

**UBS Financial Services Inc.**

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SEC File Number 801-7163

**March 31, 2015**

## Financial Education Program

**This brochure provides information about the qualifications and business practices of UBS Financial Education Program that you should consider before becoming a client of this program.**

**If you have any questions about the content of this brochure, please contact us at**

**888-526-7454. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state**

**securities authority.**

**Additional information about UBS Financial Services Inc. is also available on the**

**SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Please note that registration as an investment adviser does not imply a certain level of skill or training.**

**This Form ADV Disclosure Brochure applies to the Financial Education Program at UBS Financial Services Inc. We will not provide another copy of the Form ADV Disclosure Brochure during your Financial Education Program engagement unless there are material changes to the document we originally provided to you. Annually we will provide you with a copy of our updated Form ADV Disclosure Brochure or a summary of material changes from the brochure previously provided to you. The brochure is also available at <http://www.ubs.com/us/en/wealth/misc/AccountDisclosures.html>**

**Please retain this document for future references as it contains important information about our Financial Education Program. You may obtain a copy of the current Form ADV Disclosure at any time by contacting your Financial Advisor.**

**ITEM 2. Material Changes**

This section describes the material changes to our UBS Institutional Consulting Services since the last amendment of our Form ADV on December, 2014.

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**References in this brochure to:**

- "FEP" means the Financial Education Program
- "UBS" unless otherwise noted, means UBS Financial Services Inc.
- "Client" and "You" refers to the employer or sponsoring entity (such as an adult education organization)

## ABOUT UBS FINANCIAL SERVICES INC.

UBS Financial Services Inc. ("UBS") is one of the nation's leading securities firms, serving the investment and capital needs of individual, corporate and institutional clients. We are a member of all principal securities and commodities exchanges in the United States including the New York Stock Exchange ("NYSE"). Our parent company, UBS Group AG is a global, integrated investment services firm and one of the world's leading banks. We are registered to act as a broker-dealer, investment adviser, and futures commission merchant.

As a registered investment adviser, we complete Part I of Form ADV, which contains additional information about our business and our affiliates. This information is publicly available through our filings with the U.S. Securities and Exchange Commission (SEC) at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

This information is current as of the date of this Brochure and is subject to change in our discretion.

### Conducting Business with UBS: Investment Advisory and Broker Dealer Services

As a wealth management firm providing services to clients in the United States, we are registered with the U.S. Securities and Exchange Commission (SEC) as a broker-dealer and an investment adviser, offering both investment advisory and brokerage services.<sup>1</sup>

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 an investment adviser, as a broker-dealer, or as both. Most of our Financial Advisors are qualified and licensed to provide both brokerage as well as advisory services depending on the services a client has requested.

In addition, some of our Financial Advisors hold educational credentials, such as the Certified Financial Planner TM (CFP®)<sup>2</sup> designation. Holding a professional designation typically indicates that the Financial Advisor has completed certain courses or continuing education. However, use of a designation does not change UBS' or the Financial Advisor's obligation with respect to the advisory or brokerage products and services that may be offered to you.

**It is important to understand that investment advisory and brokerage services are separate and distinct and each is governed by different laws and separate contracts with you. While there are certain similarities among 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.**

### Our Services as an Investment Adviser and our

<sup>1</sup> 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

<sup>2</sup> Certified Financial Planner Board of Standards Inc. owns the certification marks CFP®, Certified Financial Planner™ and federally registered CFP (with flame design) in the U.S., which it awards to individuals who successfully complete CFP Board's initial and ongoing certification requirements

## Relationship with You

We offer a number of investment advisory programs to clients, acting in our capacity as an investment adviser, including fee-based financial planning, discretionary account management, non-discretionary investment advisory programs, and advice on the selection of investment managers, mutual funds, exchange traded funds and other securities offered through our investment advisory programs.

Generally, when we act as your investment adviser, we 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(s) for our advisory program(s) which provides detailed information about, among other things, the advisory services we provide, our fees, our personnel, our other business activities and financial industry affiliations and conflicts between our interests and your interests.

### How We Charge for Investment Advisory Services

We may charge for our investment advisory services in any of the following ways:

- A percentage of the amount of assets held in your advisory account
- A flat annual fee
- A combination of asset based fee and commissions
- Periodic fees
- Advisory financial planning services are available for a fee.

Your Financial Advisor will receive a portion of the fees you pay us.

### 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<sup>3</sup>. The fiduciary standards are established under the Investment Advisers Act of 1940 and state laws, where applicable, and include:

- Obligations to disclose to you all material conflicts between our interests and your interests.
- If we or our affiliates receive additional compensation from you or a third-party as a result of our relationship with you, we must disclose that to you.
- Obtaining 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.
- Treat you and our other advisory clients fairly and equitably and cannot unfairly advantage one client to the disadvantage of another.
- The investment decisions or recommendations we make for you must be suitable and appropriate for you and consistent with your investment objectives and goals and any restrictions you have placed on us.
- Act in what we reasonably believe to be your best interests and in the event of a conflict of interest, we

<sup>3</sup> Fiduciary status under the Investment Advisers Act is different from fiduciary status under 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

must place your interests before our own.

Termination of your advisory account or agreement will end our investment advisory fiduciary relationship with you as it pertains to *the terminated* account or services and, depending on the terms of your investment advisory agreement with us, will cause your account to be converted to, and designated as, a brokerage account only.

