



UBS SECURITIES LLC

FUTURES CLEARING MERCHANT FIRM DISCLOSURE DOCUMENT

The U.S. Commodity Futures Trading Commission ("CFTC") requires each futures commission merchant ("FCM"), including UBS Securities LLC ("UBS-S" or "Firm"), to provide the following information to a customer prior to the time the customer first enters into an account agreement with the FCM or deposits money or securities ("funds") with the FCM. Except as otherwise noted below, the information set out is current as of November 2023. UBS-S will update this information annually and as necessary to take account of any material change to its business operations, financial condition or other factors that UBS-S believes may be material to a customer's decision to do business with UBS-S. Nonetheless, UBS-S' business activities and financial data are not static and will change in non-material ways frequently throughout any 12-month period.

By entering into an account agreement with UBS-S, the customer acknowledges that the disclosures contained within this document are not static and may be updated from time-to-time to reflect material changes in these disclosures, as determined in UBS-S' sole discretion. UBS-S will inform, on a good efforts basis, its customers of material changes to these disclosures, and a customer's receipt of such notice will be satisfied when posted to the UBS-S public website.

UBS-S is an indirect wholly owned subsidiary of UBS Group AG ("Parent"). UBS-S is owned by (i) UBS Americas Inc., holding 100% of the Class A non-voting Interests, 99% of the Class B Interests and 100% of the Preferred Interest; and (ii) UBS Americas Holding LLC (an intermediate holding company), holding 1% of the Class B Interests. Information that may be material with respect to UBS-S for purposes of the CFTC's disclosure requirements may not be material to the Parent, UBS Americas Inc., or UBS Americas Holding LLC for purposes of applicable securities laws.

This disclosure document was first used on July 14, 2014.

Background Information of the Firm

UBS-S is a premier FCM whose customers benefit from a global firm with a solid balance sheet and one of the highest Tier 1 capital ratios in the industry. UBS-S manages a significant volume of exchange traded derivative transactions daily, leveraging our global presence to guide customers toward optimal results. The FCM is part of Global Markets. The Global Markets business consists of Execution and Platform, Derivatives and Solutions, and Financing. Execution and Clearing allows the team to maximize synergies, optimize risk and resources, and create greater critical mass.

The Firm's goal is to deliver efficient front-to-back cross-asset class solutions. UBS-S's multi-asset class and global approach to execution and clearing enables UBS-S to provide a client-centric clearing and financing proposition across all asset classes and regions. UBS-S is in a position to offer customers the benefits of prime brokerage-operational efficiency, risk and collateral management expertise, consolidated reporting-together with a choice of clearing and settlement solution.

1.55(k)(1) The futures commission merchant's name, address of its principal place of business, phone number, fax number, and email address:

UBS Securities LLC
1285 Avenue of the Americas
New York, NY 10019
212-713-2000
comments@ubs.com

Note 1: Please do not email any confidential or account information or instructions (such as order to trade, to transfer funds or to change account information). UBS-S is not liable for any acts or failure to act as a result of your email.

Note 2: CFTC Regulation requires UBS-S disclose a fax number, however, UBS-S no longer utilizes such device for communications.

1.55(k)(2) The name, title, business address, business background, area of responsibility, and the nature of the duties of each person that is defined as a principal as defined in § 3.1(a):

Patrick DiMarco

Chief Compliance Officer of UBS Securities LLC
1 North Wacker Drive
Chicago, IL 60606

Mr. DiMarco has extensive regulatory experience including roles at the Chicago Board of Trade, ABN AMRO Futures Inc. and UBS Securities LLC in futures, OTC Cleared, swap dealer and senior management. He began his career at the Chicago Board of Trade as a Staff Examiner and from there advanced in the roles of Senior Examiner and Business Analyst within the Office of Investigations and Audits. He previously worked for UBS Securities LLC as a Futures Compliance Officer and then joined ABN AMRO Inc. as Head of Futures Compliance. As a result of UBS' acquisition of ABN AMRO Inc.'s futures business, Mr. DiMarco became Head of Exchange Traded Derivatives Compliance, Americas and then managed the firm's US IB C&ORC Programs, including the FCM, swap dealer, broker dealer and Volcker compliance programs with respect to local business practices and its compliance with



regulations. In his current role as a Managing Director, Mr. DiMarco is the Chief Compliance Officer of UBS Securities LLC.

Janet McCormick

Chief Compliance Officer of the FCM
1 North Wacker Drive
Chicago, IL 60606

Ms. McCormick has been in the financial services industry for 20 years. Prior to joining UBS, Ms. McCormick was the FCM Chief Compliance Officer for Mizuho Securities focusing on regulatory matters related to global listed futures and cleared OTC swap products. Ms. McCormick started her career at the Chicago Board of Trade in their Office of Investigations and Audits and was then employed by Cargill Investor Services from 2002 to 2004. As an Executive Director, Ms. McCormick is responsible for overseeing the firm's FCM program specific to local business practices and its compliance with CFTC regulations. Ms. McCormick has an MBA from DePaul Kellstadt and carries the following licenses: series 3 and 7.

