does not engage in certain transactions specified in Code section 408(e), and, if the IRA is a trust or custodial account, the trustee or custodian is a bank within the meaning of Code section 408(n) or has been approved by the Internal Revenue Service pursuant to Code section 408(a)(2).

Code section 408(i) and related regulations require that the trustee, custodian or issuer of a contract provide a disclosure statement to each adopting individual as specified in the regulations. Publication 590, Individual Retirement Arrangements (IRAs), gives information about the items to be disclosed. The trustee, custodian or issuer of a contract is also required to provide each adopting individual with annual reports of all transactions related to the IRA.

The Internal Revenue Service has not evaluated the merits of this IRA and does not guarantee contributions or investments made under the IRA. Furthermore, this letter does not express any opinion as to the applicability of Code section 4975, regarding prohibited transactions.

This prototype IRA may have to be amended to include or revise provisions in order to comply with future changes in the law or regulations.

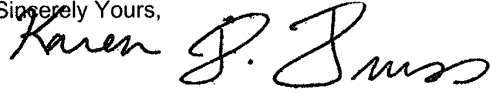
If you have any questions concerning IRS processing of this case, call us at the above telephone number. Please refer to the File Folder Number (FFN) shown in the heading of this letter. Please provide those adopting this prototype with your telephone number, and advise them to contact your office if they have any questions about the operation of their IRA. Please provide a copy of this letter to each adopting individual.

You should keep this letter as a permanent record. Please notify us if you terminate sponsorship of this prototype IRA.



UBS FINANCIAL SERVICES INC  
FFN: 50145680000-001  
Page: 2

Sincerely Yours,

A handwritten signature in black ink that reads "Karen D. Truss". The signature is written in a cursive, flowing style.

Karen D. Truss  
Director, Employee Plans Rulings and Agreements



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

Plan Name: SIMPLE IRA Custodial Account 002  
FFN: 50145680000-002 Case: 201400883 EIN: 13-2638166  
Letter Serial No: M100044b

UBS FINANCIAL SERVICES INC  
1000 HARBOR BLVD., 3RD FLOOR  
WEEHAWKEN, NJ 07086

Contact Person:  
Sherise Dorman  
Telephone Number:  
202-317-8701  
In Reference To: SE:T:EP:RA  
Date: 02/05/2015

Dear Applicant:

In our opinion, the amendment to the form of the prototype trust, custodial account or annuity contract/endorsement identified above is acceptable under section 408 of the Internal Revenue Code, as amended through the Small Business Jobs Act of 2010, for use as a SIMPLE IRA under Code section 408(p). This opinion letter may not be relied on with respect to whether a SIMPLE IRA Plan, under which contributions are made by an employer to the SIMPLE IRA, satisfies the requirements of Code section 408(p).

Each individual who adopts this approved prototype will be considered to have a SIMPLE IRA that satisfies the requirements of Code section 408, provided he or she follows the terms of the approved prototype document, does not engage in certain transactions specified in Code section 408(e), and, if the SIMPLE IRA is a trust or custodial account, the trustee or custodian is a bank within the meaning of Code section 408(n) or has been approved by the Internal Revenue Service pursuant to Code section 408(a)(2).

Code section 408(i) and related regulations require that the trustee, custodian or issuer of a contract provide a disclosure statement to each adopting individual as specified in the regulations. Publication 590, Individual Retirement Arrangements (IRAs), gives information about the items to be disclosed. The trustee, custodian or issuer of a contract is also required to provide each adopting individual with annual reports of all transactions related to the SIMPLE IRA.

The Internal Revenue Service has not evaluated the merits of this SIMPLE IRA and does not guarantee contributions or investments made under the SIMPLE IRA. Furthermore, this letter does not express any opinion as to the applicability of Code section 4975, regarding prohibited transactions.

The prototype SIMPLE IRA may have to be amended to include or revise provisions in order to comply with future changes in the law or regulations.

If you have any questions concerning IRS processing of this case, call us at the above telephone number. Please refer to the File Folder Number (FFN) shown in the heading of this letter. Please provide those adopting this prototype with your telephone number, and advise them to contact your office if they have any questions about the operation of their SIMPLE IRA. Please provide a copy of this letter to each adopting individual.

You should keep this letter as a permanent record. Please notify us if you terminate sponsorship of this prototype SIMPLE IRA.

Sincerely Yours,

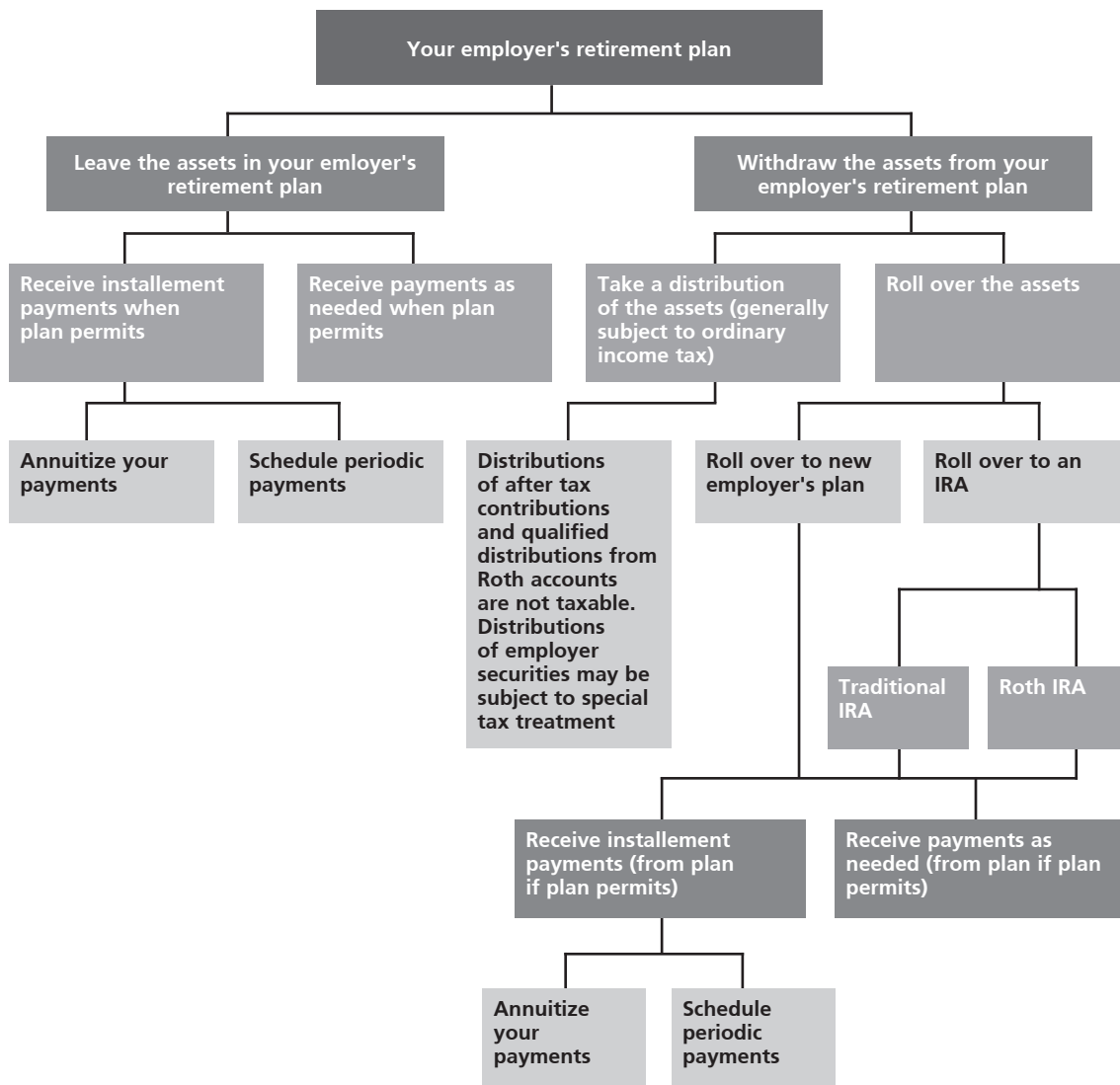
Karen D. Truss  
Director, Employee Plans Rulings and Agreements

# IRA Rollover Disclosure

The assets in your employer's retirement plan may be the largest sum of money you have ever accumulated. As a result, it is important to understand:

- The distribution options that are available to you
- The investment and non-investment factors that may shape your decision about which option to select

## Distribution options



## Considerations

### Investment considerations

#### Maximizing your investment options

Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.

- Employer retirement plans generally have a more limited investment menu than IRAs which, depending on your IRA provider, may have very few investment limitations.
- Employer retirement plans may have unique investment options not available to the public such as previously closed funds, employer securities or stable value investment funds.
- Because of the buying power of the pooled assets in your employer's retirement plan, you may have access to investment options that might otherwise be inaccessible because of high minimum investment requirements.

#### Managing your investment costs

All investments have costs associated with them whether in an IRA or your employer's retirement plan.

- If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
- You should determine whether you can continue to invest in the same mutual fund share classes in an IRA as you did in your employer's plan and whether there are any other special programs or benefits available to you as a result of your investments in the plan.
- If your employer's retirement plan has a brokerage "window," you should compare the administrative costs and per trade costs applicable in the window to those available in an IRA.
- Depending on the type of investment structure available in an IRA, you may be able to pay an annual asset based fee rather than transactional fees on each investment.
- You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.

#### Availability of advice

An IRA may offer you access to advice and services that may not be available in your employer's retirement plan.

- If you are not comfortable making investment decisions without professional assistance, you should consider whether your employer's retirement plan offers enough assistance for your needs.
- If you want a professional to be able to consider all of your assets including those from the plan holistically, in a financial planning context, you may want to consider an IRA provider.
- If you want a professional to manage your assets on a discretionary basis, you may want to consider an IRA provider.
- Note that the investment options in your employer's retirement plan are required to be selected and monitored by a plan fiduciary. If you want to obtain fiduciary investment advice on the IRA assets, you should consider IRA providers that offer those services.

### Non-investment considerations

#### Accessing your assets

##### *Withdrawals*

- It may be easier to access assets in an IRA than in your employer's plan, which may have restrictions on your ability to access assets before retirement age.
- IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.

- Another exception to the 10% early distribution penalty is "72(t) payments" which permit annual distributions based on life expectancy. Employer plans may not always provide for 72(t) payments.
- If an individual separates from service during or after the calendar year in which he/she attains age 55, distributions from the employer's plans (but not IRAs) are exempt from the 10% early distribution penalty.
- Required Minimum Distributions (RMDs) must be taken from traditional IRAs beginning at age 70½. RMDs do not need to be taken from qualified plans until the later of age 70½ or retirement.

##### *Loans*

- Once you terminate employment, you may not be able to take a loan from your employer's retirement plan since most do not permit loans to inactive employees.
- Loans are not available from IRAs.

#### Managing administrative fees

Both IRAs and employer retirement plans have administrative costs associated with them. You may need to do some research to be able to compare them:

##### *IRAs*

- Many IRA providers charge an annual account fee to cover tax reporting, required minimum distribution calculations and other account services.
- You can usually pay IRA administrative fees with non-retirement assets to maximize the amounts that can continue to grow in the IRA.

##### *Employer Plans*

- Your employer may be paying the administrative expenses for its retirement plan. If not, you are paying for employer retirement plan administrative fees that may include recordkeeping for the plan, legal fees, accounting fees, plan communications and other miscellaneous expenses either through deductions from your account or higher investment costs.
- You should determine whether your employer's plan imposes different fees on terminated employees that you are not used to paying. For example, some companies pay administrative expenses only for active employees, meaning once you terminate employment, you may be charged with these expenses.

#### Simplifying your accounts

Combining all your retirement assets into one account can be beneficial in a number of ways:

- Fewer web sites, passwords and PIN numbers to remember.
- Simpler to calculate and take your annual required minimum distribution.
- Easier to keep track of all your retirement assets.
- And, if you consolidate into an IRA:
  - Easier to build and view an overall investment portfolio in combination with your non-retirement assets.
  - You won't be subject to changes in your employer's retirement plan or policies.

#### Planning for wealth transfer (estate planning)

- IRAs often permit more customization of beneficiary designations than an employer retirement plan.
- You can convert to a Roth IRA if you want to avoid taking RMDs and paying taxes on distributions. Your employer retirement plan may not have a Roth option.

#### Protecting assets from creditors

- Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.

**Important information about Advisory & Brokerage Services**

UBS Financial Services Inc. is a full service financial services firm and an IRA provider. There are many IRA providers offering varying degrees of service from self-service online trading to discretionary investment management. Your individual situation is unique and you should speak to your personal tax and legal advisors before making a decision about your employer's retirement plan.

UBS will not initiate, recommend or solicit a rollover to UBS when UBS is acting as a fiduciary to your employer's qualified retirement plan. If this applies to you and you

would like to roll over plan assets to UBS, you must initiate that action independently.

Neither UBS Financial Services Inc., nor any of its employees provide tax or legal advice. Please consult with your tax and legal advisors regarding your personal circumstances.

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# Additional Disclosures

## Account Protection

### Securities Investor Protection Corporation

As a UBS client, your account(s) are covered by certain protections that would go into effect in the unlikely event that UBS Financial Services Inc. fails financially. UBS Financial Services Inc. and UBS Financial Services Incorporated of Puerto Rico are members of the Securities Investor Protection Corporation (SIPC). SIPC provides protection for your account(s) at UBS Financial Services Inc. for up to \$500,000, including \$250,000 for free cash balances.

The SIPC asset protection limits apply to all of your accounts that you hold in a particular capacity. For example, if you have two individual accounts at UBS Financial Services Inc. where you are the sole account holder and a third account where you are a joint account holder, the two accounts are protected under SIPC up to a combined \$500,000 (not \$500,000 each). Your joint account would be protected under SIPC separately for \$500,000.

UBS Financial Services Inc., together with certain affiliates, has also purchased supplemental protection. The maximum amount payable to all clients collectively under the supplemental policy is \$500 million as of December 10, 2009; we will notify you if the amount of supplemental coverage changes. Subject to the policy conditions and limitations, cash at UBS Financial Services Inc. is further protected up to \$1.9 million in the aggregate for all your accounts held in a particular capacity. A full copy of the policy wording is available by asking your Financial Advisor.

Neither the SIPC protection nor the supplemental protection apply to:

- Certain financial assets controlled by (and included in your account value) but held away from UBS Financial Services Inc. For example certain:
  - Cash at UBS Bank USA (please refer to the UBS Deposit Account Sweep Disclosure Statement)
  - Insurance products including variable annuities, and
  - Shares of mutual funds where shares are registered directly in the name of the account holder on the books and records of the issuer or transfer agent;
- Certain investment contracts or investment interests (e.g., limited partnerships and private placements) that are not registered under the Securities Act of 1933; and
- Commodities contracts (such as foreign exchange and precious metal contracts), including futures contracts and commodity option contracts.