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

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

Our Financial Advisors can assist clients in identifying overall investment needs and goals and creating investment strategies that are designed to pursue those investment goals. The advice and services we provide to our clients with respect to their brokerage accounts is an integral part of our services offered as a broker-dealer.

In our capacity as broker-dealer, we do not make investment decisions for clients or manage their accounts on a discretionary basis. Instead, we will only buy or sell securities for brokerage clients based on specific directions from you.

#### How We Charge for Brokerage Services

If you choose to establish a brokerage account with us, you may elect to:

- Pay us for our brokerage services each time we execute a transaction for your account in a Resource Management Account (RMA). If you choose to pay on a transaction-by-transaction basis, we can act as either your agent or "broker," or as a "dealer."
- When acting as your agent or broker, we will charge a commission to you each time we buy or sell a security for you.
- When acting as a "dealer," we act as a principal for our own account on the other side of a transaction from you. Using our own inventory, we will buy a security from or sell a security to you, and seek to make a profit on the trade by charging you a "mark up," "mark-down" or "spread" on the price of the security in addition to the commissions you pay on these transactions.

We pay our Financial Advisors a portion of commissions, profits on principal trades, and other charges.

#### Our Responsibilities to You as a Broker-Dealer

As a broker-dealer we are subject to the following:

- The Securities Exchange Act of 1934
- The Securities Act of 1933
- The rules of the Financial Industry Regulatory Authority (FINRA)
- The rules of the New York Stock Exchange
- State laws, where applicable

These laws and regulatory agencies have established certain standards for broker-dealers which include:

- As your broker-dealer, we have a duty to deal fairly with you. Consistent with our duty of fairness, we must ensure 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 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.

**It is important to note that 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 we have a fiduciary relationship with you, as we do 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 have a fiduciary relationship with you.**

## ITEM 4. ADVISORY BUSINESS

This brochure describes our fee-based Financial Education Program. When we charge a fee for the FEP, we act in the capacity of an investment adviser. We also provide financial education services, such as participant education meetings, free of charge in our capacity as broker-dealer. Throughout this document, references to FEP mean those services subject to a fee and provided to you as an investment adviser.

### A. Our Firm and Corporate Structure

UBS Financial Services Inc. was organized as a Delaware corporation on June 30, 1969. It is a wholly owned subsidiary of UBS Americas Inc., a Delaware corporation, which in turn is a wholly owned subsidiary of UBS AG, a Swiss stock corporation. UBS Financial Services became a registered investment adviser on January 22, 1971. As of November 28, 2014, UBS AG, has a new Group Holding Company, UBS Group AG, that is now the ultimate parent of UBS Financial Services Inc.

### B. Our Advisory Services

#### UBS Financial Education Program Services

The FEP is a program under which a Client enters into an agreement with us to have a Financial Advisor provide one or more of a series of financial education seminars to their employees or members.

The seminar subjects offered cover topics such as investing, saving for retirement, distribution planning and retirement planning and transition. Additional seminar subjects may be offered if available. Seminars offered through FEP are generic in nature and do not contain recommendations to invest in any particular security or strategy. The seminars we provide to

you may include information obtained from third-party sources. Any information we provide to you that has been obtained, computed, formatted or displayed by outside sources is believed accurate, but the third-party information has not been independently verified and we cannot guarantee its accuracy or validity.

The seminars vary by engagement but are usually presented in a sixty to ninety minute time frame.

Neither the Firm nor our Financial Advisors have any discretion or control with respect to persons attending the seminars or their accounts in connection with the FEP program. Additionally, neither UBS nor any UBS Financial Advisor will be responsible for rendering any legal, accounting or actuarial advice to any person attending or sponsoring seminars in connection with the FEP.

### **FEP as an Investment Advisory Service**

UBS' advisory activity regarding the FEP program is limited to the financial education seminars and does not affect any other relationship you may have with your Financial Advisor or UBS.

### **FEP & Investment Strategy or Securities Recommendations**

Our FEP services do not include initial or on-going advice regarding specific securities, or other investments, investment strategies or financial planning.

Although employees are not required to establish accounts, purchase products that UBS distributes, or otherwise transact business with UBS Financial Services Inc. or any of our affiliates, in order to enter into an FEP Engagement the Client is required to open a tracking account.

If an employee would like UBS to be involved with helping him/her develop an investment strategy, the employee would enter into separate agreements with us. The capacity in which we act will depend on, and vary by, the nature of your accounts (i.e., brokerage or advisory accounts) used for such implementation, and it is not impacted by the FEP services we provide on behalf of the corporation.

### **Tax Strategies**

Any information presented in our seminars regarding potential tax considerations is not intended as tax advice and should not be relied upon for the purpose of avoiding any tax penalties. Neither UBS Financial Services nor any of its employees provide tax or legal advice and our FEP is not intended to provide, and should not be construed as providing such advice. Employees must consult with your legal or tax advisors regarding their personal circumstances.

### **Scope of Financial Education Services**

FEP services are impersonal investment advisory services and do not address specific objectives of the individuals attending the seminars.

