

# UBS AG Cost Disclosure

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

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### 1. Introduction

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

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

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

### 2. Background

The bank records each client's individual entitlement to securities that it holds for that client in a separate client account in the bank's own books and records.

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

An OSA is used to hold the securities of a number of clients on a collective basis. However, the bank does not hold its own proprietary securities in OSAs.

An ISA is used to hold the securities of a single client and therefore the client's securities are held separately from the securities of other clients and the bank's own proprietary securities.

### 3. General cost considerations

#### *Omnibus Client Segregated Accounts*

An OSA is a shared account at CSD level used by a number of UBS clients. OSAs are the basis of the current account structure and generally used where local regulation or market practice do not require ISA.

#### *Individual Client Segregated Accounts*

An ISA is used to hold the securities of a single client and therefore the client's securities are held separately from the securities of other clients and UBS' own proprietary securities.

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

Factors which are considered to be relevant include:

- On-boarding costs

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

- Third Party Charges

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

The client's trading behavior, including trading volume and assets size, also impacts the third party costs. Minimal safekeeping fee and minimal settlement fee may apply.



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

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

The indicative information regarding UBS' anticipated charging structure for ISAs is as follows:

- 5'000 USD per annum

UBS will apply the CSDR Individual Client segregation charge to each client who requests for segregating assets held directly at EU CSD (i.e. Clearstream Luxembourg S.A.).

Clients with existing individual client segregated account(s) (e.g. where individual client account segregation is mandatory such as in Singapore) will not be affected, i.e. the fee will not be charged.

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

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