The SIPC protection and the supplemental protection do not apply to these assets even if they otherwise appear on your statements. The SIPC protection and the supplemental protection do not protect against changes in the market value of your investments (whether as a result of market movement, issuer bankruptcy or otherwise).

Ask your Financial Advisor for more information about SIPC. To obtain more information, including the SIPC brochure, you may also contact SIPC directly visit the SIPC web site at [www.sipc.org](http://www.sipc.org) or calling 202-371-8300.

UBS Financial Services Inc. is not a bank and does not represent itself as a bank; your account is not a bank account. Unless otherwise disclosed, securities and other investments held through UBS Financial Services Inc. ARE NOT FDIC INSURED, ARE NOT BANK GUARANTEED, AND MAY LOSE VALUE.

### UBS Financial Services Inc. Business Continuity Plan

Because of the global nature of our business, UBS is subject to a wide range of threats that could significantly disrupt our various businesses around the world at any time. As a result, we have precautionary and reasonable measures in place that comprehensively manage the risk and protect client information, assets, business information and internal processes from events that we can neither predict nor control.

Our precautionary and reasonable measures, which we call the "UBS Business Continuity Program," provide reasonable assurance of our ability to respond to significant disruptions. The Program includes risk and impact analysis, recovery strategies and requirements, crisis management contingency plans, along with business and technology recovery plans.

UBS's Business Continuity Program conforms to the requirements of various regulatory agencies, including the Financial Industry Regulatory Authority (FINRA) and the Securities & Exchange Commission (SEC). In addition, the program is subject to and has been reviewed by various regulatory authorities.

We have built our program in a way that should permit us to recover and resume operations within predefined time frames following a major incident such as power outages, natural disasters, pandemics or other situations.

#### Our Program's Priorities

In designing the program, we seek to achieve the following goals:

- Protect client assets, maintain the integrity of their personal information and ensure they have prompt access to funds and securities
- Ensure the welfare and safety of our staff
- Provide governance to ensure effective decisions, communications and guidance
- Resume critical business processes and essential activity in a timely and effective manner

To accomplish this, we have established the following protocols:

- Information technology backup and recovery procedures
- Crisis management teams to effectively provide command and control
- Specific communication and escalation procedures
- Alternate office locations and remote access
- Regular testing, both internal and external, to validate the effectiveness of the plans

We also have instituted a comprehensive Pandemic Preparedness program. Globally, our planning considers guidance suggested by international agencies, government and non-government regulatory bodies such as the World Health Organization.

While UBS Financial Services Inc. continually assesses, updates, and tests its Business Continuity Plans, no contingency plan can eliminate all risk of service disruption. Our ability to resume critical functions is also dependent upon the Business Continuity Plans established by third parties, including exchanges, vendors and financial service industry utilities.

### UBS Dividend Reinvestment Program Disclosure Statement

Through the UBS Dividend Reinvestment Program, you can reinvest the dividends you receive for eligible common and

*For purposes of the section "Account Protection," all references to UBS Financial Services refer to UBS Financial Services Inc. and UBS Financial Services Incorporated of Puerto Rico.*

*Your Financial Advisor can work with you on titling your accounts in a way that helps maximize your SIPC protection and makes sense for you.*

*The levels of supplemental SIPC insurance are subject to change. Please go to [www.ubs.com/accountdisclosures](http://www.ubs.com/accountdisclosures) or refer to the back of your account statement for additional information.*

You can reinvest the dividends you receive from eligible securities in your Account through the UBS Dividend Reinvestment Program. To enroll in the program or to change dividend reinvestment instructions, call your Financial Advisor.

The Depository Trust Company or DTC is a member of the U.S. Federal Reserve System; a limited-purpose trust company under New York State banking law; and a registered clearing agency with the Securities and Exchange Commission.

preferred stocks, closed-end funds, real estate investment trusts and master limited partnerships listed on several major stock exchanges or quoted on the National Association of Securities Dealers Automated Quotation Service (Nasdaq). UBS also offers dividend reinvestment for certain unit investment trusts, which permits you to invest those dividends in shares of designated UBS Global Asset Management (U.S.) Inc. mutual funds. (Prospectuses for these funds are available from your Financial Advisor.)

We can also reinvest dividends from certain other securities for you through the Depository Trust Company (DTC), in some instances, at a discount. We currently do not charge commissions or fees for you to purchase securities through this program. Eligible securities must be held in "street name" (which means UBS Financial Services Inc. Inc. holds them for your benefit and for your account) in order to participate in this program. Contact your Financial Advisor to enroll in dividend reinvestment, either for all eligible securities or for specific securities, or to change or cancel your enrollment. Your enrollment and any changes will become effective within a reasonable time after we receive your instructions.

We credit cash dividends you receive from eligible securities (less any required withholding) to your Account on the date they are paid. We debit reinvestable dividends from eligible securities in your Account on the date received and use them to purchase additional shares of the same security.

As we cannot purchase fractional shares, a specific number of whole shares plus a cash credit for any residual balance from the dividend payment will be credited to your Account at the end of the reinvestment process.

We purchase dividend reinvestment shares on your behalf by one of two methods:

- Through the UBS Dividend Reinvestment Program in open market transactions or from our inventory, or
- Through the DTC Dividend Reinvestment Program.

#### *Reinvestment Methods*

For purchases made on the open market or from our inventory, we aggregate all dividends from your designated, eligible securities and purchase enough shares to complete those transactions for you. These reinvestment transactions will be completed on the dividend payable date. You may receive an average price per share of the reinvestment purchase for each eligible security, if the shares are purchased in multiple transactions on multiple exchanges or through similar methods.

For reinvestments made through DTC, we send the funds to be reinvested to DTC, which purchases whole shares on your behalf, consistent with its standard program and each company's particular dividend reinvestment plan.

The sale of shares to generate cash to pay residual balances may involve a small difference, positive or negative, between the dividend reinvestment price supplied by the company and the market price at which the fractional shares are sold. Generally, because of processing time, reinvestments made through DTC may take 10 to 15 business days after the dividend payment date. The price per share you receive may be an average price in accordance with the terms of the company's plan.

Although we try to ensure that reinvestment will be completed within the targeted time frames, extraordinary market conditions or other circumstances could cause the reinvestment process to be delayed or suspended.

#### *Monitoring Transactions*

Your Financial Advisor will have information about your dividend payments and subsequent reinvestment transactions the day after we purchase your shares. At that time, you may call your Financial Advisor to request the information. Transactions will be reflected on your account

statement, along with any necessary information about each dividend reinvestment transaction. We do not provide individual trade confirmations for dividend reinvestment transactions, as we do for other transactions.

If the dividends paid to you are ordinarily subject to taxation, they will continue to be taxable regardless of whether they are credited to the Account in cash or reinvested. We recommend that you consult a qualified tax advisor to review any questions about participating in the Dividend Reinvestment Program.

#### **Revenue Sharing**

In addition to sales loads, 12b-1 fees and processing fees, UBS receives other compensation from certain distributors or advisors of mutual funds that we sell. These separate compensation amounts (commonly referred to as "revenue sharing") are based on two components (i) the amount of sales by UBS of a particular mutual fund family to our clients (excluding sales through wrap-fee programs), and (ii) the asset value of a particular mutual fund family's shares held by our clients at UBS. We require these payments to be made directly from the distributor or advisor, and not from the mutual funds or indirectly through mutual fund portfolio trading commissions, because revenue sharing payments are intended to compensate us for ancillary services related to sales of mutual fund shares. Revenue sharing compensation will not be rebated or credited to you.

**Updated and current information on these arrangements is available on our web site, at [www.ubs.com/mutualfundrevenuesharing](http://www.ubs.com/mutualfundrevenuesharing).**

#### **Payment For Order Flow**

Order flow refers to the process by which your orders are executed. Seeking to execute a client's order at the best available price, a brokerage firm may execute the order as principal, or may route the order to an affiliated or non-affiliated broker-dealer or exchange specialist for execution. The Securities and Exchange Commission requires all brokerage firms, including UBS, to inform their clients as to whether they receive payment for order flow.

#### **We do not receive any payments for order flow**

from any broker or dealer, national securities exchange, registered securities association or exchange member to which we route our client orders for execution.

#### **Special Risks to You and Your Heirs**

The heirs of non-resident foreigners who die holding investments in the U.S. may be subject to substantial U.S. estate taxes. Whether or not U.S. estate taxes will be imposed depends on:

- Whether the assets in which he or she invested are deemed to have U.S. situs, which is described below
- The total value of his or her investments, and
- The provisions of the tax treaty (if any) between the U.S. and his or her country of domicile, among other things.

Note that whether or not certain assets will be deemed to have a U.S. situs is complicated and in many cases counter intuitive. Generally, cash and debt obligations held as investments and not in connection with a U.S. trade or business are usually not considered to have a U.S. situs for U.S. estate tax purposes. On the other hand, stock of U.S. corporations will generally be deemed to have a U.S. situs.

Due to U.S. estate taxes regulations, the distribution of a foreigner's assets to his or her heirs may be delayed significantly even if the estate or the assets in the account are ultimately determined not to be subject to the U.S. estate tax. Neither UBS nor its Financial Advisors provides tax or legal advice. For a more complete explanation of the U.S. estate tax system and appropriate tax planning, we recommend that you consult a qualified tax advisor.



# UBS Bank Sweep Programs Disclosure Statement

## I. Summary

UBS Financial Services Inc. and UBS Financial Services Incorporated of Puerto Rico (collectively UBS, we or us) offer two programs to automatically deposit, or “sweep,” available cash balances not required to pay debits or charges (Free Cash Balances) in a securities account (Securities Account) into one or more deposit accounts at UBS Bank USA (Bank USA), a Federal Deposit Insurance Corporation (FDIC) member bank that is affiliated with UBS:

- UBS Deposit Account Sweep Program (the Deposit Program).
- UBS Business Account Sweep Program (the Business Program).

Collectively, we refer to them as the Bank Sweep Programs.

In general, most clients (you, your and yours) with a Resource Management Account (RMA), Individual Retirement Account (IRA), Basic Investment Account, Business Services Account (BSA), or Coverdell Education Savings Account will be eligible for one of the Bank Sweep Programs.

Eligibility for the Bank Sweep Programs is based on the type of client rather than the type of Securities Account. Most non-business clients, including employee benefit plans qualified under Section 401(a) or Section 403(b)(7) of the Internal Revenue Code of 1986, as amended (the Code), or under any other employee retirement or welfare plan subject to the Employee Retirement Income Security Act of 1974, as amended (ERISA) (Plans), are eligible for the Deposit Program. In cases where a participant in a Plan has established a Securities Account for purposes of participation in the Plan (each a Plan Participant), the Plan Participant will be eligible for the Deposit Program. Most business clients are eligible for the Business Program. More information about eligibility for the Bank Sweep Programs is provided in the section titled “II. How the Bank Sweep Programs Work.”

Securities Accounts that are enrolled in any of the following investment advisory programs (Advisory Accounts) are eligible for one of the Bank Sweep Programs:

- ACCESS.
- Managed Accounts Consulting (MAC).
- Portfolio Management Program (PMP).
- Private Wealth Solutions (PWS).
- UBS Managed Portfolio Advised by Richard Bernstein Advisors LLC.
- UBS Managed Portfolio of Environmental, Social & Governance (ESG) Investments.
- UBS Managed Portfolio of Funds (MPF).
- UBS Managed Portfolio of Global Selections.
- UBS Managed Portfolio Selections.
- UBS Strategic Advisor (SA).
- UBS Strategic Wealth Portfolio (SWP).
- Other programs that we may add from time to time.

All Securities Accounts that are not Advisory Accounts are referred to as Brokerage Accounts.

For both Bank Sweep Programs, each business day, as long as all debits and charges to your Securities Account have been satisfied, we will automatically transfer, or “sweep,” Free Cash Balances of \$1.00 or more from your Securities Account (other than IRAs and Plans, where we will sweep Free Cash Balances of \$0.01 or more), into one or more Deposit Accounts at Bank USA (the Deposit Accounts).

Business days are Monday through Friday, excluding bank holidays in the State of New York and New York Stock Exchange holidays.

For clients other than Plans and Plan Participants, we will generally sweep Free Cash Balances up to \$250,000 (the current FDIC insurance limit) per Securities Account owner. If your Securities Account has more than ten owners you may contact UBS to increase the limit. If your Securities Account is established in connection with a formal revocable trust, we will increase the limit based upon representations you make to us concerning the number of trust grantors and eligible beneficiaries. For Plans and Plan Participants, we will sweep Free Cash Balances up to \$250,000 per Securities Account. The limit applicable to your Securities Account is referred to as the Bank USA Sweep Cap.

As further described below, when the funds deposited at Bank USA through either Bank Sweep Program reach the Bank USA Sweep Cap, additional Free Cash Balances will be swept, without limit, to your secondary sweep option (Secondary Sweep Option). The Bank USA Sweep Cap for each Securities Account will be established by UBS based on the account ownership reflected in our records. It is your responsibility to correct any inaccuracies in the records of your Securities Accounts at UBS as reflected in the periodic statements or other account-related information we send you or, in the case of formal revocable trusts, any additional representations made by you concerning the grantors and eligible beneficiaries.

The Secondary Sweep Options available for Brokerage Accounts are either Deposit Accounts at UBS AG, Stamford Branch (the AG Stamford Branch), which is the U.S. branch of a Swiss bank that is **not** insured by the FDIC, or a money market mutual fund selected from those made available by us (Sweep Fund).

The Secondary Sweep Options available for Advisory Accounts are Sweep Funds. Different Sweep Funds may be made available as Secondary Sweep Options for Advisory Accounts than for Brokerage Accounts.

More information about eligibility for Secondary Sweep Options is provided in the section titled “II. How the Bank Sweep Programs Work.”

### *Deposit Program Structure and Withdrawal Limits*

If the Deposit Program is your sweep option, we will establish a money market deposit account (MMDA) and a transaction account (TA) for you at Bank USA. There are no limitations on withdrawals from your funds on deposit at Bank USA.

### *Business Program Structure and Withdrawal Limits*

If the Business Program is your sweep option, we will establish only an MMDA at Bank USA. For purposes of the Business Program, the MMDA at Bank USA is referred to as the Business Account. Federal banking regulations limit the number of non-exempt withdrawals from your Business Account at Bank USA to six (6) per calendar month.

Withdrawals to fund the purchases of securities will not be counted toward the withdrawal limit. Withdrawals to satisfy check, debit card and automatic bill pay transactions will be counted toward the limit; multiple check, debit card and automatic bill pay debits incurred in your Securities Account on the same day will be counted as one (1) non-exempt withdrawal.

If you reach six (6) non-exempt withdrawals in a calendar month, all remaining funds in your Business Account at Bank USA will be withdrawn and deposited in your Secondary Sweep Option, which is not subject to withdrawal limits.

**These funds will not be eligible for FDIC insurance until they are re-deposited into your Business Account at Bank USA.** For the remainder of the month, Free Cash Balances will be swept to your Secondary Sweep Option, and all withdrawals will be made from your Secondary Sweep Option. On the first business day of the next calendar month, these funds will be withdrawn from your Secondary Sweep Option and deposited into your Business Account at Bank USA up to the Bank USA Sweep Cap.