Ralph Mattone

Chief Financial Officer and Controller
1285 Avenue of the Americas
New York, NY 10019

Mr. Mattone has been in the financial services industry for 33 years. Prior to joining UBS, Mr. Mattone has held various positions which included Head of US Regulatory and Financial Reporting at Nomura Securities for over 7 years. He held similar roles at Deutsche Bank and ABN AMRO. Prior to his financial services career, he was with the accounting firm Murphy, Hauser, O'Conner and Quinn in the Tax and Audit departments. As a Managing Director, he is the Head of Americas Regional Control. He is also Controller of the Intermediate Holding Company, UBS Americas Inc. As Chief Financial Officer of UBS-S, Mr. Mattone is responsible for managing the financial accounting of the firm. He is also responsible for providing complete, correct and auditable reporting for all external regulatory and statutory bodies.

Amy Elliott

Managing Director, Americas Head of Exchange Trade Derivatives (ETD)
1285 Avenue of the Americas
New York, NY 10019

Ms. Elliott joined UBS in September of 2020 after 13 years at Goldman Sachs where she led the Americas sales team. Ms. Elliott started her career at Lehman Brothers as a salesperson in the futures business. Her licenses include series 7, 3, 63, 9 and 10.

Tricia Hazelwood

1285 Avenue of the Americas
New York, NY 10019

Ms. Hazelwood joined UBS in August 2023 with a wealth of experience from a 25-year career in financial services. Ms. Hazelwood joins UBS from MUFG Securities where she spent over 10 years as the founder and Global Head of Securitized Products. She was also a member of MUFG's risk and senior management committees. Prior to that, she held senior roles on both the buy-side and sell-side, including 16 years at Credit Suisse.



Derek Capanna

President of UBS Securities LLC
1285 Avenue of the Americas
New York, NY 10019

Mr. Capanna is the Head of Global Markets Americas for UBS Investment Bank. He joined UBS in 2015 as the Global Head of Equities Distribution, based in New York. In October 2019, Mr. Capanna was appointed as the Co-Head of Advisory and Execution Sales for Global Markets and most recently became Head of Global Markets Americas in December 2020. Mr. Capanna is a member of the Global Markets Management Committee and chairs the Global Markets Americas Management Committee. Mr. Capanna also serves as President of UBS Securities, LLC. Before joining UBS, Mr. Capanna was the Global Co-Head of Equity Distribution at Deutsche Bank. Over his 21 year tenure there, Mr. Capanna held several roles including the Regional Head of Institutional Equity Sales for the US Central and West Coast regions, the Head of Americas Cash Equity Sales and the Americas Head of Equity Sales.

James Van Tassel

Head of Americas Research
1285 Avenue of the Americas
New York, NY 10019

Mr. Van Tassel joined UBS in 2015 and is currently the Head of Americas Research for UBS Securities LLC. Mr. Van Tassel is also a member of the UBS Securities LLC Board of Managers. Prior to joining UBS, Mr. Van Tassel worked at Alliance Bernstein for 13 years where he was a Managing Director.

Callum Nieto

Head of IB Operations Americas
1285 Avenue of the Americas
New York, NY 10019

Mr. Nieto has been in the financial services industry for over 20 years. Mr. Nieto started his career at Accenture designing bond trading platforms in London prior to joining UBS in Hong Kong. Over the following 12 years, Mr. Nieto worked in Fixed Income Technology and then the Equities COO team with a focus on establishing and growing UBS's Asian markets business from a front to back perspective. In 2017, Mr. Nieto moved to New York to become UBS's Global Markets Operating Officer for the Americas and moved to his current role at the end of 2022.

1.55(k)(3) The significant types of business activities and product lines engaged in by the FCM, and the approximate percentage of FCM's assets and capital that are used in each type of activity:

UBS-S is registered with the CFTC and National Futures Association ("NFA") as a clearing FCM. UBS-S provides execution and clearing services for all major US commodities exchanges, as well as, access to major global derivatives exchanges and markets. The Firm is also a participant at several swap execution facilities. UBS-S is registered as a broker dealer under the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority and other principal US equities and equity options exchanges. UBS-S is also a primary dealer in US Government securities and provides a full range of investment banking services, including corporate finance, mergers and acquisitions, capital markets, trading and sales, fixed income, equity research and prime brokerage operations.