### **Other Investment Advisory Services**

We offer other advisory services not described in this brochure. We do not hold ourselves out as specializing in a particular type of advisory service or strategy. Instead, our advisory programs and services offer a broad variety of strategies, investment options and asset allocations and features. If you would like more information please ask your Financial Advisor for the Form ADV Disclosure Brochure for those programs and services

## **Qualifications of Financial Advisors Who Provide Financial Education Services**

Most of our Financial Advisors are registered as broker-dealer and investment adviser representatives. We do not impose special requirements such as length of service, education or qualification requirements (other than the required registrations) for Financial Advisors who participate in our Financial Education Program

Generally, our Financial Advisors and professional personnel who provide financial planning services to clients have a college degree and/or securities industry experience. In addition, certain Financial Advisors and other UBS Financial Services Inc. employees participating in Financial Education Services may possess a professional designation, such as the Certified Financial Planner™(CFP®) designation. Holding a professional designation typically indicates that the Financial Advisor or UBS Financial Services Inc. employee has completed certain courses or continuing education. However, use of such designations does not change the nature of UBS' or the Financial Advisor's obligation with respect to the advisory or brokerage products and services that may be offered to you.

In connection with our Financial Education Program, we will provide to you a Brochure Supplement for your Financial Advisor and, if applicable, any specialist involved in providing the Financial Education Services to you. The Brochure Supplement includes information regarding your Financial Advisor's education, business experience, disciplinary history, outside business activities, their compensation and supervision. You may also obtain information about your Financial Advisor, their licenses, educational background, employment history, and if they have had any problems with regulators or received serious complaints from investors through the FINRA BrokerCheck service available from FINRA at <http://www.finra.org> or from the Securities and Exchange Commission at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

You can also contact your state securities regulator through the North American Securities Administrators Association's website at <http://www.nasaa.org> and request information about our firm and your Financial Advisor.

## **C. How We Tailor Our Advisory Services**

Our Financial Education Services are based on information the corporation or hiring entity provides regarding the particular seminar topics to be presented. The seminars are generic and not tailored to the specific investment objectives, risk tolerance and goals of the participants.

## **D. Provision of Portfolio Management Services in Wrap Fee Programs**

Our Financial Education Program Services do not include the participation in, or offering of those services in, wrap fee programs.

We provide our own portfolio management services, and in some programs our Financial Advisors act as discretionary portfolio managers in the wrap fee programs we sponsor. We receive a wrap fee for those services and share a portion of that fee with Financial Advisors who participate in the wrap programs. Details of the programs are available in our Wrap Fee Disclosure Brochure which is available from your Financial Advisor.

Our activities as portfolio manager and sponsor of wrap fee programs are separate from our Financial Education Program services.

## E. Assets under Management

Our assets under management as of December 31, 2014 are listed below. These figures include asset values for DVP accounts as of 12/31/13 (where data is available), but excludes (i) assets in separately managed accounts for which we do not have the authority to hire and fire managers, and (ii) assets in institutional investment advisory programs in which the value of assets managed by other investment advisers could not be segregated from those non-discretionary assets for which we provide ongoing advice and recommendations. Although this information does not apply to our Financial Planning Services, it provides you additional background regarding our activities as an investment adviser.

- Non-discretionary Programs: **231,746,377,698**
- Discretionary Programs: **140,318,631,470**
- Total: **372,065,009,168**

## ITEM 5. FEES AND COMPENSATION

### A. Financial Education Program

Fees for our FEP are negotiable and may differ from client to client based on a number of factors. These factors include, but are not limited to:

- The range of Financial Education Services selected,
- The scope of the engagement,
- The complexity of the services provided
- The Financial Advisor's business model
- Whether the sponsoring entity currently has or will have an account with the Firm
- The number and range of supplemental advisory and other services to be provided to the sponsoring entity.

**You should consider these factors carefully before engaging in the Financial Education Services for a fee.**

Our ability to negotiate the fee may result in one client paying for the same set of Financial Education Services provided to another client at a lower fee. We may also discount fees for clients in certain circumstances or in connection with sales promotions or marketing campaigns.

#### Financial Education Program Fees You Pay to Us

Fees as well as other account requirements may vary as a result of the application of prior policies depending upon when you received Financial Education Services from us.

Fees for the FEP program can be charged by the day, by the seminar or by the number of seminar attendees. The ranges for each type of charge are outlined below with the minimum fee amount in bold:

- By day: **\$2000–\$4,000**
- By Seminar **\$500–\$2,000**
- By Number of Attendees **\$20–\$75**

### B. Billing Practices

Fees associated with the Financial Education Services are disclosed, in advance, in a separate services agreement. After delivery of the services we will invoice you based on the services delivered and the agreed upon fee schedule. Clients may cancel the agreement for the services at any time by contacting their Financial Advisor.

### C. Fees/Other Charges Not Covered by Your Financial Education Program Fee

The fee you pay covers only the FEP services provided. The fee does not cover our expenses in delivering UBS FEP services to you, such as travel expenses (which will be separately billed), unless we specifically agree otherwise in the FEP Program Agreement. In addition, the fee does not cover any other services, accounts or products you or your employees or members may establish with us.

If you, your employees or members maintain accounts with us, you will pay other charges in addition to the FEP fee. This will add to the overall compensation that we receive. Fees for Financial Education Services will not be reduced or offset by these other fees.

Examples of additional fees you may incur that are not part of the FEP fees include:

- Any other services, accounts or products we provide to you
- Transaction based charges or commissions, account maintenance fees or other charges you may incur in implementing your financial plan or investment strategy.
- Custody fees imposed by other financial institutions if you choose to custody your assets at other financial institutions
- Precious metals custody fees imposed by affiliates, or other financial institutions with us, you will pay other charges in addition to the FEP fee. This will add to the overall compensation that we receive. Fees for Financial Education Services will not be reduced or offset by these other fees.