**Deposit Accounts at the AG Stamford Branch and Sweep Funds are not covered by FDIC insurance.**

*FDIC Deposit Insurance Available on Deposit Accounts at Bank USA*

Funds on deposit at Bank USA are eligible for deposit insurance from the FDIC up to \$250,000 (including principal and accrued interest) for each insurable capacity in which you hold your Securities Account (e.g., individual, joint, corporate, IRA, etc.). For Plans and Plan Participants, deposit insurance coverage is based on each participant's non-contingent interest in the Plan. Please refer to the section titled "XI. FDIC Insurance" for more information.

For purposes of determining the FDIC insurance coverage of your deposits, deposit accounts (including certificates of deposit issued by Bank USA) that you establish directly with Bank USA or through an intermediary, such as UBS, will be aggregated with all funds on deposit at Bank USA through the Bank Sweep Programs in the same insurable capacity. In addition, for purposes of FDIC insurance coverage deposits of Plan Participants in certain Plans will be aggregated with deposits of the Plan Participant held in an IRA and other self-directed retirement accounts.

UBS will sweep Free Cash Balances in each of your Securities Accounts up to the Bank USA Sweep Cap irrespective of how many Securities Accounts you hold in the same insurable capacity (e.g., individual, joint, corporate, IRA, Plan, etc.). If you have more than one Securities Account in the same insurable capacity, you may not be fully insured even with the Bank USA Sweep Cap.

The extent of, and limitations on, federal deposit insurance are discussed in the section titled "XI. FDIC Insurance," which you should review carefully.

**You are responsible for monitoring the total amount of deposits that you have with Bank USA to determine the extent of FDIC deposit insurance coverage available to you, including deposits through both Bank Sweep Programs. You are responsible for any uninsured amount resulting from your representations to us that result in an increase to the Bank USA Sweep Cap applicable to your Securities Account.**

**Neither UBS, Bank USA nor their affiliates monitor the amount of your deposited funds to determine whether those amounts exceed the FDIC insurance limits applicable to your deposits at Bank USA.**

*No SIPC Protection*

The Deposit Accounts at Bank USA and the AG Stamford Branch are **not** protected by the Securities Investor Protection Corporation (SIPC®). See the section titled "XII. Securities Investor Protection Corporation Protection."

*Bank USA Sweep Cap and Secondary Sweep Options*

When your funds in your Deposit Accounts at Bank USA reach the Bank USA Sweep Cap, additional Free Cash Balances above the Bank USA Sweep Cap will be swept to your Secondary Sweep Option.

For Advisory Accounts, amounts in excess of the Bank USA Sweep Cap will be swept without limit to a Sweep Fund that you select from those we make available as Secondary Sweep Options.

For Brokerage Accounts, amounts in excess of the Bank USA Sweep Cap will be swept into Deposit Accounts at the AG Stamford Branch without limit, unless you select an available Sweep Fund as a Secondary Sweep Option.

**Funds on deposit at the AG Stamford Branch are not insured by the FDIC, SIPC or any governmental agency of the United States, Switzerland or any other jurisdiction. The Deposit Accounts are obligations of the AG Stamford Branch only, and are not obligations of UBS or of any of its other affiliates. The payment of principal and interest on Deposit Accounts at the AG Stamford Branch is subject to the creditworthiness of UBS AG. In the unlikely event of the failure of the AG Stamford Branch, you will be a general unsecured creditor of UBS AG. See the section titled "V. UBS AG and the AG Stamford Branch."**

**The prospectuses for the available Sweep Funds are available online at [ubs.com/sweepyields](https://ubs.com/sweepyields) or by calling your Financial Advisor.**

Interest on the Deposit Accounts will be compounded daily. Interest accrued through the fourth business day of the month will be credited to your Securities Accounts on the fifth business day of the month.

Accrued but uncredited interest in Deposit Accounts at Bank USA that exceeds the Bank USA Sweep Cap will not be eligible for FDIC insurance. UBS will rebalance your Deposit Accounts at Bank USA to the Bank USA Sweep Cap level on the business day following the crediting of interest by withdrawing amounts over the Bank USA Sweep Cap and depositing them in your Secondary Sweep Option. Until rebalanced, funds in your Deposit Accounts at Bank USA may exceed the Bank USA Sweep Cap.

For more information on the issues covered in this section, see "II. How the Bank Sweep Programs Work" and "XI. FDIC Insurance."

*Interest Rates*

Interest rates paid on funds in your Deposit Accounts at Bank USA and, if applicable, the AG Stamford Branch, are determined by Bank USA and the AG Stamford Branch, respectively, in their discretion based upon a variety of factors, including economic and business conditions.

For clients other than Plans and Plan Participants, interest rates on the Deposit Accounts at Bank USA and the AG Stamford Branch are tiered based on total eligible Marketing Relationship assets. See "Marketing Relationship Assets and Consolidated Account Reporting" in the "General Terms and Conditions" of the Agreements and Disclosures booklet ("General Terms and Conditions") you received after you opened your Securities Account (which is available at [ubs.com/accountdisclosures](https://ubs.com/accountdisclosures)), and "The Value of Eligible Marketing Relationship Assets" for information about eligible Marketing Relationship assets and how they are calculated.

For Plans and Plan Participants, interest rates on the Deposit Accounts at Bank USA and the AG Stamford Branch are tiered based on total QP Relationship assets, as defined in "QP Relationship Assets."

In general, clients with higher total eligible Marketing Relationship assets or QP Relationship assets, as applicable, will receive higher interest rates on their Deposit Accounts than clients with lower total eligible Marketing Relationship assets or QP Relationship assets.

Interest rates paid on the Deposit Accounts may change daily. Information regarding current interest rates on the Deposit Accounts is available online at [ubs.com/sweepyields](https://ubs.com/sweepyields) or by calling your Financial Advisor. For more information on interest rates on the Deposit Accounts, see "III. Interest Rates."

If the Deposit Program is your sweep option, Bank USA will pay the same rate of interest on your TA and MMDA. If your Secondary Sweep Option for either Bank Sweep Program is Deposit Accounts at the AG Stamford Branch, the AG Stamford Branch will pay the same rate of interest on your TA and MMDA. For both Bank Sweep Programs, Bank USA and the AG Stamford Branch will generally pay the same rate of interest on Deposit Accounts. However, Bank USA and the AG Stamford Branch reserve the right to pay different interest rates on their respective Deposit Accounts.

Interest rates offered through the Deposit Program and the Business Program will generally be the same. However, the interest rates offered through the Deposit Program may be higher or lower than interest rates offered through the Business Program.

#### *Temporary Sweep Options*

Bank USA may stop accepting deposits in its sole discretion at any time, or if it is prohibited from doing so by its banking regulators. If Bank USA stops accepting deposits, existing funds on deposit at Bank USA and in your Secondary Sweep Option will remain on deposit. On the business day on which Bank USA stops accepting deposits, you agree and authorize us, without prior notice to you, to sweep your Free Cash Balances to a "Temporary Sweep Option," which will be determined as set forth in the section titled "IV. Temporary Sweep Options." UBS will continue to sweep your Free Cash Balances to your Temporary Sweep Option until such time, if ever, that Bank USA resumes accepting deposits. If Bank USA subsequently resumes accepting deposits, upon 30 days' prior written notice to you, we will resume sweeping your Free Cash Balances to Deposit Accounts at Bank USA in accordance with the terms of the Bank Sweep Programs.

**Please note Bank USA has no obligation to resume accepting deposits.**

#### *Financial Benefits to UBS and Conflicts of Interest*

UBS receives, to the extent permitted by applicable law, an annual fee of up to \$25 from Bank USA for each Securities Account that sweeps through either of the Bank Sweep Programs into Deposit Accounts at Bank USA. Similarly, UBS receives, to the extent permitted by applicable law, an annual fee of up to \$25 from the AG Stamford Branch for each Securities Account that sweeps through either of the Bank Sweep Programs into Deposit Accounts at the AG Stamford Branch. UBS, Bank USA and the AG Stamford Branch will each receive certain benefits in connection with the Bank Sweep Programs. For more information, see "IX. Your Relationship With UBS, Bank USA, UBS AG and the AG Stamford Branch" and "X. Benefits to UBS and Its Affiliates."

#### *Alternatives to the Bank Sweep Programs*

Unless you are a resident of Puerto Rico, the only sweep options UBS offers for the Investment of Free Cash Balances are the Bank Sweep Programs. If you choose not to participate in one of the Bank Sweep Programs, Free Cash Balances will remain in your Securities Account and will not earn interest. If you are a resident of Puerto Rico and do not wish to have your Free Cash Balances swept into one or more Deposit Accounts at Bank USA, you may elect at any time to have your Free Cash Balances automatically swept, without limit, to the Puerto Rico Short Term Investment Fund, Inc.

If your Securities Account is tax-advantaged, or is a Basic Investment Account whether tax-advantaged or not, the only sweep options UBS offers for the investment of Free Cash Balances are the Bank Sweep Programs. Tax-advantaged Securities Accounts include, but are not limited to, Securities Accounts of Plans, Plan Participants and IRAs. If your tax-advantaged Securities Account or Basic Investment Account is a Brokerage Account and you choose not to participate in one of the Bank Sweep Programs, Free Cash Balances will remain in your Securities Accounts and will not earn interest. If your tax-advantaged Securities Account or Basic Investment Account is an

Advisory Account, Free Cash Balances must be swept through one of the Bank Sweep Programs.

You may wish to consider alternatives to the available sweep options for the investment of your cash. Such alternatives will require you to direct us to invest your funds, rather than having your funds automatically swept. See "XIII. Alternatives to the Bank Sweep Programs."

## **II. How the Bank Sweep Programs Work**

### *Eligibility*

The Deposit Program is available only to:

- Individuals.
- IRAs.
- Trusts (as long as none (0) of the beneficiaries is a business entity.)
- Sole proprietorships.
- Governmental entities.
- Plans and Plan Participants.

Custodial accounts are eligible for the Deposit Program as long as none of the beneficiaries is a business entity.

The Business Program is available only to:

- Business entities, such as corporations, partnerships, limited liability companies, associations, and business trusts but **excluding** sole proprietorships.
- Nonprofit organizations, including organizations described in Sections 501(c)(3) through (13) and (19) of the Code.
- Estates.
- Trusts (if one (1) or more beneficiaries is a business entity).

Non-U.S. residents are **not** eligible for the Bank Sweep Programs. Note that UBS, at its discretion, will consider a client to be ineligible if UBS becomes aware that the entity is prohibited as a matter of law from holding funds at Bank USA.

### *Secondary Sweep Options*

Through the Bank Sweep Programs, your Free Cash Balances will be swept to one or more Deposit Accounts at Bank USA up to the Bank USA Sweep Cap. The Bank USA Sweep Cap for clients other than Plans and Plan Participants is \$250,000 per Securities Account owner up to ten owners. The Bank USA Sweep Cap for Plans and Plan Participants is \$250,000 per Securities Account.

The Bank USA Sweep Cap is established by UBS and may only be changed if (i) there are more than ten owners of your Securities Account and you request that the Bank USA Sweep Cap be increased or (ii) your Securities Account is established in connection with a formal revocable trust with more than one grantor and/or more than one beneficiary and you provide us with information concerning the number of grantors and beneficiaries. For formal revocable trusts we will increase the Bank USA Sweep Cap to an amount equal to the number of trust grantors times \$250,000 multiplied by the number of eligible beneficiaries. An eligible beneficiary is an individual or a charitable or other non-profit organization. By providing information concerning the number of grantors and beneficiaries, you represent to us that the grantors and eligible beneficiaries are bona fide grantors and beneficiaries and you assume responsibility for any uninsured funds at Bank USA. When your funds in Deposit Accounts at Bank USA reach the Bank USA Sweep Cap, your Free Cash Balances will be swept to your Secondary Sweep Option.

For Advisory Accounts, the Secondary Sweep Option will be a Sweep Fund selected from those made available by UBS.

For Brokerage Accounts, the Secondary Sweep Option will be Deposit Accounts at the AG Stamford Branch unless you select an available Sweep Fund as your Secondary Sweep Option.

**Deposit Accounts at the AG Stamford Branch are not insured by the FDIC, SIPC or any governmental agency of the United States, Switzerland or any other jurisdiction. The Deposit Accounts are obligations of the AG Stamford Branch only, and are not obligations of UBS or of any of its other affiliates. The payment of principal and interest on Deposit Accounts at the AG Stamford Branch is subject to the creditworthiness of UBS AG. In the unlikely event of the failure of the AG Stamford Branch, you will be a general unsecured creditor of UBS AG. See “V. UBS AG and the AG Stamford Branch.”**

Your Financial Advisor can inform you of the Secondary Sweep Options that are available to you, and can change your Secondary Sweep Option upon request.

Each Sweep Fund listed in Chart A below is available as a Secondary Sweep Option for clients other than Plans and Plan Participants that participate in either Bank Sweep Program. Each Sweep Fund listed in Chart B below is available as a Secondary Sweep Option for Plans and Plan Participants that participate in the Deposit Program.

The UBS Select Government Capital Fund and UBS Select Treasury Capital Fund are available subject to eligibility requirements established by UBS from time to time. If you have questions regarding eligibility for either of these Sweep Funds, please contact your Financial Advisor.

Information regarding current yields for each Sweep Fund is available online at [ubs.com/sweepyields](http://ubs.com/sweepyields), through UBS Online Services or by calling your Financial Advisor. Prospectuses for the available Sweep Funds are available online at [ubs.com/sweepyields](http://ubs.com/sweepyields), or by contacting your Financial Advisor.

An investment in a money market fund, including a Sweep Fund, is **not insured or guaranteed** by the FDIC or any other government agency. Although each Sweep Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in a Sweep Fund. Sweep Funds are offered only by prospectus. Investors should consider the investment objectives, charges, expenses and risk factors carefully before investing. The prospectus for each Sweep Fund contains this and other information. Please read it carefully before you invest.

**Chart A—Clients other than Plans and Plan Participants**

UBS Money Market Mutual Fund	Brokerage Accounts	Advisory Accounts
UBS RMA Government Money Market Fund	Available	Available
Puerto Rico Short Term Investment Fund, Inc.*	Available*	Available*
UBS Select Treasury Capital Fund**	Available**	Available**
UBS Select Government Capital Fund**	Available**	Available**

\* Offered exclusively to Puerto Rico residents who participate in the Deposit Program as defined in the Fund’s prospectus.

\*\* Available only to clients whose eligible Marketing Relationship assets (as defined in the General Terms and Conditions) with UBS reach \$25 million. UBS Select Treasury Capital Fund and UBS Select Government Capital Fund are not available to IRAs that participate in investment advisory programs at UBS.