Activity/Product Line	Percentage of Assets	Percentage of Capital
Financing (Resales, Borrows)	27%	1%
Inventory by Business Line:		
US Govt. Securities, Corporate Debt, US Govt. Securities, CDs, MBS, Municipals	9%	4%
Equities	4%	7%
Goodwill and Tangible Assets	2%	13%
Receivable from Broker-Dealers and Customers	45%	1%
Investments in Subsidiaries and Receivable from Affiliates	0%	1%
Fixed and All Other Assets	1%	4%

1.55(k)(4) The FCM’s business on behalf of its customers, including types of customers, markets traded, international businesses, and clearing houses and carrying brokers used:

FCM Customer Base

UBS-S is registered with the CFTC and National Futures Association ("NFA") as a clearing FCM. UBS-S provides execution and clearing services for all major US commodities exchanges, as well as, access to major global derivatives exchanges and markets. The Firm is also a participant at several swap execution facilities. UBS-S is registered as a broker dealer under the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority and other principal US equities and equity options exchanges. UBS-S is also a primary dealer in US Government securities and provides a full range of investment banking services, including corporate finance, mergers and acquisitions, capital markets, trading and sales, fixed income, equity research and prime brokerage operations.

The focus of this document is primarily on the FCM related activities of UBS-S.

Futures/Commodities Exchange and Swap Execution Facility Memberships

Exchange Memberships	SEF Memberships
Bourse de Montréal / Montréal Exchange	CBOE SEF LLC BATS
CBOE Futures Exchange (CFE)	Bloomberg SEF LLC
Chicago Board of Trade (CBOT)	GFI Swaps Exchange LLC
Chicago Mercantile Exchange Inc. (CME)	ICAP Global Derivatives Limited
Commodities Exchange Inc. (COMEX)	ICAP SEF (US) LLC
Dubai Mercantile Exchange (DME)	ICE Swap Trade LLC
ICE Futures US Inc. (ICE)	MarketAxess SEF Corporation
ICE Futures Europe	SwapEX LLC

Minneapolis Grain Exchange Inc. (MGEX)	Thomson Reuters (SEF) LLC
New York Mercantile Exchange Inc.	tpSEF Inc.
	Tradition SEF Inc.
	TW SEF LLC

Clearinghouses Used

Clearing Organization	UBS-S Membership	UBS-S Affiliate Membership
ASX Clear (Futures)		√
CME Clearing	√	
Eurex Clearing		√
ICE Clear US Inc.	√	
ICE Clear Europe	√	
ICE Clear Credit LLC	√	
LCH.Clearnet LLC	√	
LCH.Clearnet Limited	√	
Minneapolis Grain Exchange Clearing House	√	
Options Clearing Corporation	√	
Singapore Exchange Derivatives Clearing		√

Carrying Brokers Used

Carrying Brokers (US/Non-US)	UBS-S Affiliate (Y/N)
BMO Nesbitt Burns, Canada (Non-US)	N
UBS AG Australia Branch (Non-US)	Y
UBS AG London Branch (Non-US)	Y
UBS Europe SE	Y

1.55(k)(4) the FCM's policies and procedures concerning the choice of bank depositories, custodians, and counterparties to permitted transactions under CFTC Reg. 1.25:

Permitted Depositories and Counterparties

UBS-S has policies and procedures in place to address the choice of bank depositories and custodians, including counterparties to permitted transactions under CFTC Rule 1.25. These entities are vetted in accordance with Firm policy, which at a minimum takes into consideration:

- Creditworthiness

- Jurisdiction
- Counterparty type (credit counterparties are subject to credit analysis and internal ratings)
- Capital and credit risk exposure
- Operational reliability and industry expertise
- Type of services offered
- Access to liquidity
- Concentration of customer funds
- Know Your Client and Customer Identification Program check

These entities are also subject to ongoing monitoring and periodic risk-based reviews. UBS-S also has arrangements in place for a back-up bank depository as required by regulation.

Depositories Used

Depositories (US/Non-US)	UBS-S Affiliate (Y/N)
BMO Harris Bank, N.A., Chicago, IL (US)	N
Brown Brothers Harriman, New York, NY (US)	N
BNY Mellon, New York, NY (US)	N
Citibank N.A., London, UK (Non-US)	N
Citibank N.A., New York (US)	N

1.55(k)(5) The material risks, accompanied by an explanation of how such risks may be material to its customers, of entrusting funds to the FCM, including, without limitation:

- (i) **The nature of the investments made by FCM (including credit quality, weighted average maturity and weighted average coupon);**

Investment of Customer Funds

Customer Funds held in the above mentioned accounts are usually in excess and therefore, CFTC Rule 1.25 permits the FCM to invest the excess cash. UBS-S however does not exercise its rights under CFTC Rule 1.25 and does not invest any Customer Funds. UBS does however invest its Residual Interest, above any customers' aggregated undermargined amounts, and strictly adheres to the allowable investments and concentration limits under CFTC Rule 1.25. Permitted investments include:

- Obligations of the US and obligation fully guaranteed as to principal and interest by the US (US government securities);
- General obligations of any State or political subdivision thereof (municipal securities);
- Obligations of any US government corporation or enterprise sponsored by the US government (US agency obligations¹²);
- Certificates of deposit issued by a bank (certificates of deposit) as defined in Section 3(a)(6) of the Securities Exchange Act of 1934, or a domestic branch of a foreign bank that carries deposits insured by the Federal Insurance Corporation;
- Commercial paper fully guaranteed as to principal and interest by the US under the Temporary Liquidity Guarantee Program as administered by the Federal Deposit Insurance Corporation (corporate notes or bonds); and;
- Interests in money market mutual funds.