Examples of additional fees you may incur that are not part of the FEP fees include:

- Any other services, accounts or products we provide to you
- Transaction based charges or commissions, account maintenance fees or other charges you may incur in implementing your financial plan or investment strategy.
- Custody fees imposed by other financial institutions if you choose to custody your assets at other financial institutions
- Precious metals custody fees imposed by affiliates, or other financial institutions
- Mark-ups/mark-downs on principal transactions with us or other broker-dealers
- Internal trust fees
- Costs relating to trading in foreign securities (other than commissions otherwise payable to us)
- Internal administrative, management, redemption and performance fees that may be imposed by collective investment vehicles such as open-end and closed-end mutual funds, UITs, hedge funds and other alternative investments, exchange-traded funds or real estate investment trusts
- and other specialized charges, such as transfer taxes, and fees we charge to customers to off-set fees we pay to exchanges and/or regulatory agencies on certain transactions.

Either UBS Financial Services or UBS Bank USA will also charge interest on any outstanding loan balances (including margin loans) to clients who borrow money from us or Bank USA. Clients also may be charged additional fees for specific account



services, such as:

- Account Transfer Fee
- Wire transfer charges
- Annual Account Service Fees for retirement accounts
- Fees relating to custody and transactions in physical securities
- Voluntary corporate action fees
- Fees for RMA and BSA services where such services are available for the account

## **D. Compensation to Financial Advisors for Providing FEP Services**

In general, we pay our Financial Advisors a percentage (called a payout or grid rate), of the product-related revenue that each Financial Advisor generates from the clients he or she serves minus certain adjustments that are specified by our Financial Advisors Compensation Plan.

Generally, for the FEP Program, the payout rate is applied to the portion of the program fees credited to the Financial Advisory by the Firm but may be lower based on pricing.

Financial Advisors also receive certain awards based on their production amount, length of service with UBS business mix and net new assets. Financial planning fees count toward their production and various awards and recognitions.

Under certain circumstances (e.g., acquisitions and recruitment; or particular programs or designations, such as Wealth Advice Center, Wealth Planning Analyst, Institutional Consulting and DC Advisory), some Financial Advisors or producing Branch Office Managers may be compensated differently.

We reserve the right, at our discretion and without prior notice, to reduce and/or deny such awards for any reason and to change the methods by which we compensate our Financial Advisors.

## **ITEM 6. PERFORMANCE BASED FEES AND SIDE BY SIDE MANAGEMENT**

Our FEP services do not impose performance fees. However, with regard to other UBS businesses, as a distributor of alternative investments including hedge funds and fund of funds, UBS receives a portion of the performance fees charged by the investment adviser to those funds. Financial Advisors who sell those alternative investments, including those investments held in Advisory accounts receive a portion of those fees.

## **ITEM 7. TYPES OF CLIENTS**

### **A.Type of Clients**

Generally, we provide FEP services to individuals, corporations, associations and other business entities. Generally, the majority of our clients in the Financial Education Program are corporations or adult education organizations.

### **B. Requirements for Financial Education Program services**

**Employees are not required to maintain or establish accounts, purchase products that we distribute or otherwise transact business with UBS Financial Services or any of our affiliates to receive Financial Education Services or implement any of the suggestions made in connection with the Financial Education Services we provide.**

In order to enter into an FEP Engagement the Client is required to open an information-only tracking account in order for us to meet our supervisory requirements.

## **Client Information**

If you choose to have our seminars include plan specific information on your company's retirement plan(s), you agree to provide us with all material and pertinent information regarding your retirement benefit plans offered to employees. You understand that we will rely on this information when conducting the educational seminar and agree to notify us of any material changes to such information.

## **FEP Services and Your Brokerage and other Advisory Agreements with UBS**

The FEP Services we provide are not client or account specific and do not alter or modify in any way the nature of accounts, rights and obligations relating to any UBS accounts and agreements that the sponsoring entity or its members may have with UBS.

### **The FEP Agreement:**

In order to provide you with FEP services, we will ask that you enter into a written agreement with us. The agreement will identify the services to be provided, the fees charged, and our respective rights and obligations under the agreement. You may terminate the agreement at any time by providing us written notice.

### **No Specific Security Recommendations.**

Our Financial Advisors when providing FEP services **do not**:

Make investment recommendations

Analyze particular securities or investments

Provide advice regarding specific securities or other investments

### **Electronic Delivery of Documents**

To the extent permissible by applicable law, we may, with your consent, deliver Form ADV Disclosure brochures, and other documents and notices related to our services via electronic format.

## **ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

We obtain the information for our seminars and other education materials from various sources, including:

- Financial publications
- Materials prepared by our affiliates and third parties
- Rating or timing services
- Third party data providers
- Outside consultants, industry experts and other professionals
- Other public sources

In addition, we receive a broad range of research and information about the following:

- The economy
- Industries
- Groups of securities and individual companies
- Statistical information
- Market data
- Accounting and tax law interpretations

- Political developments
- Pricing and appraisal services
- Credit analysis
- Risk measurement analysis
- Performance analysis
- Other information that may affect the economy or securities prices

Research can be received through various channels, including:

- Written reports
- Telephone contacts and personal meetings with research analysts
- Economists
- Government representatives
- Corporate and industry spokespersons