**Chart B—Plans and Plan Participants**

UBS Money Market Mutual Fund	Brokerage Accounts	Advisory Accounts
UBS RMA Government Money Market Fund*	Available only for Business Services Accounts BSAs	Not Available
UBS Liquid Assets Government Fund**	Not Available	Available
UBS Select Government Capital Fund***	Available	Not Available
UBS Select Treasury Capital Fund***	Available	Not Available

\* Plans and Plan Participants with a Business Services Account BSA may select only the UBS RMA Government Money Market Fund as a Secondary Sweep Option.

\*\* Advisory Accounts may select only the UBS Liquid Assets Government Fund as a Secondary Sweep Option.

\*\*\* UBS Select Government Capital Fund and UBS Select Treasury Capital Fund will be available only to Plans whose QP Relationship assets (as defined in the section titled “III. Interest Rates”) reach \$25 million and will be available only to a Plan Participant if the greater of the Plan’s QP Relationship assets or the Plan Participant’s Marketing Relationship assets (as defined in the Terms and Conditions) reach \$25 million. A Plan Participant seeking to meet the minimum asset threshold on the basis of his or her Marketing Relationship assets should contact his or her Financial Advisor.

*Bank USA Deposit Procedures: The Deposit Program*

When Free Cash Balances in your Securities Account are first available to be swept to Bank USA (as described in the Agreements and Disclosures booklet), UBS, acting as your agent, will open Deposit Accounts consisting of a transaction account (TA) and a money market deposit account (MMDA) on your behalf at Bank USA. Acting as your agent, UBS will deposit Free Cash Balances into your MMDA. All withdrawals will be made from your TA. Periodically, UBS will transfer funds from your MMDA to your TA as necessary to satisfy purchases, withdrawals and other transactions in your Securities Account. Transfers from the MMDA to the TA and withdrawals from the TA are discussed under “Withdrawal Procedures: the Deposit Program.”

*Bank USA Deposit Procedures: The Business Program*

When Free Cash Balances in your Securities Account are first available to be swept to Bank USA (as described in the Agreements and Disclosures booklet), UBS, acting as your agent, will open a Business Account on your behalf at Bank USA. Acting as your agent, UBS will deposit Free Cash Balances into your Business Account.

If during any calendar month your withdrawals from your Business Account at Bank USA reach the limit described below under “Withdrawal Procedures,” your funds will be withdrawn from Bank USA and deposited in your Secondary Sweep Option, which is not subject to withdrawal limits. For the remainder of that calendar month, your Free Cash Balances will be deposited in your Secondary Sweep Option. On the first business day of the following month, funds up to the Bank USA Sweep Cap will be withdrawn from your Secondary Sweep Option and deposited in your Business Account at Bank USA.

**You are responsible for monitoring the total amount of deposits that you have with Bank USA to determine the extent of FDIC deposit insurance coverage available to you, including deposits through both Bank Sweep Programs. You are responsible for any uninsured amount resulting from your representations to us that result in an increase of the Bank USA Sweep Cap applicable to your Securities Account.**

**Neither UBS, Bank USA nor their affiliates monitor the amount of your deposited funds to determine whether those amounts exceed the FDIC insurance limit applicable to your deposits at Bank USA and are not responsible for any insured or uninsured portion of the Deposit Accounts at Bank USA.**

**Because the Bank USA Sweep Cap applies to each Securities Account, if you have multiple Securities Accounts at UBS in the same insurable capacity that sweep into Bank USA, or if you hold other deposits at Bank USA (including certificates of deposit), your funds may exceed FDIC insurance limits at Bank USA even though your funds have not exceeded the applicable Bank USA Sweep Cap.**

**You should carefully review the section titled "XI. FDIC Insurance."**

Interest on the Deposit Accounts will be compounded daily. Interest accrued through the fourth business day of the month will be credited to your Securities Accounts on the fifth business day of the month. Interest is not subject to the Bank USA Sweep Cap until credited. UBS will rebalance your Deposit Accounts at Bank USA to the Bank USA Sweep Cap level on the business day following the crediting of interest. During the intervening time, funds in your Deposit Accounts at Bank USA may exceed the Bank USA Sweep Cap.

#### *Withdrawal Procedures: The Deposit Program*

UBS, as your agent, will satisfy any debits or charges in your Securities Account by withdrawing funds as set forth in the General Terms and Conditions, which typically will be first from your Secondary Sweep Option. If there are not enough funds in your Secondary Sweep Option to satisfy debits or charges in your Securities Account, UBS, as your agent, will make the necessary withdrawals from your Deposit Accounts at Bank USA.

Debits are amounts due to UBS on settlement date for securities purchases, other transactions and fees associated with your Securities Account, including, without limitation, margin loans. Charges are amounts due to UBS for checks, bill payments and electronic funds transfers, UBS debit card purchases and cash withdrawals. No debits or charges, including, without limitation, charges resulting from check writing, will be satisfied directly from your Deposit Accounts at Bank USA or the AG Stamford Branch.

Federal banking regulations limit the number of transfers from an MMDA to six (6) per month (or per statement cycle). At any point during a calendar month in which transfers from your MMDA have reached the applicable limit, all funds will be transferred from your MMDA to the related TA until the end of that calendar month.

At the beginning of the next calendar month, funds on deposit in your TA will be transferred to your MMDA, less any threshold balance we elect to maintain. The limit on MMDA transfers will not limit the number of withdrawals you can make from funds on deposit at Bank USA or the AG Stamford Branch.

To reduce the number of transfers between your MMDA and TA, UBS may elect to maintain a threshold balance in your TA based upon the amount of debit activity in your Securities Account. You will earn the same rate of interest and receive the same level of FDIC insurance coverage (with respect to your Deposit Accounts at Bank USA) regardless of the allocation of your funds between your MMDA and TA.

#### *Withdrawal Procedures: The Business Program*

UBS, as your agent, will satisfy any debits or charges in your Securities Account by withdrawing funds as set forth in the General Terms and Conditions, which typically will be first from your Secondary Sweep Option. If there are not enough funds in your Secondary Sweep Option to satisfy debits or charges in your Securities Account, UBS, as your agent, will make the necessary withdrawals from your Business Account at Bank USA.

Debits are amounts due to UBS on settlement date for securities purchases, other transactions and fees associated with your Securities Account, including, without limitation, margin loans. Charges are amounts due to UBS for checks, bill payments and electronic funds transfers, UBS debit card purchases and cash withdrawals. No debits or charges, including, without limitation, charges resulting from check writing, will be satisfied directly from your Deposit Accounts at Bank USA or the AG Stamford Branch.

Federal banking regulations limit the number of non-exempt withdrawals from your Business Account at Bank USA to six (6) per calendar month.

Withdrawals to fund the purchase of securities will not be counted toward the withdrawal limit. Withdrawals to satisfy check, debit card and automatic bill pay transactions will be counted toward the withdrawal limit; multiple check, debit card and automatic bill pay debits incurred in your Securities Account on the same day will be counted as one (1) non-exempt withdrawal.

If you reach six (6) non-exempt withdrawals in a calendar month, all remaining funds in your Business Account at Bank USA will be withdrawn and deposited into your Secondary Sweep Option, which is not subject to withdrawal limits. **These funds will not be eligible for FDIC insurance until they are re-deposited into your Business Account at Bank USA.** For the remainder of the month, Free Cash Balances in your Securities Account will be swept to your Secondary Sweep Option, and all withdrawals will be made from your Secondary Sweep Option. On the first business day of the following month, funds will be withdrawn from your Secondary Sweep Option and deposited into your Business Account at Bank USA up to the Bank USA Sweep Cap.

#### *Prior Written Notice of Withdrawal*

As required by federal banking regulations, Bank USA and the AG Stamford Branch reserve the right to require seven (7) days prior written notice before permitting a withdrawal or transfer of funds from an MMDA, including a Business Account. Neither Bank USA nor the AG Stamford Branch has any intention of exercising this right at the present time.

### **III. Interest Rates**

#### *General*

Interest rates will be established periodically based on prevailing business and economic conditions, as well as the nature and scope of your relationship with us.

Interest rates paid on the Deposit Accounts may change daily. New interest rates will be made available on the business day following the day when the interest rate is set, and will apply to balances in the Deposit Accounts on the day it is made available.

If the Deposit Program is your sweep option, Bank USA will pay the same rate of interest on your TA and MMDA. If your Secondary Sweep Option for either Bank Sweep Program is Deposit Accounts at the AG Stamford Branch, the AG Stamford Branch will pay the same rate of interest on your TA and MMDA. For both Bank Sweep Programs, Bank USA and the AG Stamford Branch will generally pay the same rate of interest on Deposit Accounts. However, Bank USA and the AG Stamford Branch reserve the right to pay different interest rates on Deposit Accounts.

The interest rates offered through the Deposit Program and the Business Program will generally be the same. However, Bank USA and the AG Stamford Branch reserve the right to pay different interest rates.

Interest will accrue on the Deposit Account balances from the day funds are deposited at Bank USA or the AG Stamford Branch, as applicable, through the business day preceding the date of withdrawal from Bank USA or the AG Stamford Branch, as applicable. Interest on Deposit Account balances will be accrued daily, rounded up or down each day to the nearest \$0.01. **As a result, balances in the Deposit Accounts that earn daily total interest of less than half a cent will not accrue any interest.** Interest accrued through the fourth business day of the month will be credited to your Securities Accounts on the fifth business day of the month. Interest will not be subject to the Bank USA Sweep Cap until credited. Please note that due to year-end processes, in addition to the regular crediting of interest in January of each year, interest will also be credited on the first business day of January (as of the last business day in December).

**Interest rates paid on your Deposit Accounts may equal, exceed or be lower than the prevailing yield on the Sweep Funds.** The interest on the Deposit Accounts may be higher or lower than the interest rates available to depositors making deposits directly with Bank USA or the AG Stamford Branch, as applicable, or other depository institutions in comparable accounts. You should compare the terms, interest rates, required minimum amounts, charges and other features of the Deposit Accounts with other accounts and alternative investments.

*Interest Rate Tiers*

*Clients other than Plans and Plan Participants* Interest rates at Bank USA and the AG Stamford Branch are tiered based on the value of a client's eligible Marketing Relationship assets (as defined in the General Terms and Conditions). Generally, clients with a higher value of Marketing Relationship assets will receive higher interest rates on the Deposit Accounts than those with Marketing Relationship assets of a lower value.

*The Value of Eligible Marketing Relationship Assets*

The value of eligible Marketing Relationship assets will be calculated at the end of each calendar month. This valuation will then be used to determine the interest rate tier for the interest period beginning on the fifth business day of the next month.

If you establish a new Securities Account and have funds swept to Deposit Accounts through one of the Bank Sweep Programs, your Deposit Accounts will earn the interest rate assigned to the \$500,000 to \$999,999 interest rate tier until the value of eligible Marketing Relationship assets is calculated at the end of the following calendar month. However, if you have a pre-existing relationship with UBS, your Deposit Accounts will earn the interest rate assigned to the interest rate tier applicable to the amount of eligible Marketing Relationship assets held in your existing Securities Account(s) as of the prior calendar month-end.

*Plans and Plan Participants*

Interest rates on the Deposit Accounts at Bank USA and the AG Stamford Branch are tiered based on the value of the Plan's QP Relationship assets, as defined below.

In general, Plans with a higher value of QP Relationship assets will receive higher interest rates on the Deposit Accounts than Plans with QP Relationship assets of a lower value. A Plan Participant's interest rate tier is determined by the QP Relationship assets of the Plan.

*QP Relationship Assets*

UBS defines QP Relationship assets as the assets of a Plan held in Securities Accounts with the same employer identification number (EIN) or Tax ID Number and Plan name, including assets in Securities Accounts held by Plan Participants, if applicable. We reserve the right, in our sole discretion, to grant exceptions to our QP Relationship policies.

*The Value of QP Relationship Assets*

The value of QP Relationship assets will be calculated at the end of each calendar month. This valuation will then be used to determine the interest rate tier for the interest rate period beginning on the fifth business day of the next month.

The interest rate tiers for both Bank Sweep Programs, determined by eligible Marketing Relationship assets or QP Relationship assets, as applicable, are:

**Interest Rate Tiers**

\$10 million and more
\$2 million to \$9,999,999
\$1 million to \$1,999,999
\$500,000 to \$999,999
\$250,000 to \$499,999
Less than \$250,000

UBS reserves the right to change the interest rate tiers at any time without notice, including utilizing different tiers in the Deposit Program than in the Business Program. Information regarding current interest rates and interest rate tiers is available online at [ubs.com/sweepyields](http://ubs.com/sweepyields), through UBS Online Services or by calling your Financial Advisor.

**IV. Temporary Sweep Options**

Bank USA may stop accepting deposits (1) in its sole discretion at any time or (2) if it is prohibited from doing so by its banking regulators. If Bank USA stops accepting deposits, existing funds on deposit at Bank USA and in your Secondary Sweep Option will remain on deposit. On the business day on which Bank USA stops accepting deposits (Implementation Date), you agree and authorize us, without additional notice to you, to sweep your Free Cash Balances to a "Temporary Sweep Option." The interest rate or yield on the Temporary Sweep Option may be higher or lower than the interest rate on your Deposit Accounts at Bank USA. We will determine whether you have exceeded your Bank USA Sweep Cap based on the total balances in your Deposit Accounts at Bank USA and in your Secondary Sweep Option as of the Implementation Date. **For all Securities Accounts that have the UBS Liquid Assets Government Fund as their Secondary Sweep Option, the Temporary Sweep Option will be the UBS Liquid Assets Government Fund.** For all other Securities Accounts:

- If you have not exceeded your Bank USA Sweep Cap as of the Implementation Date, your Temporary Sweep Option will be the UBS RMA Government Money Market Fund (or such other fund that may replace such fund) (RMA Government Money Market Fund). If RMA Government Money Market Fund is your Secondary Sweep Option as of the Implementation Date, your Secondary Sweep Option will be your Temporary Sweep Option.
- If you have exceeded your Bank USA Sweep Cap as of the Implementation Date, your Secondary Sweep Option will be your Temporary Sweep Option.
- If you have exceeded your Bank USA Sweep Cap as of the Implementation Date, and if at any time after the Implementation Date your total balances in Bank USA and your Secondary Sweep Option drop below the Bank USA Sweep Cap, your Temporary Sweep Option will change from your Secondary Sweep Option to RMA

Government Money Market Fund. If your Secondary Sweep Option is RMA Government Money Market Fund, your Temporary Sweep Option will not change.

We will continue to sweep your Free Cash Balances to your Temporary Sweep Option until such time, if ever, that Bank USA resumes accepting deposits.

#### *Continuation of Transaction Limits for the UBS Business Account Sweep Program*

If the UBS Business Account Sweep Program is your Sweep Option, withdrawals from your Business Account at Bank USA will continue to be limited to six non-exempt withdrawals per calendar month. If you reach six non-exempt withdrawals from Bank USA in a calendar month after the Implementation Date, your funds will be withdrawn from your Business Account at Bank USA and deposited in your Secondary Sweep Option, even if your Secondary Sweep Option is not your Temporary Sweep Option.