The duration of the securities in which an FCM invests its Residual Interest cannot exceed, on average, two years.

An FCM may also engage in repurchase and reverse repurchase transactions with non-affiliated registered broker-dealers, provided such transaction are made on a delivery versus payment basis and involve only permitted investments. All funds or securities received in repurchase and reverse repurchase transactions must be held in the appropriate customer account type (i.e., Customer Segregated Account, 30.7 Account or Cleared Swaps Customer Account.) Further, in accordance with the provisions of CFTC Rule 1.25, all such funds or collateral must be received in the appropriate customer account type on a delivery versus payment basis in immediately available funds.

(ii) FCM's

a. Credit worthiness

UBS AG and UBS Americas Holding LLC's credit ratings and the last rating change can be found:

<https://www.ubs.com/global/en/investor-relations/investors/bondholder-information/ratings.html>

UBS Securities LLC's Credit Rating can be found on S&P Global Ratings website.

<https://disclosure.spglobal.com/ratings/en/regulatory/org-details/sectorCode/Fl/entityId/346177>

Note: A free account is needed to log onto S&P Global Rating's website.

b. Capital

Regulatory Capital -- \$4,406,555,605 as of October 31, 2023

Information pertaining to UBS-S' liquidity, principal liabilities, balance sheet leverage and other lines of business, equity, regulatory capital and net worth (computed in accordance with US Generally Accepted Accounting Principles and CFTC Rule 1.17) are contained in the "Statement of Financial Condition".

(iii) Risk to FCM created by its affiliates and their activities, including investment of customer funds in an affiliated entity;

Affiliate Risk

UBS-S' primary foreign broker is UBS AG London Branch. UBS AG London Branch is authorized and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, it is authorized by the Prudential Regulation Authority and subject to certain UK Financial Conduct Authority ("FCA") rules. FCA has established client money rules with respect to customer assets. The FCA rulebook can be found at <https://www.handbook.fca.org.uk/>. Accordingly, customer cash required to be posted as margin is deposited with UBS AG London Branch in omnibus accounts that are appropriately designated as belonging to the futures customers of UBS-S. While UBS AG London Branch complies with the client

money rules and customer cash held on behalf of UBS-S' customers is segregated from other UBS entities' assets, certain risks exist.

- In certain circumstances and in accordance with the client money rules, some overseas exchanges and their clearing houses, and consequently intermediate brokers, may not recognize the segregated status of customer cash.
- UBS AG London Branch is required to exercise due skill, care and diligence in the selection of banks, settlement agents and intermediate brokers. However, provided that UBS AG London Branch has made its selection in accordance with that duty, in the event of a default of a bank, exchange, clearing house or intermediate broker holding client money in a segregated account, UBS AG London Branch is not liable to make good any shortfalls in such client money.
- Custody assets, non-cash, treatment is governed by FCA custody rules. The custody rules attempt to (i) prevent the use of custody assets belonging to a customer on UBS AG London's own account (except with the customer's expressed consent), and (ii) ensure that custody assets are, wherever possible, safe from claims of general creditors of UBS AG London Branch's estate in the event of its insolvency.

In the unlikely event of insolvency by UBS AG London Branch, UBS-S' futures customers would face a significant amount of risk, which may include loss of customer funds and liquidation of futures and options on futures contracts. Funds should however be segregated according to appropriate applicable rules. In addition, UBS-S would face a significant amount of operational risk, including the ability to continue transacting in futures and options on futures contracts.

Furthermore, UBS-S deposits cash belonging to its customers with UBS Europe SE1. UBS Europe SE is a German entity regulated by the German Federal Financial Supervisory Authority. UBS-S also deposits cash belonging to its customers with UBS AG Australia Branch. UBS AG Australia Branch is an authorized foreign Authorized Deposit-taking Institution under the Banking Act 1959, and is supervised by the Australian Prudential Regulation Authority. In the unlikely event of insolvency by either UBS Europe SE or UBS AG Australia Branch, UBS-S would continue to transact futures and options on futures contracts since its risk exposure to those two entities is not as significant as with UBS AG London Branch, however customer funds may still be at risk to the extent they were not returned in full or at all.

(iv) Any significant liabilities, contingent or otherwise, and material commitments

As of October 31, 2023, FOCUS statement, UBS-S does not have any significant liabilities, contingent or otherwise, and material commitments.

Further, other discussion related to liabilities, contingent or otherwise and/or commitments, can be found in the notes to UBS Securities LLC's ["Statement of Financial Condition"](#).

1.55(k)(6) The name of the FCM's designated self-regulatory organization and its Web site address and the location where the annual audited financial statements of the futures commission merchant is made available:

¹ Effective as of Q1 2019.

