



UBS AG London Branch  
5 Broadgate  
London EC2M 2QS  
Tel. +44-20-7567-8000

[www.ubs.com/ibterms](http://www.ubs.com/ibterms)

# CASS disclosure

Global markets



Version: December 2019

This information relates to our global markets business. For further information visit [www.ubs.com/ibterms](http://www.ubs.com/ibterms)

# CASS disclosure

This document helps us comply with certain rules on client assets and client money (**CASS**) published by the Financial Conduct Authority (the **FCA**).

UBS AG London Branch is authorised and regulated by the FCA. The FCA requires us to provide clients with additional information on how their assets and money are held by regulated firms.

All capitalised terms in this document shall have the meanings given in our general **terms of business**, unless otherwise specified.

This document relates to **Banking Services**, where we hold your cash as banker; **Custody Services**, where we hold your Assets (not including cash) in safe custody; and **Client Money Services**, where we hold your cash as Client Money within the meaning of the CASS rules.

In this document, "**How we hold your assets and client money**" sets out certain disclosures for your information, and "**Update to agreements**" supplements any relevant agreement between us with effect from 1 June 2015.

Neither these disclosures nor the supplemental provisions have an adverse impact on you.

This document does not cover all risks relating to these Services and you should consider all agreements between us and any other disclosure material that we have provided to you. If you have any questions, please contact the UBS CASS Adherence team on [CASS-DisclosureQueries@ubs.com](mailto:CASS-DisclosureQueries@ubs.com).

## How we hold your assets and client money

### Placing assets and client money with third parties

Where we provide any Services, we may hold your Assets or Client Money through third parties acting on our behalf (**Third Parties**), such as banks, Intermediaries, counterparties, Markets, settlement agents, sub-custodians, depositories, agents and nominees.<sup>1</sup>

Unless we agree otherwise, we are not liable for any acts or omissions of Third Parties.<sup>2</sup>

If a Third Party fails, we may only have an unsecured claim against that Third Party on your behalf and you will be exposed to the risk that the assets or money received from the Third Party may be insufficient to satisfy your claim.<sup>3</sup>

Your Assets may be held in an omnibus account by a Third Party. Where Assets are held in such omnibus accounts, they may be pooled with assets belonging to our other clients or clients of the Third Party. Therefore there is a risk that:

- Your Assets could be withdrawn to meet other clients' obligations;
- The account balance does not reconcile with the balance that we or the Third Party is required to hold; and
- You may share in any shortfall and may not therefore receive your full entitlement of Assets.<sup>4</sup>

In some jurisdictions national law may not recognise or give effect to our attempts to separately register and identify your Assets

from our assets or those belonging to the Third Party. In such a case:

- Your Assets could be used to meet the Third Party's general obligations on its insolvency;
- Your Assets could be used to meet our general obligations on our insolvency;
- The Third Party could challenge your rights to any Assets; and
- You may share in any shortfall and may not therefore receive your full entitlement of Assets.<sup>5</sup>

### Assets and Client Money held outside the UK

Where we hold your Assets or Client Money outside the EEA:

- Different legal and regulatory requirements may apply from those applying in the EEA; and
- Your rights to the Assets or Client Money may differ from those you would have in the EEA.<sup>6</sup>

### Protecting your Assets and Client Money

We will, where possible, direct Third Parties who hold your Assets or Client Money to identify them separately from their own assets and money and those belonging to us (by differently titled accounts or other measures that achieve the same level of protection).<sup>7</sup>

If the Assets are in a jurisdiction where we are prevented from registering Assets in the name of a nominee or in your name:

- We may register or record your Assets:
  - in the name of a Third Party or, where we are prevented from doing so; or
  - in our own name, provided in either case that we are permitted to do so under the CASS rules.<sup>8</sup>
- You will not benefit from the protections envisaged under the CASS rules.