Unless Bank USA advises UBS otherwise, on the first business day of the next calendar month, funds up to the Bank USA Sweep Cap will be withdrawn from your Secondary Sweep Option and deposited into your Business Account at Bank USA. If your Secondary Sweep Option is also your Temporary Sweep Option, funds withdrawn from your Secondary Sweep Option and deposited into your Business Account at Bank USA on the first business day of the next calendar month may include funds that were swept to your Temporary Sweep Option after the Implementation Date.

If, however, Bank USA has notified UBS that these additional deposits will not be accepted, funds will not be withdrawn from your Secondary Sweep Option and deposited into your Business Account at Bank USA. Funds will remain in your Secondary Sweep Option.

#### *Order of Withdrawals*

The order of withdrawals to satisfy debits in your Securities Account will not change if Bank USA stops accepting deposits or if Bank USA resumes accepting deposits. Withdrawals will follow the same order as described in the General Terms and Conditions governing your Securities Account: (1) from Free Cash Balances, (2) from taxable Sweep Funds, (3) from tax-advantaged Sweep Funds, (4) from deposits at the AG Stamford Branch, and (5) from deposits at Bank USA.

#### *RMA Government Money Market Fund Prospectus*

You may obtain a copy of RMA Government Money Market Fund's prospectus from your Financial Advisor or online at [ubs.com/usmoneymarketfundsholdings](http://ubs.com/usmoneymarketfundsholdings). Yields on RMA Government Money Market Fund may be less than the yields on the other Sweep Funds and the interest rates offered by Bank USA and the AG Stamford Branch.

#### *No Prior Notice Before Free Cash Balances Begin Sweeping to Your Temporary Sweep Option*

You will not receive prior notice if Bank USA stops taking deposits and Free Cash Balances have begun sweeping to your Temporary Sweep Option, but you will be notified as follows:

- Notices will be posted to our public and private websites not later than the Implementation Date.
- Your Securities Account statements will indicate your Temporary Sweep Option by showing the balances in, and name of, your Temporary Sweep Option.
- Your next quarterly Securities Account statement will include a notice regarding the change unless the Implementation Date occurs on a date so close to when Securities Account statements are prepared that it makes such notice impractical.
- You will receive a prospectus for RMA Government Money Market Fund if your Free Cash Balances are being swept to that fund, unless you held balances in that fund prior to the Implementation Date, and already received the prospectus.

#### *Election by Bank USA to Resume Accepting Deposits*

If Bank USA subsequently resumes accepting deposits, upon 30 days' prior written notice to you, we will resume sweeping your Free Cash Balances to Deposit Accounts at Bank USA in accordance with the terms of the Bank Sweep Programs. **Please note that Bank USA has no obligation to resume accepting deposits.**

#### **V. UBS AG and the AG Stamford Branch**

*Overview of UBS AG and the AG Stamford Branch* UBS AG is organized under Swiss company law as a corporation and is authorized to engage in banking activity pursuant to the Federal Banking Law of Switzerland. UBS AG is a subsidiary of UBS Group AG, which is the parent company of the UBS group of companies (all subsidiaries and affiliates, including UBS AG, Bank USA and UBS Financial Services Inc.) (Group). The Group engages primarily in wealth management, retail and corporate banking, investment banking and asset management. The Group operates in many countries around the world and is a leading provider of coordinated global services to multinational corporations and financial institutions in the world's main financial centers.

The AG Stamford Branch is a legal and operational extension of UBS AG and is not a separately-capitalized entity. The AG Stamford Branch operates pursuant to a license granted by the Connecticut Department of Banking (DOB) and is supervised by the Board of Governors of the Federal Reserve System (Board). The AG Stamford Branch is authorized to engage in the same broad range of banking activities as branches of U.S. banks. Deposit Accounts at the AG Stamford Branch are not eligible for insurance by the FDIC, SIPC 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 [www.moodys.com](http://www.moodys.com) and [www.standardandpoors.com](http://www.standardandpoors.com). You will be asked to register before gaining access to the ratings information, but will not be charged a fee.

A credit rating is not a recommendation by the credit rating agency, UBS, UBS Group AG, UBS AG or the AG Stamford Branch to purchase, hold or sell an investment or a Deposit Account inasmuch as a credit rating does not comment as to investment return or suitability for a particular investor. A credit rating assigned to UBS AG is solely the view of the assigning credit rating agency; addresses the likelihood of the payment of UBS AG's liabilities according to their terms; and is subject to any limitation that the assigning credit rating agency may impose.

UBS is not obligated to notify you of any changes in the credit rating of UBS AG or the AG Stamford Branch, and you should not rely on such notification.

Under certain circumstances, such as a violation of any law, unsafe business practices or the initiation of liquidation proceedings against UBS, the DOB or the appropriate Federal banking agency, in the event of a liquidation proceeding, is authorized to take possession of the business and property of the AG Stamford Branch. Should such circumstances arise, acceptance or rejection of creditor claims against the AG Stamford Branch and UBS AG by the DOB or the appropriate Federal banking agency will not prejudice such creditor rights to share in the assets of UBS AG.

#### *Availability of Certain UBS Group AG Documents*

UBS Group AG is required to submit to the Board, within four months of the close of its fiscal year, an Annual Report of Foreign Banking Organizations (Annual Report). Among other things, this Annual Report requires the submission of consolidated financial statements of UBS Group AG's subsidiaries, share and shareholder information, risk-based capital ratios, and information concerning the ownership and structure of UBS Group AG's operations.

UBS Group AG must also report within 30 days of their occurrence any significant changes in its U.S. operations. A copy of the Annual Report (Form FR Y-7) filed by UBS Group AG may be obtained by request by facsimile (202-872-7565) or electronically (see instructions at <http://www.federalreserve.gov/forms/efoiaform.aspx>).

UBS Group AG files annual reports on Form 20-F and other information with the Securities and Exchange Commission (SEC). Among other things, this report contains UBS Group AG's financial and operating performance for the most recently completed fiscal year, consolidated financial statements and the accompanying notes, and a summary of risks associated with UBS Group AG's businesses.

The most recent information filed with the SEC automatically updates and supersedes earlier information. The documents filed with the SEC are publicly available by accessing the SEC's EDGAR filing system at <http://www.sec.gov/edgar/searchedgar/companysearch.html>.

UBS AG files quarterly a Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks (Report) with respect to the AG Stamford Branch. The Report is publicly available by accessing the National Information Center's website at <http://www.ffiec.gov/nicpubweb/nicweb/NicHome.aspx>.

UBS does not guarantee in any way the financial condition of UBS Group AG, UBS AG or the AG Stamford Branch or the accuracy of any publicly-available financial information concerning UBS Group AG, UBS AG or the AG Stamford Branch.

In deciding whether to have Deposit Accounts at the AG Stamford Branch as your Secondary Sweep Option, you must rely on your own examination of UBS AG and the AG Stamford Branch and the terms and conditions of the Deposit Accounts, including the merits and risks involved.

UBS is not obligated to inform you of any changes in the financial condition of UBS Group AG, UBS AG or the AG Stamford Branch, and you should not rely on such notification.

#### **VI. Viewing Information About Your Deposit Accounts**

All activity in your Deposit Accounts at Bank USA and the AG Stamford Branch, including the initial deposit, opening and closing balances, and any interest earned for the period, will appear on your periodic Securities Account statement.

With UBS Online Services, you can view your UBS Securities Account information and monitor balances in your Deposit Accounts online at any time. To enroll, contact your Financial Advisor. UBS Online Services is free of charge for all Securities Accounts.

#### **VII. Changes to the Bank Sweep Programs**

UBS may modify or terminate either Bank Sweep Program at any time in its sole discretion. Modifications to the Bank Sweep Programs may include, but are not limited to, changing the terms and conditions, adding or eliminating depository institutions and adding or eliminating Secondary Sweep Options. Changes to a Bank Sweep Program will be effective as described in the General Terms and Conditions.

We will notify you in advance of any material changes to the Bank Sweep Program in which you participate. If additional depository institutions are added to the Bank Sweep Program in which you participate, we will give you the opportunity to designate the new depository institution as ineligible to receive your deposits before any funds are deposited into a new depository institution.

If we eliminate the Bank Sweep Program in which you participate or you become ineligible for that Bank Sweep Program, we may upon 30 days advance notice to you withdraw your funds from your Deposit Accounts and

place your funds in the available sweep option for which you are eligible.

#### **VIII. Notices**

All notices to you regarding the Bank Sweep Programs may be by means of a letter, an entry on your periodic Securities Account statement, an entry on a trade confirmation or by any means set forth in the General Terms and Conditions.

#### **IX. Your Relationship with UBS, Bank USA, UBS AG and the AG Stamford Branch**

Under the Bank Sweep Programs, UBS acts as your agent in establishing Deposit Accounts at Bank USA and the AG Stamford Branch, and depositing funds into them and withdrawing funds from them. As a client of UBS, you will not have a direct account relationship with Bank USA, the AG Stamford Branch or UBS AG.

Your ownership of the deposited funds will be evidenced by a book entry on the records of Bank USA and the AG Stamford Branch, as applicable, and by the records UBS maintains as your custodian. No passbook, certificate or other evidence of ownership will be issued to you. As discussed above, your periodic Securities Account statements will reflect the balances in your Deposit Accounts at Bank USA and the AG Stamford Branch. You should retain the statements for your records.

Each Deposit Account at Bank USA constitutes an obligation only of Bank USA, and is not guaranteed directly or indirectly by UBS AG, UBS or any of their other subsidiaries or affiliates. Each Deposit Account at the AG Stamford Branch constitutes an obligation of the AG Stamford Branch only, and is not guaranteed directly or indirectly by UBS or Bank USA. The payment of principal and interest on the Deposit Accounts at the AG Stamford Branch is subject to the creditworthiness of UBS AG. Publicly available financial information about Bank USA is available at <http://www.ffiec.gov/nicpubweb/nicweb/NicHome.aspx> or by contacting the FDIC Public Information Center by mail at L. William Seidman Center, Virginia Square, 3501 North Fairfax Drive, Arlington, Virginia 22226 or by phone at 703-562-2200.

Sources for publicly available financial information about UBS AG and the AG Stamford Branch are set forth above.

**UBS may, in its sole discretion and without notice, terminate your participation in a Bank Sweep Program at any time. Similarly, you may terminate your participation in a Bank Sweep Program at any time by contacting your Financial Advisor.**

**In either case, unless you are a Plan Participant, you may establish a direct relationship with Bank USA or the AG Stamford Branch, subject to the policies of Bank USA or the AG Stamford Branch, as applicable, by requesting to have the Deposit Accounts established in your name. This will result in the separation of the Deposit Accounts from your Securities Account. If you are a Plan Participant, you may not establish a direct relationship with Bank USA or the AG Stamford Branch by requesting to have the Deposit Accounts established in your name unless permitted by the documents governing the Plan, and subject to the policies of Bank USA or the AG Stamford Branch, as applicable.**

UBS will receive an annual fee from Bank USA of up to \$25 for each UBS Securities Account that sweeps into one or more Deposit Accounts at Bank USA, and an annual fee from the AG Stamford Branch of up to \$25 for each UBS Securities Account that sweeps into Deposit Accounts at the AG Stamford Branch, to the extent permitted by law. UBS reserves the right to increase, decrease or waive all or part of this fee.



Other than applicable fees and charges imposed by UBS on your Securities Account (such as for returned checks or stop-payments), which are described in the "Fees and Charges" section of the Agreements and Disclosures booklet, there will be no charge, fee or commission imposed on your Securities Account with respect to the Bank Sweep Programs.

#### **X. Benefits to UBS and Its Affiliates**

Bank USA and the AG Stamford Branch use the cash balances in the Deposit Accounts to fund new lending and investment activity. Bank USA and the AG Stamford Branch will seek to make a profit by achieving a positive "spread," or difference, between (a) the sum of the amount of interest that they pay for deposits, and (b) the sum of the amount of interest that they charge for loans and the return on investments made with any deposits that they do not need to fund loans.

As with other depository institutions, the profitability of Bank USA and the AG Stamford Branch is determined largely by the difference between the interest paid and the costs associated with their deposits, and the interest or other income earned on their loans, investments and other assets.

Like other depository institutions, Bank USA and the AG Stamford Branch improve their profitability when they lower the interest rates paid on their deposits, including the Deposit Accounts. Neither Bank USA nor the AG Stamford Branch has any obligation to pay interest based upon their profitability or the income earned on their loans, investments or other assets.

In connection with the Sweep Funds, UBS receives (1) service fees from certain of the Sweep Funds via payments by their principal underwriter, (2) transfer agency related delegated service fees from the transfer agent for those same Sweep Funds and (3) revenue sharing payments for the same Sweep Funds from UBS Asset Management (Americas) Inc. (UBS AM) related to assets in the funds. Service fees are paid monthly at an annual rate of up to 0.25% of a fund's average daily net assets. Revenue sharing payments for the funds are paid to UBS by UBS AM and may not exceed 0.12% of the fund's average daily net assets.

Your Financial Advisor does not receive a portion of the revenue sharing payments or the fees received from Bank USA or the AG Stamford Branch for the Deposit Accounts.

#### **XI. FDIC Insurance**

##### *General Information*

**Deposit Accounts at the AG Stamford Branch are not insured by the FDIC, SIPC or any governmental agency of the United States, Switzerland or any other jurisdiction.**

**Deposit Accounts at the AG Stamford Branch are obligations of the AG Stamford Branch only, and are not obligations of UBS or of any of its other affiliates. The payment of principal and interest on Deposit Accounts at the AG Stamford Branch is subject to the creditworthiness of UBS AG.**

**In the unlikely event of the failure of the AG Stamford Branch, you will be a general unsecured creditor of UBS AG.**

In general, Deposit Accounts at Bank USA are insured by the FDIC, an independent agency of the U.S. government, to a maximum amount equal to \$250,000 per depositor (including principal and accrued interest) when aggregated with all other deposits held by the depositor in the same insurable capacity at Bank USA. As described below, the Deposit Accounts of certain depositors, including Plans and trusts, will be eligible for insurance on a "pass-through" basis based upon the interests of participants in the Plans or beneficiaries of the trusts.

Your funds become eligible for deposit insurance immediately upon placement in your Deposit Accounts at Bank USA. Generally, any accounts or deposits (including certificates of deposit issued by Bank USA) that you maintain directly with Bank USA, or through an intermediary (such as UBS) 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.

In the unlikely event that Bank USA should fail, the Deposit Accounts are insured, up to the maximum insurance amount, for principal and interest accrued to the day Bank USA is closed. Interest is determined for insurance purposes in accordance with federal law and regulations.

Note that if you hold multiple Securities Accounts with UBS in the same insurable capacity that sweep Free Cash Balances through the Bank Sweep Programs, once cash in those Securities Accounts exceeds \$250,000 in the aggregate, then your funds on deposit with Bank USA will exceed FDIC insurance coverage limits.

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

Neither UBS nor UBS AG will be responsible for any insured or uninsured portion of the Deposit Accounts, CDs or any other deposits at Bank USA.