UBS Securities LLC's Designated Self-Regulatory Organization ("DSRO")

The Chicago Board of Trade
www.cmegroup.com

The most recent audited financial statement for UBS Securities LLC is available electronically at
<https://www.ubs.com/global/en/investment-bank/regulatory-directory/llc-financials.html?live>

1.55(k)(7) Any material administrative, civil, enforcement or criminal complaints or actions filed against FCM where such complaints or actions have not concluded, and any enforcement complaints or actions filed against FCM during the last three years:

UBS-S operates in a legal and regulatory environment that exposes it to significant litigation risks. As a result, UBS-S makes certain public disclosures of legal and regulatory matters as per the applicable laws and regulations and also makes relevant filings, as appropriate, in accordance with applicable account standards in its audited accounts. The following material administrative, civil, enforcement or criminal complaints or actions have been filed against UBS-S during the last three years²:

- Residential Mortgage-backed Securities and Mortgages ("RMBS"). From 2002 through 2007, prior to the crisis in the US residential loan market, UBS-S was a substantial underwriter of US RMBS. UBS-S has been named as a defendant in lawsuits relating to its role as underwriter of RMBS. In November 2018, the U.S. Department of Justice filed a civil complaint in the U.S. District Court for the Eastern District of New York. The complaint seeks unspecified civil monetary penalties under the Financial Institutions Reform, Recovery and Enforcement Act of 1989 related to UBS-S's issuance, underwriting and sale of 40 residential mortgage backed securities transactions in 2006 and 2007. UBS-S moved to dismiss the civil complaint on February 6, 2019. On December 10, 2019 the district court denied the motion to dismiss.
- Government Bonds. Putative class actions have been filed in US federal courts against UBS-S, the Parent and other banks on behalf of persons who participated in markets for US treasury securities since 2007. A consolidated complaint was filed in 2017 in the US District Court for the Southern District of New York alleging that the banks, including UBS-S, colluded with respect to, and manipulated prices of, U.S. Treasury securities sold at auction and in the secondary market and asserting claims under the antitrust laws and for unjust enrichment. Defendants' motions to dismiss the consolidated complaint was granted on 31 March 2021. Plaintiffs have filed an amended complaint, which Defendants have moved to dismiss. In March 2022, the court granted defendants' motion to dismiss that complaint. Similar class actions have been filed concerning European government bonds.
- Interest Rates Swaps and CDS Matters. In 2016, putative class action plaintiffs filed consolidated amended complaints in the Southern District of New York against numerous financial institutions

² Regulatory actions filed and settled against UBS-S for FCM related activity can be found on NFA's website at www.nfa.futures.org/basicnet/. Additionally, as a registered broker-dealer, UBS-S is required to make disclosure of disciplinary actions in its Form BD, the Uniform Application for Broker-Dealer Registration. Disciplinary disclosures in the Form BD cover matters involving UBS-S, its Parent and other material entities. The disclosures are publicly available on the BrokerCheck program operated by the Financial Industry Regulatory Authority at www.finra.org. SEC filings are publicly available via EDGAR at www.sec.gov and may also be obtained in the Investor Relations section of the UBS website at www.ubs.com.

and others, including UBS-S and the Parent, alleging violations of the US Sherman Antitrust Act and common law. Plaintiffs allege that the defendants unlawfully conspired to restrain competition in the market for Interest Rate Swap ("IRS") trading. Plaintiffs assert claims on behalf of all purchasers and sellers of IRS that transacted directly with any of the dealer defendants since January 1, 2008, and seek unspecified trebled compensatory damages and other relief. The operators of two swap execution facilities ("SEFs") filed complaints raising similar allegations. In July 2017, the court granted in part and denied in part defendants' motions to dismiss, limiting the claims to the time period 2013-2016, and dismissing certain state-law claims and claims against certain other defendants. In March 2019, the court denied in part and granted in part class plaintiffs' motion for leave to file a fourth amended complaint, rejecting plaintiffs' request to add allegations covering the time period 2008-2012 but allowing plaintiffs to add allegations relating to the time period 2013-2016 (the time period covered by the operative complaint). A third SEF filed a complaint in June 2018 and an amended complaint in August 2018 alleging conduct similar to the conduct alleged by the other SEF plaintiffs but continuing into 2018. Defendants have moved to dismiss the third SEF's amended complaint, and in November 2018 the court granted the motion in part and denied it in part, dismissing certain state-law claims but permitting certain federal and state claims relating to the time period 2013-2018. In June 2017, one of the SEF plaintiffs filed a complaint raising allegations similar to those in the IRS litigation with respect to the trading of credit default swaps. Defendants have moved to dismiss that complaint and, in September 2018 and July 2019, certain defendants' motions, including the Parent's, were granted. The SEF plaintiff filed an amended complaint in January 2020 and, in April 2020, the remaining defendants, including the Company, moved to dismiss the amended complaint. Following the filing of the first class complaint the Parent was served with a subpoena from the U.S. Commodity Futures Trading Commission ("CFTC") seeking documents and information regarding the Company's swap trading and Futures Commission Merchant businesses going back to 2008.

