Sub-Custodian Due Diligence Process

Entrust your securities with us

As a UBS custody client you have access to our worldwide network of prime custodians and our vast experience in custody services which allows that your securities are taken care in an efficient and highly professional manner.

We maintain your holdings segregated from our Company's assets and with carefully selected custodian banks in the relevant countries. Our international network of custodian banks and clearing organizations has been established with a particular focus on quality, which is constantly monitored by our Group Network Management specialists. We currently maintain holdings for our clients in over 60 markets.

Key Principles

Financial institutions only qualify to act as a sub-custodian of UBS if they have been authorized for this purpose by the competent regulator. The sub-custodians selected by UBS generally have the banking status and are governed by the local legal and regulatory bodies.

Selection Process

UBS' selection process is composed of following steps:
- Risk Assessment of the Market
- Custodians' market ratings
- Assessment of service range
- Efficiency and coverage of the service requirements via request for proposal (RfP), due diligence (DD) and on-site visits
- Asset safety
- Quality of service and pricing

Monitoring Process

All custodian relationships are continuously monitored by qualified and dedicated specialist staff (Network Manager) with respect to the following:
- security of UBS holdings;
- adherence to the legal guidelines and the contractual agreements in place with UBS;
- creditworthiness and rating;
- quality of custody services;
- market positioning in comparison with the competitors.

On a daily basis, we reconcile our clients' holdings with the external asset reports received from our sub-custodians. Furthermore, we have a daily automated reconciliation between our custodian bank and our administrator who takes care of NAV calculations.

In addition, the sub-custodians are subject to regular (minimum bi-yearly) on-site due diligence visits, mainly focusing on:
- assuring asset security
- covering market rules and legal aspects
- risk management
- confirmation on accurate account set-up (segregated or omnibus)
- appropriate denomination of accounts where required from the market respectively the local regulator.

Risk Management Framework

UBS risk based model is run once every six months on all custodians scheduled under the Group NWM Due Diligence plan.

Key risk parameters used are: country risk (quarterly), custodian risk (quarterly), quality (yearly), volumes (half-yearly), and time (yearly).

A variance occurs when a parameter (excluding time) worsens to cross a band since the last review (see process hereunder). Variances are identified and sent to Network Managers for review.

Network Managers are asked to review all variances arising from the model and any decisions to amend the plan are made. This includes:
- bringing forward a due diligence review
- including a not-in-scope agent into the plan.

Our sub-custodian network

All bonds	-	Clearstream Banking S.A., Luxembourg
Australia	-	Citigroup Pty Limited, Sydney
Austria	-	UniCredit Bank Austria AG
Belgium	-	Citibank Europe Plc, Dublin
Bermuda	-	HSBC Bank Bermuda Ltd. via Citibank Europe plc, Luxembourg Branch
Brazil	-	Intrag DTVM Ltda.
Bulgaria	-	Citibank Europe Plc, Bulgaria Branch via Citibank Europe plc, Luxembourg Branch
Canada	-	CIBC Mellon
Chile	-	Banco de Chile via Citibank Europe plc, Luxembourg Branch
China – CIBM **China** – B shares **China** – A shares	- - -	HSBC Bank (China) Company Limited Citibank N.A. Hong Kong Branch UBS Securities Hong Kong Limited (for UBS Lux funds) and via UBS Switzerland AG (for 3rd party funds)
Colombia	-	Cititrust Columbia via Citibank Europe plc, Luxembourg Branch
Croatia	-	Privredna Banka Zagreb via Citibank Europe plc, Luxembourg Branch
Cyprus	-	Citibank Europe plc, Greece Branch via Citibank Europe plc, Luxembourg Branch
Czech Republic	-	UniCredit Bank Czech Republic and Slovakia, A.S.
Denmark	-	Skandinaviska Enskilda Banken, Denmark
Egypt	-	Citibank Cairo via Citibank Europe plc, Luxembourg Branch
Estonia	-	Swedbank AS via Citibank Europe plc, Luxembourg Branch
Finland	-	Skandinaviska Enskilda Banken, Finland
France	-	Citibank Europe Plc, Dublin
Germany	-	Clearstream Banking FFM
Greece	-	Citibank Europe Plc, Greece Branch
Hong Kong	-	UBS Securities Hong Kong Limited, account operator Citibank, N.A. Hong Kong Branch
Hungary	-	Citibank Europe plc, Hungarian Branch
India	-	Standard Chartered Bank, India Branch
Indonesia	-	Citibank, N.A., Jakarta Branch via Citibank Europe plc, Luxembourg Branch
Ireland	-	Euroclear via Citibank Europe plc, Luxembourg Branch
Israel	-	Citibank, N.A., Israel Branch via Citibank Europe plc, Luxembourg Branch
Italy	-	Citibank Europe Plc, Dublin
Japan	-	Citibank N.A., Tokyo Branch
Jordan	-	Standard Chartered Bank, Jordan Branch via Citibank Europe plc, Luxembourg Branch
Kenya	-	Standard Chartered Bank Kenya Limited via Citibank Europe plc, Luxembourg Branch
Kuwait	-	HSBC Bank Middle East Ltd, Kuwait Branch
Latvia	-	Swedbank AS via Citibank Europe plc, Luxembourg Branch