## ITEM 9. ADDITIONAL INFORMATION.

### A.Executive Officers and Board of Directors

- **Robert J. McCann** is President of UBS Group Americas and UBS Wealth Management Americas (WMA), Chairman of the Board of UBS Financial Services Inc. (UBSFS) and a member of the Group Executive Board of UBS AG.  
As regional President, he works closely with the business division heads in the Americas to leverage UBS's integrated platform for the benefit of individuals, corporations, institutions and governments. He is also President of WMA, which comprises the registered broker-dealer, UBS FS, as well as the Private Banking operation.
- **Rosemary T. Berkery** is Chairman of UBS Bank USA and Vice Chairman of WMA. She is also the Head of the Banking & Trust Group for WMA and a member of the Board of UBS FS.
- **William T. Carroll** is a Managing Director and Head of Wealth Management Advisor Group West of WMA.
- **Jason Chandler** is a Group Managing Director and Head of Wealth Management Advisor Group East of WMA and a member of the Board of UBSFS.
- **Daniel C. Cochran** is Chief of Staff UBS Group Americas and WMA and is a member of the Board of UBS FS.
- **Amy Fainsbert** is a Managing Director and the Chief Financial Officer of UBS FS.
- **Paul M. Hatch** is a Group Managing Director and the Head of Wealth Management Advice and Solutions.
- **Kathleen Lynch** is the Chief Operating Officer for UBS Group Americas and WMA and is a member of the Board of UBS FS.
- **Michael McGovern** is the Chief Financial Officer UBS Group Americas and WMA and a member of the Board of UBS FS.
- **John McDermott** is Head of Compliance and Operations Risk Control for UBS Group Americas and WMA and a member of the Board of UBS FS.
- **Robert E. Mulholland** is a Group Managing Director and the Head of for the Client Advisory Group of WMA. He is the President and Chief Executive Officer of UBS FS and a member of its Board.
- **Robert Anselmo** is a Managing Director and Head of Technology for WMA.
- **Joseph Pigott** is a Managing Director and Chief Risk Officer of WMA.

### CIO Wealth Management Research Americas

- **Mike Ryan** is a Managing Director, Regional Chief Investment Officer for the US and Head of CIO Wealth Management Research for UBS Wealth Management Americas, which comprises the registered broker- dealer, UBS Financial Services Inc., as well as the Private Banking operation.

### Management for the Investment Advisory Products Covered in this Brochure

- **Jim Hausmann** is a Managing Director and Head of the Corporate Solutions and Retirement Services Business for UBS Wealth Management Americas.
- **Peter Prunty**, is an Executive Director and Head of Institutional Consulting
- **Gene Silverman** is an Executive Director and Head of Corporate Retirement Plans
- **Andrew Duren** is an Executive Director and Head of Institutional Consulting Administration

### General Counsel, Director of Compliance and Chief Compliance Officer

- **Michael L. Crowl**, is Group Managing Director and General Counsel of UBS Wealth Management Americas, which includes the registered broker- dealers, UBS Financial Services Inc. and UBS Financial Services Incorporated of Puerto Rico, as well as UBS Bank USA, UBS National Trust Company N.A., UBS Trust Company of Puerto Rico Inc., and the Private Banking Operation which is comprised of UBS AG branches in the United States.
- **Douglas T. Siegel** is a Managing Director and Head of Compliance for UBS Wealth Management Americas, which includes UBS Financial Services Inc. and the Private Banking Operation as well as UBS Bank USA, UBS National Trust Company N.A. and UBS Trust Company of Puerto Rico Inc. Mr. Siegel is also the Chief Compliance Officer of UBS Financial Services, Incorporated of Puerto Rico, a registered broker- dealer.
- **Lisa M. Francomano** is an Executive Director, Deputy Director of Compliance and Chief Compliance Officer for UBS Financial Services' advisory business.

### B.Disciplinary History

Below is a summary of the material legal and disciplinary events against UBS Financial Services Inc. during the last ten years. As of the date of this brochure, there are no reportable legal and disciplinary events for our senior management personnel or those individuals in senior management responsible for determining the general investment advice available to our clients.

The disciplinary reporting requirements for broker- dealers and investment advisers differ in some ways, with FINRA requiring broker-dealers to report on matters (for example, pending complaints and arbitrations) which are not required to be reported by investment advisers. Since our firm operates as both broker-dealer and investment adviser we file the information as required by each entity. The information in this report is not the only resource you can consult. You can access additional information about our firm and our management personnel on the Securities and Exchange Commission's website, located at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), as well as the Financial Industry Regulatory Authority's website, [www.finra.org/brokercheck](http://www.finra.org/brokercheck).

**The Financial Education Program was not involved in any**

of the instances described below.

Please note that in each instance described below, the Firm entered into the various orders, consents and settlements without admitting or denying any of the allegations.