Certain UBS Investment Bank entities, including UBS AG London branch, are members of the Financial Services Compensation Scheme in the UK. The scheme is only available to certain types of claimants and claims. Further details are available at [www.fscs.org.uk](http://www.fscs.org.uk).<sup>9</sup>

### Security interests, liens and right of set-off

Where we hold your Assets we will generally have rights of set-off, a general lien and other security interests over them, as set out in the relevant agreement between us.<sup>10</sup>

A Third Party, including a depository, who holds your Assets may also have a security interest or lien over, or right of set-off in relation to such Assets or a security interest over your Client Money.<sup>11</sup>

<sup>5</sup> CASS 9.4.2 R / COBS 6.1.7(1)(c) R

<sup>6</sup> CASS 9.4.2 R / COBS 6.1.7(1)(d) R

<sup>7</sup> CASS 9.4.2 R / COBS 6.1.7(1)(e) R

<sup>8</sup> CASS 9.4.2 R / COBS 6.1.7(1)(e) R. See also CASS 6.2.3 R

<sup>9</sup> CASS 9.4.2 R / COBS 6.1.7(1)(e) R

<sup>10</sup> CASS 9.4.2 R / COBS 6.1.7(2)(a) R

<sup>11</sup> CASS 9.4.2 R / COBS 6.1.7(2)(b) R

<sup>1</sup> CASS 9.4.2 R / COBS 6.1.7(1)(a)(i) R

<sup>2</sup> CASS 9.4.2 R / COBS 6.1.7(1)(a)(ii) R

<sup>3</sup> CASS 9.4.2 R / COBS 6.1.7(1)(a)(iii) R

<sup>4</sup> CASS 9.4.2 R / COBS 6.1.7(1)(b) R

We will tell you where your Assets are to be held in a jurisdiction where by law they are subject to security interests or rights of set-off enabling a third party to dispose of them to recover debts that do not relate to you.

### Money held as banker

Ordinarily where we hold money for you we will do so as banker and not as trustee.<sup>12</sup> If we fail, the CASS rules relating to the distribution and transfer of client money upon the failure of a regulated firm (the **Client Money Distribution Rules**) will not apply to the sums we hold this way and you will not be entitled to share in any distribution under those rules.<sup>13</sup>

### Client Money

The foregoing does not apply where we hold your cash as Client Money. Unless otherwise stated in a separate written agreement with you, we will only hold cash as Client Money to cover a shortfall (see paragraph 1 below).<sup>14</sup> Where we do hold your cash as Client Money, if we fail the Client Money Distribution Rules will apply to any such Client Money.<sup>15</sup>

### Update to agreements

We perform reconciliations to verify that the Assets we hold do not fall short of what we ought to be holding for our clients. If we identify a shortfall, we may decide that we need to cover for that shortfall in accordance with CASS. Ordinarily we take cash as banker, but we may hold cash as client money to cover a shortfall.

Where we need to settle securities transactions on a delivery versus payment basis we must do so in accordance with CASS. We must also accept responsibility for nominees controlled by us or any of our affiliates.

From 1 June 2015 the following disclosures supplement (and, in the case of any inconsistency, supersede) any agreement between us.

You are deemed to accept the terms of these disclosures by your conduct if we do not hear from you before 1 June 2015 or if, following receipt of this document, you place any order, give any instructions or request any other Services under any agreement between us.

#### 1 Shortfalls

- (a) Where we identify a "shortfall" (within the meaning of the CASS rules) in relation to any Assets we hold for you, where the CASS rules require us to, we will cover it by setting aside a pool of our own assets or money and holding it for relevant clients under the CASS rules until the shortfall is resolved.<sup>16</sup>
- (b) Once the shortfall is resolved, you will no longer have any claim to that pool of assets or money and it will revert to us.

#### 2 Delivery versus payment exemption

- (a) In respect of any of your transactions that we settle on a delivery versus payment basis through a commercial settlement system (in our capacity as a direct member or participant of such commercial settlement system or where we are sponsored by such a direct member or participant) you agree that we may apply the delivery versus payment

exemption set out in the CASS rules, provided that we do so in accordance with the CASS rules.<sup>17</sup>

#### 3 Responsibility for certain nominees

- (a) Notwithstanding anything to the contrary in any agreement between us, we will be liable for any acts or omissions of a nominee where that nominee is controlled either by us or by one of our affiliates.<sup>18</sup>

---

<sup>12</sup> CASS 7.10.19(1) R

<sup>13</sup> CASS 7.10.19(2) R

<sup>14</sup> CASS 7.10.22 R

<sup>15</sup> CASS 7.10.22(3) R

<sup>16</sup> CASS 7.10.22 R and CASS 6.6.54 R

---

<sup>17</sup> CASS 6.1.12 R / CASS 7.11.14 R

<sup>18</sup> CASS 6.2.4 R