In the unlikely event that federal deposit insurance payments become necessary, payments of principal plus unpaid and accrued interest will be made to you. There is no specific time period during which the FDIC must make insurance payments available. You may be required to provide documentation to the FDIC and UBS before insurance payments are made. For example, if you hold deposits as trustee for the benefit of trust participants, you may be required to furnish affidavits and provide indemnities regarding an insurance payment.

Under certain circumstances, if you become the owner of deposits at Bank USA because another depositor dies, beginning six months after the death of the depositor, the FDIC will aggregate those deposits to calculate the maximum insurance amount with any other deposit that you own in the same insurable capacity at Bank USA.

Examples of accounts that may be subject to this FDIC policy include joint accounts, "payable on death" accounts and certain trust accounts.

The FDIC provides the six-month "grace period" to permit you to restructure your deposits to obtain the maximum amount of deposit insurance for which you are eligible. If deposits in your Deposit Accounts or other deposits at Bank USA are assumed by another depository institution as a result of a merger or consolidation, such deposits will continue to be separately insured from deposits that you might have established with the acquirer until the expiration of a six-month period from the date of the acquisition.

Thereafter, any assumed deposits will be aggregated with your existing deposits with the acquirer held in the same insurable capacity for purposes of federal deposit insurance. Any deposit opened at the depository institution after the acquisition will be aggregated with deposits established with the acquirer for purposes of federal deposit insurance as well.

The application of FDIC insurance coverage is illustrated by several common factual situations discussed below.

**Individual Accounts**

Deposits owned by an individual and held in an account in the name of an agent or nominee of such individual (such as the Deposit Accounts at Bank USA held through UBS) or held by a custodian (for example, under the Uniform Gifts to Minors Act or the Uniform Transfers to Minors Act) are not treated as owned by the agent, nominee or custodian, but are added to other deposits of that individual held in the same insurable capacity (including funds held in a sole proprietorship) and are insured up to \$250,000 in the aggregate.

**Joint Accounts**

An individual's interest in deposits held under any form of joint ownership valid under applicable state law may be insured up to \$250,000 in the aggregate, separately and in addition to the \$250,000 allowed on other deposits individually owned by any of the co-owners of such accounts (referred to here as a "Joint Account").

For example, a Joint Account owned by two persons would be eligible for insurance coverage of up to \$500,000 (\$250,000 for each person), subject to aggregation with each owner's interests in other Joint Accounts at the depository institution. Joint Accounts will be insured separately from individually owned accounts only if each of the co-owners is an individual person, has signed a UBS account agreement and has a right of withdrawal on the same basis as the other co-owners.

**Corporate, Partnership and Unincorporated Association Accounts**

Deposits at any one depository institution owned by corporations (including Subchapter S corporations), partnerships and unincorporated associations, operated for a purpose other than to increase deposit insurance, are added together with other deposits owned by such corporation, partnership and unincorporated association, respectively, and are insured up to \$250,000 in the aggregate.

**Revocable Trust Accounts**

Deposits at any one depository institution held in a "revocable trust" are generally insured up to \$250,000 per beneficiary if the beneficiary is a natural person, charity or other non-profit organization. There are two types of revocable trusts recognized by the FDIC: informal and formal.

*Informal revocable trusts* include deposits in which the owner shows an intent that, at his or her death, the deposits shall belong to one or more specified beneficiaries. These trusts may be referred to as a "Totten trust" account, "payable upon death" account or a "transfer on death" account. Each beneficiary must be included in UBS's account records.

*Formal revocable trusts* are written trust arrangements in which the owner retains ownership and control of the assets and designation of beneficiaries during his or her lifetime. The trusts may be referred to as "living" or "family" trusts. The identities of the beneficiaries of a formal revocable trust do not need to be included in UBS's account records.

Under FDIC rules, if a revocable trust has five or fewer beneficiaries, FDIC coverage will be up to \$250,000 per beneficiary, multiplied by the number of beneficiaries, regardless of the proportional interests of each beneficiary in the revocable trust. If the trust has six or more beneficiaries, the funds will be insured for the greater of \$1,250,000 or the aggregate amount of all beneficiaries' proportional interest, limited to \$250,000 per beneficiary.

Deposits in all revocable trusts of the same owner—informal and formal—at the same depository institution will be aggregated for insurance purposes. A revocable trust established by two owners where the owners are the sole beneficiaries will be treated as a Joint Account under applicable rules and will be aggregated with other Joint Accounts.

**Irrevocable Trust Accounts**

Deposits established pursuant to an irrevocable trust agreement created by the same grantor (as determined under applicable state law) will be insured for up to \$250,000 per beneficiary provided that the beneficiary's interest is non-contingent (in other words, capable of determination without evaluation of contingencies).

According to the FDIC, Coverdell Education Savings Accounts should be treated as irrevocable trust accounts for deposit insurance purposes. The deposit insurance of each beneficiary's interest is separate from the coverage provided for other accounts maintained by the beneficiary, the grantor, the trustee or other beneficiaries. A beneficiary's interest in funds held in irrevocable trust accounts created by the same grantor at the same depository institution will be aggregated and insured up to \$250,000.

**Medical Savings Accounts**

Deposits held in a Medical Savings Account, sometimes referred to as an Archer Medical Savings Account, will be eligible for deposit insurance as either an individual account, a revocable trust account or an employee benefit plan. You may wish to consult with your attorney or the FDIC to determine the available coverage.

**Individual Retirement Accounts**

Deposits held in an IRA, including traditional, Roth, SEP and SIMPLE IRAs, are insured up to \$250,000 in the aggregate. Deposits held in an IRA will be aggregated with deposits held in some other retirement plans in which the owner of the IRA has an interest.

**Employee Benefit Plans**

The amount of deposit insurance for which deposits of one bank held through one or more employee benefit plans will be eligible, including whether deposits held by each plan will be considered separately from or aggregated with deposits held by other plans and, in some cases, deposits held at the same bank through an IRA, will vary depending on the type of plan. It is therefore important to understand the type of plan holding the deposits. The following sections generally discuss the rules that apply to deposits held by employee benefit plans.

*Pass-Through Deposit Insurance for Employee Benefit Plan Deposits.* Subject to the limitations discussed below, under FDIC regulations a participant's non-contingent interests in the deposits of one bank held by many types of employee benefit plans are eligible for insurance up to \$250,000 on a "pass-through" basis. This means that instead of the deposits of one bank held by an employee benefit plan being eligible for only \$250,000 of insurance in total, each employee benefit plan participant is eligible for insurance of his or her non-contingent interest in the employee benefit plan up to \$250,000, subject to the aggregation of the participant's interests in different plans, as discussed below under "Aggregation of Employee Benefit Plan Deposits."

The pass-through insurance provided to an employee benefit plan participant is separate from the \$250,000 federal deposit insurance limit allowed on deposits held by the individual in different insurable capacities at the same bank (e.g., individual accounts, joint accounts, etc.)

The types of plans for which deposits may receive pass-through treatment are employee benefit plans, as defined in Section 3(3) of ERISA (including Keogh plans, whether or not they are technically "employee benefit plans" under ERISA) and eligible deferred compensation plans described in Section 457 of the Code. For purposes of Section 3(3) of ERISA, employee benefit plans are broadly defined to include most employee benefit plans, including most defined benefit plans and most defined contribution plans.

**Defined Benefit Plans**

The value of an employee's non-contingent interest in a defined benefit plan will be equal to the present value of the employee's interest in the plan, evaluated in accordance with the calculation ordinarily used under such plan.

Deposits of one bank held by a defined benefit plan that are eligible for pass-through treatment are not insured for an amount equal to the number of plan participants multiplied by \$250,000. For example, a plan has \$500,000 on deposit in one bank. The employee benefit plan has two participants, one with a non-contingent interest of \$425,000 and one with a non-contingent interest of \$75,000. In this case, the employee benefit plan's deposits would be insured only up to \$325,000; the plan would be eligible for up to \$250,000 for the participant with the \$425,000 non-contingent interest and up to \$75,000 for the participant with the \$75,000 non-contingent interest. Overfunded amounts, which are any portion of a plan's deposits not attributable to the interests of beneficiaries under the plan, are insured, in the aggregate, up to \$250,000 separately from the insurance provided for any other funds owned by or attributable to the employer or a plan participant.

#### *Defined Contribution Plans*

The value of an employee's non-contingent interest in deposits of one bank held through a defined contribution plan will be equal to the amount of funds on deposit attributable to the employee's account with the plan, regardless of whether the funds on deposit resulted from contributions made by the employee, the employer, or both.

Portions of deposits at one bank held by an employee benefit plan that are attributable to the contingent interests of employees in the plan are not insured on a pass-through basis. Contingent interests of employees in an employee benefit plan are interests that are not capable of evaluation in accordance with FDIC rules, and are insured up to \$250,000 per plan.

#### *Aggregation of Employee Benefit Plan Deposits.*

Under FDIC regulations, an individual's interests in plans maintained by the same employer or employee organization (e.g., a union) that are holding deposits at the same bank will be insured for \$250,000 in the aggregate. In addition, under FDIC regulations, an individual's interest in deposits at one bank held by (i) IRAs, (ii) deferred compensation plans for certain employees of state or local governments or tax-exempt organizations (i.e., Section 457 Plans), (iii) self-directed Keogh Plans of owner-employees described in Section 401(d) of the Code, and (iv) participant-directed defined contribution plans, will be insured for up to \$250,000 in the aggregate whether or not maintained by the same employer or employee organization.

#### *Questions about FDIC Deposit Insurance Coverage*

If you have questions about basic FDIC insurance coverage, please contact your Financial Advisor. You may wish to seek advice from your own attorney concerning FDIC insurance coverage of deposits held in more than one insurable capacity. You may also obtain information by contacting the FDIC:

- By mail: Deposit Insurance Outreach, Division of Supervision and Consumer Affairs 550 17th Street N.W., Washington, D.C. 20429
- By phone: 877-275-3342 or 800-925-4618 (TDD)
- By e-mail: via the FDIC's Online Customer Assistance Form, available at: <https://www2.fdic.gov/starsmail/index.asp>
- Online: [www.fdic.gov/deposit/index.html](http://www.fdic.gov/deposit/index.html)

### **XII. Securities Investor Protection Corporation Protection**

UBS is a member of SIPC, which provides protection for your Securities Account(s) with UBS up to \$500,000, including \$250,000 for Free Cash Balances in the unlikely event that UBS fails financially. SIPC asset protection limits apply, in the aggregate, to all Securities Accounts that you hold in a particular legal capacity.

Sweep Funds are not bank deposits, are not protected by the FDIC, are not bank guaranteed, and may lose value. However, shares in the Sweep Funds held in your Securities

Account(s) are covered by SIPC and the insurance we have obtained for your benefit.

### **XIII. Alternatives to the Bank Sweep Programs Securities Accounts That Are Not Tax-Advantaged (excluding Basic Investment Accounts)**

Unless you are a resident of Puerto Rico, UBS does not offer sweep options other than the Bank Sweep Programs for the investment of Free Cash Balances for Securities Accounts that are not tax-advantaged (and are not Basic Investment Accounts). If you choose not to participate in one of the Bank Sweep Programs, Free Cash Balances will remain in your Securities Accounts and will not earn interest. To elect to have Free Cash Balances remain in your Securities Account, please contact your Financial Advisor.

If you are a resident of Puerto Rico, you may elect to have your Free Credit Balances swept into the Puerto Rico Short Term Investment Fund, Inc. The Puerto Rico Short Term Investment Fund, Inc. is offered exclusively to Puerto Rico residents as defined in the Fund's prospectus. The Puerto Rico Short Term Investment Fund, Inc. is not a money market fund registered under the U.S. Investment Company Act of 1940, as amended, does not comply with rules applicable to U.S. registered funds and presents a higher degree of risk than those funds. The Puerto Rico Short Term Investment Fund, Inc. is sold by prospectus only, is **not FDIC-insured, is not bank guaranteed, and may lose value.**

If you are a resident of Puerto Rico, you may select the Puerto Rico Short Term Investment Fund, Inc. as your sweep option when you open your Securities Account or by contacting your Financial Advisor at any time. Please note that Plans and Plan Participants, Basic Investment Accounts, IRAs and other tax-deferred accounts are not eligible to select the Puerto Rico Short Term Investment Fund Inc. as their sweep option.

#### *Tax-Advantaged Securities Accounts and Basic Investment Accounts*

Other than the Bank Sweep Programs, UBS does not offer sweep options for the investment of Free Cash Balances for tax-advantaged Securities Accounts or Basic Investment Accounts, whether tax-advantaged or not. Tax-advantaged Securities Accounts include, but are not limited to, Securities Accounts of Plans, Plan Participants and IRAs. If your tax-advantaged Securities Account or Basic Investment Account is a Brokerage Account and you choose not to participate in one of the Bank Sweep Programs, Free Cash Balances will remain in your Securities Accounts and will not earn interest. If your tax-advantaged Securities Account or Basic Investment Account is an Advisory Account, Free Cash Balances must be swept through one of the Bank Sweep Programs.

Whether or not you choose to have Free Cash Balances swept through one of the Bank Sweep Programs, UBS offers a number of investment products that you may wish to consider as alternatives to maintaining cash deposits at Bank USA and the AG Stamford Branch through one of the Bank Sweep Programs or not having Free Cash Balances swept from your Securities Account.

Consider your investment objectives, liquidity needs and risk tolerance when you review these alternatives. Some of these alternatives may pay an interest rate or dividend that is higher than the rate you receive on the Deposit Accounts; others may not.

While deposits in the Deposit Accounts at Bank USA, certificates of deposit and any other available deposit products offered by FDIC-insured depository institutions are covered by FDIC insurance up to applicable limits, other investment alternatives, such as money market funds, are not FDIC-insured, are not guaranteed by a bank and may lose value.

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# UBS International Deposit Account Sweep Program Disclosure

## Summary

Through the UBS International Deposit Account Sweep Program ("IDA"), UBS Financial Services Inc. (UBS Financial Services Inc., we, our or us), as your agent, will automatically deposit, or "sweep," Free Cash Balances in your securities account ("Securities Account") into a demand deposit account at the New York Branch of UBS AG ("New York Branch"), a Swiss Bank. "Free Cash Balances" are available cash balances in your Securities Account that are not required to pay debits or charges. At the end of each business day, funds in your deposit account at the New York Branch ("New York Deposit Account") will be transferred to an overnight deposit account at the Cayman Islands Branch ("Cayman Branch") of UBS AG. At the beginning of the next business day, the balances in your deposit account at the Cayman Branch ("Cayman Deposit Account") will be transferred to your New York Deposit Account.

The Cayman Branch will pay interest on your Cayman Deposit Account, but the New York Branch will not pay interest on your New York Deposit Account.