## Disciplinary History

- 1     Date of Action: December 2014  
Brought By: State of Vermont Department of Financial Regulation  
Entity: UBS Financial Services Inc.  
The firm was fined \$325,000 for inaccurate books and records, breaches of policies and procedures which prohibited the solicitation of MAC Eligible managers and failure to provide a reasonable supervisory system to prevent such breaches. The Consent Order highlights the Firm's substantial cooperation with the investigation and its enhancements to procedures which were made to prevent recurrence of these facts.
- 2     Date of Action: December 2013  
Brought By: FINRA  
Entity: UBS Financial Services Inc.  
The firm was fined a total of \$260,000 for rule breaches involving fair pricing of 5 municipal bond transactions, best execution obligations relating to 51 transactions and late reporting to TRACE of 303 trades. The breaches occurred over sporadic periods between 2008 and 2012.  
Censure & Fine: \$260,000
- 3     Date of Action: August 2013  
Brought By: North American Securities Administrators Association  
Entity: UBS Financial Services Inc.  
UBS employed client service associates who accepted client orders without being registered with relevant state authorities and failed to supervise those associates adequately. UBS settled the matter without admitting or denying the findings of fact. UBS agreed to enter into separate settlements with each state and the civil penalty will be divided amongst the states in individual settlement amounts.  
Fine: \$4.58 million
- 4     Date of Action: December 12, 2012  
Brought By: FSA, FINMA, CFTC  
Entity: UBS AG  
On 19 December 2012, UBS AG entered into settlements with the US Department of Justice (DOJ), UK Financial Services Authority, and the Commodity Futures Trading Commission (CFTC) in connection with their investigations of manipulation of LIBOR and other benchmark interest rates. The Swiss Financial Market Supervisory Authority (FINMA) also issued an order concluding its formal proceedings with respect to UBS. UBS agreed to pay a total of approximately CHF 1.4 billion in fines and disgorgement. UBS will pay GBP 160million in fines to the FSA and CHF 59million as disgorgement of estimated profits to FINMA.  
FINMA: Reprimand and disgorgement of estimated profits CHF 59 million  
FSA: Fine GBP 160 million  
CFTC: Fine, USD 700 million
- 6     Date of Action: May 1, 2012  
Brought By: SEC  
Entity: UBS Financial Services of Puerto Rico  
UBS Financial Services of Puerto Rico, a subsidiary of UBS Financial Services, settled with the SEC without admitting or denying charges regarding misrepresentations and omissions of material facts to numerous retail customers during the period 2008 and 2009 regarding the secondary market liquidity and pricing of UBS PR affiliated closed end funds. The Firm is required to retain an independent consultant to review its sales and trading policies, procedures and practices in connection with such funds. "  
Disposition and Fines: Censure \$14,000,000; Disgorgement \$11,500,000; Interest \$1,109,739
- 7     Date of Action: May 1, 2012  
Brought By: FINRA  
FINRA Rule 2010, NASD Rules 2110, 2310, 3010 -  
Allegations: FINRA alleged that the Firm failed to establish and maintain a supervisory system, including written procedures, reasonably designed to achieve compliance with NASD and FINRA rules in connection with the sale of non-traditional exchange-traded funds (ETFs) in accounts where the firm provided brokerage services to certain retail customers and the firm failed to provide adequate formal training and guidance to its registered representatives and supervisors regarding non-traditional ETFs.  
Disposition: Letter of Acceptance, Waiver and Consent, Censure and Fine  
Fine: 1.5 million; \$431,488 in restitution

## Disciplinary History

- 8 Date of Action: Feb. 22, 2012  
Brought By: Pennsylvania Securities Commission  
Allegations: The Pennsylvania Securities Commission alleged that the Firm failed to reasonably supervise three agents in one branch office relating to the sale of certain structured products issued by Lehman Brothers to two investors and that such conduct formed a basis to sanction the Firm under Section 305 (A)(VII) of the Pennsylvania Securities Act of 1972, 70 P.S. Section 1-305(A)(VII)  
Disposition: Consent to the Commission's Findings of Fact, Conclusion of Law, and Order. Administrative Assessment of \$200,000  
Legal and investigation costs of \$75,000
- 
- 9 Date of Action: Sept. 30, 2011  
Brought By: FINRA  
Allegations: FINRA alleged that during the period of November 2004 to September 2006, the Firm violated Municipal Securities Rulemaking Board Rule G-27 by failing to reasonably supervise certain cross-trading of municipal bonds by retail customers, in that the Firm lacked adequate policies and procedures to monitor this type of trading and did not conduct adequate follow-up on red flags which put it on notice that one of its registered representatives may have been exercising discretion in customer accounts to engage in unsuitable cross-trading of municipal bonds.  
Acceptance, Waiver and Consent  
Censure and Monetary Fine: \$300,000
- 
- 10 Date of Action: August 22, 2011  
Brought By: New Hampshire Bureau of Securities Regulation  
Allegations: UBS sold Lehman Structured Products to clients (specifically referencing three particular investors), who were not made aware of the risks of these products and failed to inform clients of Lehman's financial condition prior to Lehman's bankruptcy. It was also alleged that the firm's recommendations to a small number of New Hampshire residents to purchase Lehman Structured Products were unsuitable.  
Disposition: Consent Order  
Administrative fine of \$100,000; Investigation costs of \$200,000; Administrative payment of \$700,000
- 
- 11 Date of Action: May 4, 2011  
Brought By: SEC, Internal Revenue Service (IRS), Dept. of Justice (DOJ), State Attorney General of 24 States  
UBS AG and UBS Financial Services Inc. reached settlements with the SEC, the IRS, the DOJ and a group of State Attorneys General regarding investigations into the conduct of certain former employees in UBS Financial Services' former municipal reinvestment and derivatives group from 2001 to 2006. Allegations included violations of: Section 15(c)(1)(A) of the Securities Exchange Act of 1934, Section 1 of the Sherman Act, and IRS regulations in bidding practices and representations made involving the investment of proceeds of municipal securities transactions.  
Disposition: SEC: Waiver and Consent to Final Judgment enjoining UBS from violating Section 15(c) of the Act, disgorgement of profits, interest and civil penalty; IRS: Closing Agreement; DOJ: Non-prosecution Agreement  
SEC: Disgorgement of \$9,606,543 plus interest of \$5,100,637 and civil penalty of \$32,500,000; IRS: penalty of \$18 million and restitution of 4.3 million; States: \$70.8 million plus \$20 million credited from the SEC settlement
- 
- 12 Date of Action: April 11, 2011  
Brought By: FINRA  
Allegations: Violations of NASD Rules 2110, 2010, 2210, 2211, 2310, 3010 and IM2310- 2 with regard to Lehman Brothers Holdings Inc. 100% Principal Protection Notes ("Notes"): violated NASD Rule 2110 by making statements and omitting certain facts through communications through some financial advisors that may have misled certain customers, failed to disseminate adequately to financial advisors certain market information relating to Lehman's financial condition, violated NASD Rules 3010 and 2110 by failing to maintain and establish adequate supervisory systems in connection with marketing and sale of the Notes, violated NASD Rules 2310 and 2110 and IM-2310-2 by not adequately analyzing the suitability of sales to certain customers, and use of advertising and marketing materials and training and education materials that were not fair and balanced in violation of Rules 2210(d)(1) (A) and (B), 2211 and 2110.  
Disposition: Letter of Acceptance Waiver & Consent.; Censure, Fine, and Restitution to specific classes of customers  
Fine: \$2.5 million; Restitution: \$8.5 Million
-