- *Stock Lending Matters*. In 2017, a purported class action antitrust complaint was filed in the Southern District of New York against six stock lending prime broker defendants, including UBS-S, its Parent and affiliates, as well as EquiLend, a trading platform and purveyor of post-trade services. The named plaintiffs purport to represent a class of all persons or entities that directly or through an agent entered into at least 100 stock loan transactions meeting certain criteria with one of the U.S.-based entities of the prime broker defendants from January 1, 2012, until February 22, 2021. The plaintiffs allege that the defendants conspired to block the evolution of the stock lending market from an OTC environment, in which stock loans are intermediated by prime brokers, to an electronic market, in which borrowers and lenders can transact directly with one another. Plaintiffs allege violations of Section 1 of the Sherman Act and New York State law and seek unspecified treble damages, fees and costs. In September 2018, the court overseeing the litigation denied defendants' motions to dismiss. In January 2018, November 2018, and May 2019, various entities associated with defunct stock lending platforms, including QS Holdco, SL-x and various SL-x affiliates, filed actions in the Southern District of New York raising claims similar to the class plaintiffs' claims and also seeking treble damages and other relief. Defendants moved to dismiss these complaints. In August 2019, the court dismissed the QS Holdco complaint, and in January 2020, the court denied QS Holdco's motion to alter or amend the judgment. In October 2021, the court granted defendants' motion to dismiss the SL-x and SL-x affiliates' complaints. Plaintiffs have appealed.

- Government sponsored entities ("GSE") bonds: Starting in February 2019, class action complaints were filed in the US District Court for the Southern District of New York against the Company and other banks on behalf of all persons or entities who traded GSE bonds. A consolidated complaint was filed alleging collusion in GSE bond trading between January 1, 2009 and January 1, 2016. In December 2019, the Company and eleven other defendants agreed to settle the class action for a total of \$250,000,000. The settlement has been approved by the court and this matter is now resolved.
- Communications recordkeeping: The SEC and CFTC conducted investigations of UBS-S, certain affiliates, and other financial institutions regarding compliance with records preservation requirements relating to business communications sent over unapproved electronic messaging channels. UBS-S and certain affiliates cooperated with the investigations, and, in September 2022, UBS agreed to pay civil monetary penalties of USD 125 million to the SEC and USD 75 million to the CFTC to resolve these matters.

Additional information pertaining to legal matters can be found in the UBS Securities Statement of Financial Condition under "Legal Proceedings" at [LLC Financials | UBS Global](#).

1.55(k)(8) A basic overview of customer fund segregation, FCM collateral management and investments:

Customer Funds Segregation

Section 4d(a)(2) ("Customer Segregated Account") of the Commodity Exchange Act ("Act") requires each FCM to segregate from its own assets all money, securities, and other property deposited by futures customers to margin, secure, or guarantee futures contracts and options on futures contracts trades on designated contract markets. Part 30 ("30.7 Account") of the CFTC regulations requires the FCM to set aside from its own assets all money, securities, and other property deposited by futures customers to margin, guarantee, or secure foreign futures and foreign options transactions, and all funds accruing to those customers as a result of such foreign futures and foreign options transactions.

Section 4d(f) ("Cleared Swaps Customer Account") also provides that the FCM shall treat and deal with all money, securities, and property of any swaps customer received to margin, guarantee, or secure a swap cleared by or through a Derivatives Clearing Organization ("DCO") (including money, securities, or property accruing to the swaps customer as a result of such a swap) as belonging to the swaps customer.

UBS-S maintains three different types of accounts for its futures customers, depending on the products a customer trades:

- Customer Segregated Account (1.20) for customers that trade futures and options on futures listed on US futures exchanges;
- Secured Account (30.7) for customers that trade futures and options on futures listed on foreign boards of trade; and
- Cleared Swaps Customer Account (Part 22) for customers trading swaps that are cleared on a DCO registered with the CFTC.

The requirement to maintain these separate accounts reflect the different risks posed by the different products. Cash, securities and other collateral deposited by a futures customer or owed to a futures customer (collectively, Customer Funds) required to be held in one type of account, e.g., the Customer Segregated Account, may not be commingled with funds required to be held in another type of account, e.g., the 30.7 Account, except as the CFTC may permit by order.

Customer Funds may not be commingled with the funds of UBS-S, nor be used to meet the obligations of the FCM or any other person, including another customer. CFTC regulations require the FCM to maintain at all times a sufficient amount of funds (based on type of account) to prevent the FCM from using the funds of one customer to margin or guarantee the account of another customer.

CFTC regulations permit Customer Funds to be commingled in a single account, i.e. a customer omnibus account, and held as follows:

- Customer Segregated Account – (i) a bank or trust company located in the US; (ii) a bank or trust company located outside of the US that has in excess of \$1 billion of regulatory capital; (iii) an FCM; or (iv) a DCO.
- 30.7 Account – (i) a bank or trust company located in the US; (ii) a bank or trust company located outside the US that has in excess of \$1 billion regulatory capital; (iii) an FCM; (iv) a DCO; (v) the clearing organization of any foreign board of trade; (vi) a foreign broker; or (vii) such clearing organization's or foreign broker's designated depositories.
- Cleared Swaps Customer Account – (i) a bank or trust company located in the US; (ii) a bank or trust company located outside of the US that has in excess of \$1 billion of regulatory capital; (iii) a DCO; or (iv) another FCM.