**Balances in your New York Deposit Account and your Cayman Deposit Account are not insured by the Federal Deposit Insurance Corporation ("FDIC"), nor protected by the Securities Investor Protection Corporation ("SIPC") or any governmental agency of the United States, Switzerland or any other jurisdiction. Your New York Deposit Account is an obligation of the New York Branch only, and your Cayman Deposit Account is an obligation of the Cayman Branch only. Neither deposit account is an obligation of UBS Financial Services Inc. In the unlikely event of the failure of either the New York Branch or the Cayman Branch, you will be a general unsecured creditor of UBS AG.**

**All funds on deposit at the Cayman Branch are payable only at the Cayman Branch and thus are temporarily exposed to the sovereign risk of the Cayman Islands.** As used herein, "sovereign risk" is the risk, however remote, of political instability in the Cayman Islands that could result in the nationalization of Cayman Islands banks by the government of the Cayman Islands.

## Eligibility

Generally, the IDA is available to clients who have Securities Accounts with UBS Financial Services Inc. and do not reside in the United States or are not organized in the United States. The IDA may not be available to all clients who do not reside in the United States or are not organized in the United States.

## How IDA works

### Deposit Procedures

Each business day, UBS Financial Services Inc., as your agent, will deposit Free Cash Balances of \$1.00 or more into your New York Deposit Account. At the close of each business day, all of the funds in your New York Deposit Account will be transferred to your Cayman Deposit Account. At the beginning of each business day, the funds in your Cayman Deposit Account will be transferred to your New York Deposit Account. Business days are Monday through Friday, excluding bank holidays in the State of New York and the Cayman Islands, and New York Stock Exchange holidays. Your funds in the Cayman Deposit Account will remain in your Cayman Deposit Account on days that are not business days.

Interest will accrue daily on balances in your Cayman Deposit Account, but not on balances in your New York Deposit Account. Interest will be credited to your Cayman Deposit Account at the end of each month and included in the balances transferred to your New York Deposit Account the next business day.

### Withdrawal Procedures

UBS Financial Services Inc., as your agent, will satisfy debits or charges to your Securities Account by withdrawing funds as set forth in the "General Terms and Conditions" in the Agreements and Disclosures booklet, which will be first from Free Cash Balances. If your Free Credit Balances are not sufficient to satisfy debits or charges in your Securities Account, we, as your agent, will make the necessary withdrawals from your New York Deposit Account. No withdrawals will be made from your Cayman Deposit Account. Debits are amounts due to us on settlement date for securities purchases, other transactions and fees associated with your Securities Account, including, without limitation, margin loans. Charges are amounts due to us for checks, bill payments and electronic funds transfers, debit card purchases and cash withdrawals. No debits or charges, including, without limitation, charges resulting from check writing, will be satisfied directly from balances in your New York Deposit Account or your Cayman Deposit Account.

If you wish to request a withdrawal from your New York Deposit Account on a business day, you must contact your Financial Advisor by the time specified by us (currently noon in New York City, but subject to change) for the withdrawal to be made on that business day. Requests made after the specified time will be made on the next business day.

### No FDIC deposit insurance, No SIPC protection

Your New York Deposit Account and your Cayman Deposit Account are neither insured by the FDIC, nor protected by SIPC or any governmental agency of the United States, Switzerland or any other jurisdiction. Your New York Deposit Account and your Cayman Deposit Account are obligations solely of the respective branches. The payment of principal and interest on these deposit accounts is subject to the creditworthiness of UBS AG. In the unlikely event of the failure of either the New York Branch or the Cayman Branch, you will be a general unsecured creditor of UBS AG. For more information, please see the section headed "UBS AG, the New York Branch and the Cayman Branch."

### Interest rates

The interest rate on your Cayman Deposit Account is determined by the Cayman Branch, based on a variety of factors, including economic and business conditions. Your interest rate will be affected by the compensation paid to us as described below in "Benefits to UBS Financial Services Inc. and Its Affiliates." The interest rate may change daily. New interest rates will be made available on the business day following the day when the interest rate is set, and will apply to your Cayman Deposit Account on the day it is made available. Information concerning the current interest rate is available by calling your Financial Advisor or by visiting our website at <http://www.ubs.com/us/en/wealth/misc/accountsweepyields.html>.

The New York Branch will not pay interest on your New York Deposit Account.

The interest rate on your Cayman Deposit Account may be higher or lower than the interest rate available to depositors making deposits directly with the New York Branch or the Cayman Branch or to depositors at other depository institutions on comparable accounts. You should compare the terms, interest rates and other features of the account with alternative investments.

### **UBS AG, the New York Branch and the Cayman Branch**

*Overview of UBS AG, the New York Branch and the Cayman Branch*

UBS AG is organized under Swiss company law as a corporation and is authorized to engage in banking activity pursuant to the Federal Banking Law of Switzerland. UBS AG is a subsidiary of UBS Group AG, which is the parent company of all UBS affiliates and subsidiaries, including UBS Financial Services Inc. ("UBS Group"). The UBS Group engages primarily in wealth management, retail and corporate banking, investment banking and asset management. The UBS Group operates in many countries around the world and is a leading provider of coordinated global services to multinational corporations and financial institutions in the world's main financial centers.

The New York Branch and the Cayman Branch are legal and operational extensions of UBS AG and are not separately-capitalized entities. The New York Branch operates pursuant to a license granted by the U.S. Office of the Comptroller of the Currency and is supervised by the Board of Governors of the Federal Reserve System ("Board"). The New York Branch is authorized to engage in the same broad range of banking activities as branches of U.S. banks. The Cayman Branch is licensed and supervised by the Cayman Islands Monetary Authority. The Cayman Branch operates under a Category "B" banking license that permits the conduct of a broad range of banking activities anywhere in the world, although it imposes certain restrictions on the provision of services to Cayman Islands residents.

You may obtain the current credit ratings of UBS Group AG and UBS AG, as assigned by Fitch, Moody's and Standard & Poor's, at our investor relations website: [http://www.ubs.com/global/en/about\\_ubs/investor\\_relations/debt/ratings.html](http://www.ubs.com/global/en/about_ubs/investor_relations/debt/ratings.html).

A credit rating is not a recommendation by the credit rating agency, UBS Group AG, UBS Financial Services Inc., UBS AG, the New York Branch or the Cayman Branch to purchase, hold or sell an investment or a deposit account inasmuch as a credit rating does not comment on the investment return or suitability for a particular investor. A credit rating assigned to either UBS Group AG or UBS AG is: solely the view of the assigning credit rating agency; addresses the likelihood of the payment of UBS Group AG's or UBS AG's liabilities according to their terms; and is subject to any limitations that the assigning credit rating agency may impose.

We are not obligated to notify you of any changes in the credit ratings of UBS Group AG or UBS AG, and you should not rely on such notification.

Under certain circumstances, such as a violation of any law, unsafe business practices or the initiation of liquidation proceedings against UBS Financial Services Inc., the appropriate Federal banking agency is authorized to take possession of the business and property of the New York Branch. Should such circumstances arise, acceptance or rejection of creditor claims against the New York Branch and UBS AG by the appropriate Federal banking agency will not prejudice such creditor rights to share in the assets of UBS AG.

### *Availability of Certain UBS Group AG Documents*

UBS Group AG is required to submit to the Board, within four months of the close of its fiscal year, an Annual Report of Foreign Banking Organizations ("Annual Report"). Among other things, this Annual Report requires the submission of consolidated financial statements of UBS Group AG's subsidiaries, share and shareholder information, risk-based capital ratios, and information concerning the ownership and structure of UBS Group AG's operations.

UBS Group AG must also report within 30 days of their occurrence any significant changes in its U.S. operations. A copy of the Annual Report (Form FR Y-7) filed by UBS Group AG may be obtained by request by facsimile (202-872-7565) or electronically (see instructions at <http://www.federalreserve.gov/forms/efoiaform.aspx>).

UBS Group AG files annual reports on Form 20-F and other information with the Securities and Exchange Commission ("SEC"). Among other things, this report contains UBS Group AG's financial and operating performance for the most recently completed fiscal year, consolidated financial statements and the accompanying notes, and a summary of risks associated with UBS Group AG's businesses.

The most recent information filed with the SEC automatically updates and supersedes earlier information. The documents filed with the SEC are publicly available by accessing the SEC's EDGAR filing system at <http://www.sec.gov/edgar/searchedgar/companysearch.html>.

UBS AG files quarterly a Report of Assets and Liabilities of U.S. Branches and Agencies of Foreign Banks ("Report") with respect to the New York Branch. The Report is publicly available by accessing the National Information Center's website at <http://www.ffiec.gov/nicpubweb/nicweb/NicHome.aspx>.

UBS Financial Services Inc. does not guarantee in any way the financial condition of UBS Group AG, UBS AG, the New York Branch or the Cayman Branch or the accuracy of any publicly-available financial information concerning UBS Group AG, UBS AG or the New York Branch or the Cayman Branch.

### **In deciding whether to elect the IDA as your sweep option, you must rely on your own examination of UBS Group AG, UBS AG, the New York Branch and the Cayman Branch and the terms and conditions of the New York Deposit Account and the Cayman Deposit Account, including the merits and risks involved.**

We are not obligated to inform you of any changes in the financial condition of UBS Group AG, UBS AG, the New York Branch or the Cayman Branch, and you should not rely on such notification.

### **Changes to the IDA**

We may modify the terms and conditions of the IDA or terminate the IDA at any time in our sole discretion. Changes to the IDA will be effective as described in the General Terms and Conditions.

We will notify you in advance of any material changes to the IDA.

If we eliminate the IDA or you become ineligible for the IDA, we may upon 30 days' advance notice to you withdraw your funds from your New York Deposit Account and place them in an available sweep option, if any, or retain them as a Free Cash Balance in your Securities Account.

**Notices**

Notices to you regarding the IDA may be by means of a letter, an entry on a trade confirmation or your periodic Securities Account statement or by any means set forth in the General Terms and Conditions.

**Your Relationship with UBS Financial Services Inc. and UBS AG**

We act as your agent in establishing the New York Deposit Account and the Cayman Deposit Account through the IDA and in depositing funds to them and withdrawing funds from them. As our client, you will not have a direct account relationship with UBS AG, the New York Branch or the Cayman Branch. Your ownership of the New York Deposit Account and the Cayman Deposit Account will be evidenced by a book entry in the records of the New York Branch and the Cayman Branch, respectively, and by records that we maintain as your custodian. No passbook, certificate or similar evidence of ownership will be issued to you. Your periodic Securities Account statement will reflect your balances in the IDA, including interest accrued for the statement period. As described above, your balances will be transferred from the New York Branch to the Cayman Branch at the end of each business day, and at the beginning of the next business day, will be transferred from the Cayman Branch back to the New York Branch. Your Securities Account statement will not specify at which branch your balances are held, and will not show transfers between your New York Deposit Account and your Cayman Deposit Account. You should retain the statements for your records.

If your participation in the IDA is terminated either by us or you, you may establish a direct relationship with the New York Branch, subject to policies of the New York Branch, by requesting to have your New York Deposit Account established with the New York Branch in your name. This will result in the separation of the New York Deposit Account from your Securities Account.

You may not establish your Cayman Deposit Account directly with the Cayman Branch.

**Benefits to UBS Financial Services Inc. and Its**

**Affiliates** UBS Financial Services Inc. currently does not receive compensation in connection with the IDA Program

but reserves the right to do so. Such compensation will not exceed, on an annualized basis, 0.5% of total client balances at the Cayman Branch. We reserve the right to share a portion of such compensation with the New York Branch. Like other banks, the profitability of UBS AG is determined in large part by the difference between the interest or other income it earns on loans, investments, other assets and investment management activity and the interest it pays and other costs incurred on its deposits. As a result, UBS AG improves its profitability when market conditions and other factors permit it to lower the interest rates, costs and fees it pays in connection with its deposits. UBS AG has no obligation to pay interest based upon UBS AG's profitability or the income it earns on loans, investments or other assets.

By transferring your funds overnight from the New York Branch to the Cayman Branch, the New York Branch lowers the costs of its deposits by excluding the deposits from the reserves it would be required to maintain if the deposits remained in the New York Branch overnight.

**Your alternatives**

The IDA is the only sweep option offered to clients who have Securities Accounts in our international division. If you terminate the IDA as your sweep option, your Free Cash Balances will remain in your Securities Account. Free Cash Balances will be returned to you upon request, but will not earn interest. Free Cash Balances are protected by SIPC within applicable limits.

We offer a number of investment products that you may wish to consider for your Free Cash Balances as an alternative to the IDA. It is important to consider your investment objectives, liquidity needs and risk tolerance when reviewing these alternatives. Some of these investment alternatives may pay an interest rate or dividend that is higher than the rate you receive through the IDA; others may not. Please contact your Financial Advisor for additional information.

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# Loan Disclosure Statement

UBS Financial Services Inc. is furnishing this document to you to provide some basic facts about purchasing securities on margin, using leverage as a liquidity source or as part of your investment strategy or otherwise borrowing funds secured by your securities accounts, and to alert you to the risks involved with trading securities in a margin account. Before trading stocks in a margin account or otherwise borrowing funds from UBS Financial Services Inc. or one of its affiliates (for example, UBS Bank USA) and using your securities accounts as collateral, you should carefully review the margin or loan agreement and this loan disclosure statement. You may also speak to your Financial Advisor regarding any questions or concerns you may have with your margin accounts or loan agreement.

When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from UBS Financial Services Inc. If you choose to borrow funds from UBS Financial Services Inc. or one of its affiliates, whether to purchase securities or for other purposes, you will open a securities account with UBS Financial Services Inc. The securities in that account (together with the other securities and assets held in your UBS Financial Services Inc. accounts) are UBS Financial Services Inc.'s or its affiliates' collateral for their loan to you. If the securities in your account decline in value, so does the value of the collateral supporting your loan, and, as a result, UBS Financial Services Inc. (or, if applicable, an affiliate) can take action, such as issue a margin call and/or sell securities or other assets in any of your accounts held with UBS Financial Services Inc., in order to maintain the required equity in the account.

It is important that you fully understand the risks involved in trading securities on margin, using leverage as a liquidity source or as part of your investment strategy, or otherwise pledging your securities in order to obtain credit. These risks apply whether your loan is made by UBS Financial Services Inc. or one of its affiliates (for example, UBS Bank USA), and include the following:

**You can lose more funds than you deposit in the margin or pledged account.** A decline in the value of securities that are purchased on margin or pledged as collateral for a loan may require you to provide additional funds to us to avoid the forced sale of the securities or other securities or assets in your account(s).

**We can force the sale of securities or other assets in your pledged account(s).** If the equity in your account falls below the maintenance margin or loan collateral requirements or UBS Financial Services Inc.'s or an affiliate's higher "house" requirements, we can sell the securities or other assets in any of your account(s) held at UBS Financial Services Inc. or its affiliates to cover the margin or loan collateral deficiency. You also will be responsible for any deficiency or shortfall in the account after such a sale.

**We can sell your securities or other assets without contacting you.** Some investors mistakenly believe that we must contact them for a margin call to be valid, and that we cannot liquidate securities or other assets in their account(s) to meet the call unless we have contacted them first. This is not the case. We will attempt to notify you of margin calls, but we are not required to do so. However, even if we have contacted you and provided a specific date by which you can meet a margin call, we can still take necessary steps to protect our financial interests, including immediately selling the securities without notice to you.