## Disciplinary History

- 13      Date of Action: Jan. 5, 2011  
Brought By: FINRA  
Allegations: From October 1, 2007 through December 31, 2007, the Firm failed to use reasonable diligence to ascertain the best inter-dealer market and failed to buy or sell in such market so that the resultant price to five of its customers was as favorable as possible under prevailing market conditions.  
Disposition: AWC Censure, Fine  
Monetary/Fine: \$30,000 Disgorgement/ Restitution
- 
- 14      Date of Action: January 2011  
Disposition: SIX Swiss Exchange Regulation  
UBS AG was fined for (i) publishing too late internally available information related to expected losses in the summer of 2007 and (2) breaching rules on the provision of information about corporate governance in the 2008 UBS annual report.  
Disposition: Fine  
CHF100,000
- 
- 15      Date of Action: Nov. 3, 2010  
Brought By: FINRA  
Allegations: Violation of NASD Rules 1021, 1031, 2110 and 3010, FINRA Rule 2010 by permitting 70 individuals to act as principals without registration, and inadequate supervisory procedures.  
Disposition: Letter of Acceptance, Waiver & Consent.; Censure, Fine.; Establish supervisory procedures  
Fine: \$200,000 - Test of Supervisory procedures with written report within 120 days and certification of supervisory changes and written report within 90 days
- 
- 16      Date of Action: Sept. 29, 2010  
Brought By: FINRA  
Allegations: Violation of NASD Rules 2110, 3010(a) and 3010(b), FINRA Rule 2010 by lending customer securities to facilitate short selling without disclosing certain facts to customers and failing to adequately supervise.  
Disposition: Letter of Acceptance, Waiver & Consent, Censure, Fine, Establish supervisory procedures  
Fine: \$175,000
- 
- 17      Date of Action: June 26, 2009  
Brought By: FINRA  
Allegations: Inadequate systems/procedures, to detect patterns of unsuitable short-term trading of Closed-End Funds.  
Disposition: Letter of Acceptance, Waiver & Consent, Censure & Fine  
Fine: \$100,000
- 
- 18      Date of Action: February 2009  
Brought By: SEC and US Department of Justice  
Allegations: UBS entered into a Deferred Prosecution Agreement with the D.O.J. and a Consent Order with the SEC in connection with an investigation into the firms Cross-Border business. UBS AG agreed to disgorge profits and pay back taxes. UBS AG will terminate cross-border business serving private clients out on non SEC registered entities.  
Disposition: Disgorgement (\$200,000,000 is to the SEC); Back Taxes Payment, Monetary Sanctions: \$380,000,000; \$400,000,000
- 
- 19      Date of Action: Feb. 26, 2009  
Brought By: FINRA  
Allegations: Violated NASD Rules 2110, 3010, 2320, 3110, 3360, 3370, 6130, 6955(A) by failing to find the best inter-dealer market, did not obtain a favorable price, did not mark short-sales as such, did not note delivery instructions. The supervisory procedures were not adequate to achieve compliance.  
Disposition: Letter of Acceptance, Waiver & Consent, Censure and Fine Restitution to customer and revision of firm procedures  
Fine: \$110,000; Restitution: \$2,719.65
-