The above accounts must each be specifically titled according to type and make clear that the funds belong to, and are being held for the benefit of the FCM's customers.

CFTC Part 190 requires certain disclosures related to margin for accounts with the same beneficial ownership. The disclosure is located at the link noted below titled Part 190 Disclosure for Treatment of Separate Accounts.

<https://www.ubs.com/global/en/investment-bank/regulatory-directory/llc-financials.html?live>

Further, the FCM notes:

- The FCM factors target customer receivables as computed on a separate account basis into its residual interest targets;
- The FCM provides each beneficial owner using separate accounts with the disclosure noted above that under CFTC Part 190 rules all separate accounts of the beneficial owner will be combined in the event of an FCM bankruptcy. The FCM shall have included the disclosure on its website and within this disclosure document required by Regulation 1.55(i), and;
- The FCM has disclosed in its Disclosure Document required under CFTC Regulation 1.55(i) that it permits the separate treatment of accounts for the same beneficial owner.

Investment of Customer Funds

Customer Funds held in the above mentioned accounts are usually in excess and therefore, CFTC Rule 1.25 permits the FCM to invest the excess cash. UBS-S however does not exercise its rights under CFTC

Rule 1.25 and does not invest any Customer Funds. UBS does however invest its Residual Interest, above any customers' aggregated undermargined amounts, and strictly adheres to the allowable investments and concentration limits under CFTC Rule 1.25. Permitted investments include:

- Obligations of the US and obligation fully guaranteed as to principal and interest by the US (US government securities);
- General obligations of any State or political subdivision thereof (municipal securities);
- Obligations of any US government corporation or enterprise sponsored by the US government (US agency obligations);
- Certificates of deposit issued by a bank (certificates of deposit) as defined in Section 3(a)(6) of the Securities Exchange Act of 1934, or a domestic branch of a foreign bank that carries deposits insured by the Federal Insurance Corporation;
- Commercial paper fully guaranteed as to principal and interest by the US under the Temporary Liquidity Guarantee Program as administered by the Federal Deposit Insurance Corporation (corporate notes or bonds); and;
- Interests in money market mutual funds.

The duration of the securities in which an FCM invests cannot exceed, on average, two years.

An FCM may also engage in repurchase and reverse repurchase transactions with non-affiliated registered broker-dealers, provided such transaction are made on a delivery versus payment basis and involve only permitted investments. All funds or securities received in repurchase and reverse repurchase transactions must be held in the appropriate customer account type (i.e., Customer Segregated Account, 30.7 Account or Cleared Swaps Customer Account.) Further, in accordance with the provisions of CFTC Rule 1.25, all such funds or collateral must be received in the appropriate customer account type on a delivery versus payment basis in immediately available funds.

UBS-S recognizes that any losses resulting from the investment of its Residual Interest is the sole responsibility of UBS-S. As UBS-S does not invest Customer Funds, there will be no investment losses on such funds.

No Securities Investor Protection ("SIPC")

Although UBS-S is a registered broker-dealer, it is important to understand that the funds you deposit with UBS-S for the purpose of trading futures and options on futures on either US or foreign markets or cleared swaps are not protected by SIPC.

Further, CFTC rules require UBS-S to hold funds deposited to margin futures and options on futures contracts traded on US designated contract markets in Customer Segregated Accounts. Similarly, UBS-S must hold funds deposited to margin cleared swaps and futures and options on futures contracts trade on foreign boards of trade in a Cleared Swaps Customer Account or a 30.7 Account, respectively. In computing its Customer Funds requirements under relevant CFTC rules, UBS-S may only consider those Customer Funds actually held in the applicable Customer Accounts and may not apply free funds in an account under identical ownership but of a different classification or account type (e.g., securities, Customer Segregated, 30.7) to an account's margin deficiency. In order to be used for margin purposes, the funds must actually transfer to the identically-owned undermargined account.

For additional information on the protection of customer funds, please refer to the Futures Industry Association's "Protection of Customer Funds Frequently Asked Questions" located at <https://www.fia.org/articles/protection-customer-funds-frequently-asked-questions>.