Lithuania	-	Swedbank AB via Citibank Europe plc, Luxembourg Branch
Luxembourg	-	Clearstream Banking S.A., Luxembourg
	-	Quintet Private Bank (Europe) S.A. (for precious metal)
Malaysia	-	Citibank Kuala Lumpur
Mexico	-	Banco Citi México, S.A., Institución de Banca Múltiple, Grupo Financiero Citi México
Morocco	-	Citibank Maghreb via Citibank Europe plc, Luxembourg Branch
Netherlands	-	Citibank Europe Plc, Dublin
New Zealand	-	BNP Paribas Securities Services, Australia Branch
Nigeria	-	StanBic IBTC Bank
Norway	-	Skandinaviska Enskilda Banken, Norway
Peru	-	Citibank del Peru via Citibank Europe plc, Luxembourg Branch
Philippines	-	Citibank, N.A., Manila Branch via Citibank Europe plc, Luxembourg Branch
Poland	-	Bank Polska Kasa Opieki S.A.
Portugal	-	Citibank Europe plc, Portugal via Citibank Europe plc, Dublin
Qatar	-	HSBC Bank Middle East Ltd
Romania	-	Citibank Europe plc, Dublin - Romania Branch via Citibank Europe plc, Luxembourg Branch
Russia	-	AO Citibank Moscow via Citibank Europe plc, Luxembourg Branch
Saudi Arabia	-	Deutsche Securities Saudi Arabia LLC.
Serbia	-	UniCredit Bank Serbia JSC Belgrade via UniCredit Bank Austria AG
Singapore	-	Citibank, N.A. Singapore Branch
Slovakia	-	Citibank Europe plc, Slovakia via Citibank Europe plc, Luxembourg Branch
Slovenia	-	UniCredit Banka Slovenija d.d. Ljubljana. via Citibank Europe plc, Luxembourg Branch
South Africa	-	FirstRand Bank Limited
South Korea	-	KEB HANA Bank
Spain	-	Citibank Europe Plc, Dublin
Sri Lanka	-	HSBC Colombo via UBS Switzerland AG
Sweden	-	Skandinaviska Enskilda Banken AB (SEB)
Switzerland	-	UBS Switzerland AG
	-	SIX SIS AG (for funds with PM from UBS CH)
Taiwan	-	Citibank Taiwan Limited, Taipei via UBS Switzerland AG
Thailand	-	Standard Chartered Bank (Thai) PCL
Turkey	-	Deutsche Bank A.S., Istanbul
United Arab Emirates – (NASDAQ)	-	Clearstream Banking S.A., Luxembourg via UBS Switzerland AG
United Arab Emirates – (ADX + DFM)	-	Standard Chartered Bank, UAE branch
United Kingdom	-	Citibank, N.A. London Branch
United States	-	Citibank N.A. New York Offices
Vietnam	-	Standard Chartered Bank (Vietnam) Limited

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