**You are not entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a margin call.** Because the securities are collateral for the margin or other loan, we have the right to decide which security to sell in order to protect our own interests.

**We can increase our "house" maintenance margin or loan collateral requirements at any time and we are not required to provide you advance written notice.** These changes in our policy often take effect immediately and may result in the issuance of a maintenance margin call. Your failure to satisfy the call may cause us to liquidate or sell securities in your account(s).

**You are not entitled to an extension of time on a margin call.** While an extension of time to meet margin requirements may be available to you under certain conditions, you do not have a right to the extension.

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# UBS Statement of Credit Practices

This section describes the interest charges and other matters relating to how we extend or maintain credit in your account. This document is intended to describe all possible types of credit we offer to clients. As a result, some information may not apply to your particular situation.

Understanding our credit practices in relation to your account is an important part of being an informed investor. If you have any questions about credit and your account, please contact your Financial Advisor.

## Applicability of Interest Charge

We will charge you interest on any credit we extend to you.

## Interest Rate

Unless we inform you that a specific UBS lending product charges differently, we will charge you interest based on the UBS Base Loan Rate ("Base Loan Rate"). As we use regularly published lending rates to establish our Base Loan Rate, it tends to follow the rise or fall of rates in the general financial environment. **In no event will (i) the interest rate that we charge you or (ii) the Base Loan Rate, LIBOR or any other reference rate used by us, be less than zero (0%) percent.**

If you would like to know what the prevailing Base Loan Rate is or determine the exact amount due on your Account, contact your Financial Advisor or the Branch Office Manager of the branch office servicing your Account.

Our agreements with you for the extension of credit are governed by the laws of the State of New York, where we maintain our principal place of business. The interest charge for each interest period is due and payable at the close of that period. Interest charges not paid at the close of the interest period will be added to the opening debit balance in your Account for the next period.

Unless a specific UBS lending product provides otherwise, we calculate the interest rate you are charged by adding or subtracting a sliding scale percentage rate, determined by the level of your daily net loan (debit) balance to or from the prevailing Base Loan Rate. We may, in our sole discretion, adjust the rate assigned to certain Accounts as warranted by our overall business relationship with you.

Our standard sliding scale percentage rates follow:

Net Loan (Debit) Balance	Spread Over/Under Base Loan Rate
Under \$25,000	3.500%
\$25,000 to \$49,999	3.125%
\$50,000 to \$74,999	2.750%
\$75,000 to \$99,999	2.125%
\$100,000 to \$249,999	1.125%
\$250,000 to \$499,999	0.750%
\$500,000 to \$999,999	0.375%
\$1 million to \$4,999,999	0.000%
\$5 million to \$9,999,999	-0.875%
More than \$10 million	-1.250%

## Change of Rate Without Prior Notice

Your stated interest rate is subject to change without notice during each period based on fluctuations in your daily net loan (debit) balance and the Base Loan Rate. Whenever the Base Loan Rate changes or your daily net loan (debit) balance crosses one of the balance thresholds listed in the table above, we will adjust your interest rate accordingly.

If we increase your stated interest rate for any other reason, we will notify you in writing at least 30 days in advance of the change.

## Computation of Interest Charge

We calculate your daily debit or credit balance as follows:

- We take the balances in your Account at the close of the previous day (or the opening balance on a new Account),
- We add the credits, and
- We subtract the debits that occurred during the day.

If the result is negative, it becomes the daily net loan (or debit) balance, which forms the basis for interest calculations. Any proceeds received from the sale of securities (less transaction costs) that are not sold long or are not in good deliverable form will be deducted from the credit balance in your account for purposes of calculating your net loan (debit) balance. We disregard any short market value resulting from a short sale because this value is used to collateralize stock borrowed to make delivery against a short sale.

Although we compute the interest on your net loan (debit) balance daily, the interest accrued on your account will be calculated only once a month, at the end of each interest period. The applicable interest period is the last business day of the month to the next to last business day of the following month.

Please review the "Loan Summary" section of your statement to see the interest charge for the current interest period as well as the average net loan (debit) balance and the average loan interest rate applicable to such period. You can approximate the interest charges based on a 360-day year by using the following formula:

$$\text{Average Net Loan (Debit) Balance} \times \text{Average Loan Interest Rate} \times \frac{\text{Loan (Debit) Days in Interest Period}}{360}$$

## Marking to The Market

If you sell a security short and its market value increases above your selling price, the debit balance in your Account will increase. We will charge you interest on the increase. Conversely, any decrease in market value will cause the credit balance in your Account to increase, and we will reduce your interest charges accordingly. This practice of determining the change in current market value is commonly referred to as "marking to the market" and is done on a daily basis.

*For purposes of this "Statement of Credit Practices," except as noted below, "UBS," "we," "our" and "ours" refer only to UBS Financial Services Inc.*

*"You," "your" and "yours" refer to you as client(s) and recipient(s) of credit from UBS Financial Services Inc.*

*The UBS Base Loan Rate is an internally computed rate established periodically based on our cost of funds and our assessment of the rates being charged in the financial markets. The UBS Base Loan Rate is subject to change from time to time without notice in our sole discretion. The rates used in our computation include, but are not limited to, the prime rate, discount rate, broker call rate, Federal Funds rate and LIBOR. In no event will the UBS Base Loan Rate be less than zero (0%) percent.*

*As of January 1, 2016, the UBS Base Loan Rate is 6.50%.*

*Your "daily loan balance" is the amount of money you owe UBS on any given day. We may also refer to it as your "daily debit balance."*

*Your "net loan (debit) balance" is your daily debit balance minus the credit balance for any given day.*

*Please carefully review the information about Margin below. If you wish to opt out of Margin, call your UBS Financial Advisor.*

*We present this explanation to help you understand how your interest charges are computed so that you can verify the charges shown on your statement. If you have any questions, call your Financial Advisor.*

*According to the terms of your Client Relationship Agreement, the securities and other assets you hold (either individually or jointly with others) at UBS, including UBS Financial Services Incorporated of Puerto Rico, at any successor firms, at our correspondents and/or our affiliates, including without, its parent company, UBS AG, will be used to collateralize your obligations to us and any successor, correspondent or affiliate. Consequently, the terms "UBS," "we," "our," "ours," "us" and "UBS Financial Services Inc." used in the "Liens, Margin Calls and Additional Collateral" section of this Statement of Credit Practices refers to UBS Financial Services Inc. its successors, correspondents and affiliates collectively.*

*In general, the equity in an Account is the excess market value of the securities in it over the loan or debit balance.*

### **Other Charges**

Separate interest charges may be made in your Account in connection with:

- Prepayments—payments to you of the proceeds of a security sale before the regular settlement date.
- "When issued" transactions—when the market price of the "when issued" security changes from the contract price by an amount that exceeds the cash deposit, we may charge interest on such difference.
- Late payments—payments for securities purchased that we receive after the settlement date.

### **Liens, margin calls and additional collateral**

As security for the discharge of your obligations to us, we have a security interest in, and a general lien on, all securities, securities entitlements, investment property, financial assets or other Property that we hold or may hold at any time or carry for you in any of your Accounts (individually or jointly with others). This includes those assets and other Property that may be deposited with us for safekeeping or other purposes. This security interest and general lien covers all obligations to us, however they arise and irrespective of the number of Accounts you have with us.

We may require you to deposit additional collateral as security for your obligations to us whenever we determine it is needed and in accordance with the rules and regulations of the Federal Reserve Board, the New York Stock Exchange and our internal policies. We will

request additional margin or collateral when the equity in an Account falls below our margin requirements. If you fail to promptly meet a margin call, or under certain other circumstances, we may sell the pledged securities and other securities and other Property held in your Account(s) and issue entitlement orders to meet the margin call or otherwise satisfy the deficiency.

As a general business practice, we will attempt to notify you before we sell your securities and other Property or issue entitlement orders to meet a margin call. We will generally provide you with 48 to 72 hours to satisfy such a call. However, we are not required to notify you or have your authorization to liquidate securities and other Property held in your Account(s) or to issue entitlement orders with respect to securities entitlements in your Account(s).

Although we do not limit the factors that may require additional margin or collateral, some of them include market fluctuation, a highly concentrated portfolio or your overall credit standing. You can meet a margin call by delivering additional marginable securities or cash. Generally, only equity securities registered on a national securities exchange or NASDAQ are marginable. For more information on our right to demand additional collateral, as well as other rights, obligations and risk factors involved in using your Account(s) as collateral for any of our lending programs, please carefully review the "Loan Disclosure Statement" in this booklet.

# Affiliated Business Arrangement

This is to give you notice that UBS Financial Services Inc. has a business relationship with UBS Mortgage. Because of this relationship, a referral to UBS Mortgage may provide UBS Financial Services Inc. a financial or other benefit. UBS Mortgage provides mortgage origination services for UBS Financial Services Inc. clients. UBS Mortgage is a trade name for UBS AG, Tampa Branch or, in certain states for certain products, UBS Bank USA. UBS Financial Services Inc. is a wholly-owned subsidiary of UBS AG and an affiliate of UBS Bank USA.

Set forth below is the estimated charge or range of charges by UBS Mortgage for the settlement services listed. There may also be other fees/charges relating to services provided by third party settlement providers, which will be disclosed to you in connection with your loan application. You are NOT required to use UBS Mortgage as a condition for settlement of your loan on the subject property.

**THERE ARE FREQUENTLY OTHER SETTLEMENT SERVICE PROVIDERS AVAILABLE WITH SIMILAR SERVICES. YOU ARE FREE TO SHOP AROUND TO DETERMINE THAT YOU ARE RECEIVING THE BEST SERVICES AND THE BEST RATE FOR THESE SERVICES.**

<b>Fee Type</b>	<b>Charge</b>
Origination charge*	\$350 – \$550
Charge (points) for interest rate chosen**	0% to 3% of the loan amount

If you have any questions regarding this notice, please contact your UBS Financial Advisor.

\* Under federal law, the "origination charge" disclosed on your Good Faith Estimate and HUD-1 Settlement Statement includes the total of all charges by all loan originators (lenders and brokers) for origination services performed for or on behalf of a lender, regardless of how the fees may be named for state law or other purposes.

\*\* The charge for the interest rate chosen includes any discount points as well as fees paid to lock-in the interest rate. Because the number of discount points you pay varies inversely with a market interest rate, efforts to "buy down" the rate of the loan (i.e., to get a lower rate) may necessitate the payment of points that exceed those shown here.

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## FACTS

### WHAT DOES UBS Wealth Management Americas–US (UBS-WMA–US) DO WITH YOUR PERSONAL INFORMATION?

#### Why?

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

#### What?

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number and income
- account balances and assets
- credit history and transaction history

#### How?

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons UBS-WMA–US chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does UBS-WMA–US share?	Can you limit this sharing?
<b>For our everyday business purposes</b> —such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
<b>For our marketing purposes</b> —to offer our products and services to you	Yes	No
<b>For joint marketing with other financial companies</b>	Yes	No
<b>For our affiliates' everyday business purposes</b> —information about your transactions and experiences	Yes	No
<b>For our affiliates' everyday business purposes</b> —information about your creditworthiness	Yes	Yes
<b>For our affiliates to market to you</b>	Yes	Yes
<b>For nonaffiliates to market to you</b>	No	We don't share

#### To limit our sharing

- Call your Financial Advisor at the telephone number listed on your account statement, **or**
- Call 1-877-697-9499—our menu will prompt you through your choices

**Please note:**

If you are a *new* customer, we can begin sharing your information 30 days from the date we sent this notice. When you are *no longer* our customer, we continue to share your information as described in this notice. However, you may contact us at any time to limit our sharing.

#### Questions?

Call your Financial Advisor or 1-877-697-9499

Who we are	
<b>Who is providing this notice?</b>	WMA–US entities as detailed in the UBS-WMA–US legal entities section below.
What we do	
<b>How does UBS-WMA–US protect my personal information?</b>	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
<b>How does UBS-WMA–US collect my personal information?</b>	We collect your personal information, for example, when you <ul style="list-style-type: none"> <li>▪ open an account or apply for a loan</li> <li>▪ give us your income information or provide account information</li> <li>▪ give us your contact information</li> </ul> We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.
<b>Why can't I limit all sharing?</b>	Federal law gives you the right to limit only <ul style="list-style-type: none"> <li>▪ sharing for affiliates' everyday business purposes—information about your creditworthiness</li> <li>▪ affiliates from using your information to market to you</li> <li>▪ sharing for nonaffiliates to market to you</li> </ul> State laws and individual companies may give you additional rights to limit sharing. See below for more on your rights under state law.
<b>What happens when I limit the sharing for an account I hold jointly with someone else?</b>	Your choices will apply to everyone on your account—unless you tell us otherwise.
Definitions	
<b>Affiliates</b>	Companies related by common ownership or control. They can be financial and nonfinancial companies. <ul style="list-style-type: none"> <li>▪ <i>Our affiliates generally include companies with a UBS name and partnerships and other investment vehicles such as those listed in the UBS-WMA–US legal entities section below</i></li> </ul>
<b>Nonaffiliates</b>	Companies not related by common ownership or control. They can be financial and nonfinancial companies. <ul style="list-style-type: none"> <li>▪ <i>UBS-WMA–US does not share with nonaffiliates so they can market to you</i></li> </ul>
<b>Joint marketing</b>	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. <ul style="list-style-type: none"> <li>▪ <i>Our joint marketing partners include categories of companies such as insurance companies</i></li> </ul>
Other important information	
If your Financial Advisor leaves UBS to join a nonaffiliated financial institution, your Financial Advisor may be permitted to use your name, address, email address, phone number(s) and account title(s) to contact you to offer the option of having him or her continue to service and maintain your accounts at the new financial institution.	
<b>VT residents only:</b> Under VT state law, we will automatically treat VT residents as though they have limited the sharing of information with affiliates for business or marketing purposes unless they contact us, as described on the prior page.	
UBS-WMA–US legal entities	
<p>UBS Financial Services Inc., UBS Financial Services Incorporated of Puerto Rico, UBS Trust Company of Puerto Rico, UBS Bank USA, UBS Credit Corp., UBS AG, and their collective insurance agency affiliates and subsidiaries, all partnerships and other investment vehicles (both registered and unregistered funds) managed or administered by UBS Financial Services Inc.'s Alternative Investment Group<sup>1</sup>, all funds (both registered and unregistered) advised by UBS Hedge Fund Solutions LLC and UBS O'Connor LLC and Ltd. and distributed through UBS Financial Services Inc.<sup>2</sup>, and SMA Relationship Trust-Series A, M, T, S and G distributed through UBS Financial Services Inc. and advised by UBS Asset Management (Americas) Inc.</p> <p><sup>1</sup>Includes all partnerships and funds utilizing the UBS name and all partnerships and funds utilizing the AlphaKeys name.  <sup>2</sup>Includes all partnerships and funds utilizing the A&amp;Q name and all partnerships and funds utilizing the O'Connor name.</p>	



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UBS Financial Services Inc.  
[ubs.com/fs](http://ubs.com/fs)  
CN-160623-5354