1.55(k)(9) Information on how a customer may obtain information regarding filing a complaint about the FCM with CFTC or with the firm's DSRO:

The following options may be used to file tips or complaints concerning UBS-S' futures related activities:

- CFTC's Whistleblower Program
www.cftc.gov/ConsumerProtection/WhistleblowerProgram/index.htm
- CFTC Division of Enforcement
Toll Free (866) 366-2382
www.cftc.gov/ConsumerProtection/FileaTiporComplaint/index.htm
- CME Group
Attn: CME Financial and Regulatory Surveillance
20 South Wacker Drive
Chicago, IL 60606
(312) 930-3230
Toll Free (US Only) 1-866-716-7274
www.cmegroup.com/market-regulation/file-complaint.html
- National Futures Association
www.nfa.futures.org/basicnet/Complaint.aspx

1.55(k)(10) Financial data as of the most recent month-end FOCUS II (October 31, 2023) when the disclosure document is prepared:**i. The futures commission merchant's total equity, regulatory capital, and net worth**

Total Equity – \$43,396,134,850
Regulatory Capital – \$4,406,555,605
Net worth – \$2,204,760,915

ii. The dollar value of the futures commission merchant's proprietary margin requirements as a percentage of the aggregate margin requirement for futures customers, Cleared Swaps Customers, and 30.7 customers;

UBS-S engages in proprietary futures related trading in the broker dealer. However it does not hold the inventory for liquidity purposes. The proprietary margin requirement, as of October 31, 2023, was less than 1% of the aggregated margin requirements for segregated, 30.7 and cleared swap customers.

iii. The smallest number of futures customers, Cleared Swaps Customers, and 30.7 customers that comprise 50 percent of the futures commission merchant's total funds held for futures customers, Cleared Swaps Customers, and 30.7 customers, respectively;

As of October 31, 2023

Type	Number
Segregated 1.20	3
Secured 30.7	13
Cleared Swaps Part 22	3

iv. The aggregate notional value, by asset class, of all non-hedged, principal over-the-counter transactions into which the futures commission merchant has entered;

As of October 31, 2023, UBS-S has not entered into any non-hedged, principal over-the-counter transactions.

v. The amount, generic source and purpose of any committed unsecured lines of credit (or similar short-term funding) the futures commission merchant has obtained but not yet drawn upon;

As of October 31, 2023, UBS-S does not have any committed unsecured lines of credit (or similar short-term funding) UBS-S has obtained but not yet drawn upon.

Further, UBS-S has subordinated borrowings with UBS Americas Holding LLC, consisting of term loans of \$825 million maturing on November 30, 2024; \$800 million maturing on May 30, 2025; \$825 million maturing on December 1, 2025; \$800 million maturing on May 29, 2026, and \$825 million maturing on November 30, 2026, \$350 million maturing on May 29, 2026

vi. The aggregated amount of financing the futures commission merchant provides for customer transactions involving illiquid financial products for which it is difficult to obtain timely and accurate prices; and

As of October 31, 2023, UBS-S does not provide financing for customer transactions involving illiquid financial products for which it is difficult to obtain timely and accurate price.

vii. The percentage of futures customer, Cleared Swaps Customer, and 30.7 customer receivable balances that the futures commission merchant had to write-off as uncollectable during the past 12-month period, as compared to the current balance of funds held for futures customers, Cleared Swaps Customers, and 30.7 customers;

As of October 31, 2023, there is no futures customer, cleared swaps customers, and 30.7 customer receivable balances that UBS-S had to write-off as uncollectable during the past 12-month period.

1.55(k)(11) A summary of the FCM's current risk practices, controls and procedures:

Prospective customers are evaluated through the UBS-S' on-boarding process. As part of the on-boarding process, relevant information will be requested from the prospective customer to assist in the evaluation by the UBS Credit Risk Control and Global Financing Pricing and Risk Management departments. These standards, to name a few, will typically cover:

- Analysis of financial statements
- Review of client underlying business and organizational set-up
- Understanding how and why the client uses futures and OTC derivatives

- Evaluation of sample portfolio and associated risk exposures
- Sales/Business case for account opening

Further, due diligence calls may be conducted with the prospective customer to obtain additional insight into:

- Key metrics such as leverage, capital, fund size, financing capabilities and performance
- Trading/hedging strategy, frequency of trading, internal risk management
- Non-standard documentation issues (if any)

UBS-S applies these standards to any prospective customer including those being transferred from another FCM clearing member. Once a customer is on-boarded, UBS-S follows a comprehensive and independent internal risk management framework to calculate risk exposure on its customer portfolios on a daily basis, and monitor the differential between the Firm's internal stress-based calculation and the minimum exchange margin requirements. For any stress loss-taking observed on customer portfolios defined as the difference between UBS-S internal stress metric and the exchange margins, additional collateral may be requested to mitigate the counterparty risk exposure the Firm may face. The level of additional margin requirement is determined based on the dynamics of the portfolio, including the magnitude of price, liquidity, short options and basis risks, the credit quality of the counterparty, and the level of transparency provided by the customer.

UBS-S maintains a comprehensive compliance program. Group Compliance, Regulatory and Governance ("GCRG") is an independent advisory and control function that includes the Compliance and Operational Risk Control ("CORC"). CORC responsibilities include ensuring the necessary risk frameworks are appropriately designed and operating effectively across the full operational risk taxonomy, pro-actively identifying and analyzing risk and providing constructive challenge to achieve an appropriate balance between risk and return.