## Disciplinary History

- 20 Date of Action: Jan. 9, 2009  
Brought By: CFTC  
Allegations: UBS FA violated Sections 6(c) and 6(d) of Commodities Exchange Act and did not file with the National Futures Association the commodity pools' annual reports in a timely manner or deliver to pool participants.  
Disposition: Cease & Desist from violating Regulation 4.7(b)(3)(i) and CFR 4.7(b)(3)(i)(2008) and pay a civil penalty  
Civil Penalty: \$50,000
- 
- 21 Date of Action: December 2008  
Brought By: Swiss Federal Banking Commission  
Allegations: The cross-border business of UBS AG private clients was investigated and the firm was required to cease operating its non-W9 relationships, and to establish an adequate risk management and control system for this business.  
Disposition: Injunction
- 
- 22 Date of Action: Dec. 22, 2008  
Brought By: SEC and the 50 states  
Auction Rate Securities (ARS): UBS is permanently enjoined from violations of the broker/dealer anti-fraud provisions.  
Allegations: Violations of 34 Act Section 15(c) regarding the marketing and sale of Auction Rate Securities.  
Disposition: Cease & Desist Injunction; Civil Penalty; Consent Judgment  
Cease & Desist, and Fines in varying amounts currently being paid to all 50 states out of a total fine of \$75 million
- 
- 23 Date of Action: Feb. 28, 2008  
Brought By: FINRA  
Allegations: UBS effected transactions in Mutual Fund shares where other share classes were advantageous, or within the NAV transfer program, Failure to maintain supervisory procedures designed to identify NAV Programs.  
Disposition: Letter of Acceptance, Waiver & Consent, Censure and Fine. Firm to undertake initiative to provide remediation to certain customers who purchased Class B or C shares or who did not receive benefit of the NAV transfer program.  
Fine: \$1,000,000
- 
- 24 Date of Action: Dec. 3, 2007  
Brought By: State of Missouri  
Allegations: Firm failed to supervise former FA's for public seminars and recommendations to customers re: mutual fund share sales.  
Disposition: Consent Order, Censure, Fine & Disgorgement  
Civil : \$ 75,000; Investor Restitution: \$247,680; Disgorge: \$135,946; Investor Education: \$230,000; Cost to Investigate: \$8,584
- 
- 25 Date of Action: Oct. 24, 2007  
Brought By: FINRA  
Allegations: Firm did not file certain amendments to U-4's and U-5's during the period 1.1.02 to 12.31.04 and did not have adequate supervisory procedures re: late filings.  
Disposition: Letter of Acceptance Waiver & Consent & Fine  
Fine: \$370,000
- 
- 26 Date of Action: Oct. 2, 2007  
Brought By: FINRA  
Allegations: Violations of NYSE Rule 401(a) and 342 by failing to deliver prospectuses and failing to maintain supervisory and control procedures.  
Disposition: Letter of Acceptance, Waiver & Consent, Censure & Fine Certification to NYSE re: policy & procedure revisions within 90 days.  
Fine: \$500,000
-

## Disciplinary History

- 27     Date of Action: July 16, 2007  
Brought By: Attorney General State of NY  
Allegations: Non-discretionary fee-based brokerage accounts were unsuitable for certain clients and fees/commissions were higher than non- fee based accounts  
Disposition: Remediation to Customers & Penalty to State of NY  
Remediation: \$21,300,000; Penalty: \$2,000,000
- 
- 28     Date of Action: April 16, 2007  
Brought By: State of Connecticut Department of Banking  
Allegations: Failure to keep certain books & records pertaining to sub-account transfers with insurance products & failure to supervise agents re: market timing.  
Fine, Financial Literacy Initiatives, Education Initiatives  
Fine: \$1,500,000; (Public School Initiative: \$1,250,000; Public College Initiative: \$1,000,000; Dept of Social Service Initiative: \$1,500,000; CT Law Enforcement: \$250,000
- 
- 29     Date of Action: May 26, 2006  
Brought By: NYSE  
Allegations: Sales Practice exams in 2003 and 2004 revealed overcharges and the Firm violated Section 17(a)(2) of the '33 Act, and Rule 10b- 10 of the '34 Act.  
Disposition: Stipulation of Facts & Consent to Penalty  
Fine: \$175,000
- 
- 30     Date of Action: Jan. 11, 2006  
Brought By: NYSE  
Allegations: Failure to supervise brokers who engaged in deceptive market timing of mutual funds and varied insurance products.  
Disposition: Fine, Consent Order, Censure, Civil Penalty  
Fine: \$23,700,000; Fine State of NJ: \$24,700,000
-



## ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

### Our Business

UBS Financial Services Inc. is a member of all principal securities and commodities exchanges in the United States including the New York Stock Exchange ("NYSE"). Our parent company, UBS AG ("UBS"), is a global, integrated investment services firm and one of the world's leading banks. We are registered to act as a broker-dealer, investment adviser and a futures commission merchant. Please note that registration as an investment adviser does not imply a certain level of skill or training.

As a full service broker-dealer and investment adviser, we offer our customers and investment Advisory clients a broad range of financial services and products, and we are engaged in various aspects of the securities and investment business. Our financial services include:

- Underwriting securities offerings
- Acting as a market maker in securities
- Trading for our own account
- Acting as a clearing firm for other broker- dealers
- Buying or selling securities, commodity futures contracts and other financial instruments for customers as their broker or buying them from or selling them to clients, acting as principal for our own account
- Providing investment advice and managing investment accounts or portfolios
- Acting as a commodity pool operator, futures commission merchant or commodity trading advisor and providing custodial services
- Through our affiliates, we provide clients with trust and custodial services
- We manage, sponsor and distribute registered investment companies and other public and private pooled investment vehicles, including hedge funds, whose shares or other interests are sold to clients

Currently, our principal business, in terms of its revenues and personnel, is that of a broker- dealer in securities.

### UBS Financial Services Inc. Subsidiaries & Other Affiliates

There are a number of related persons that provide investment management and other financial services and products to our investment advisory clients, which may be material to our advisory business. UBS, our subsidiaries or affiliates act in one or more capacities, including investment adviser, sub- adviser, consultant, administrator and principal underwriter (as applicable) to a number of open-end and closed-end investment companies with varying investment objectives. As a futures commission merchant, and through affiliates registered as commodity pool operators and commodity trading advisors, we or an affiliate also provide advice on commodities and commodity-related products. Certain of our subsidiaries, affiliates and related entities include the following:

- Sydling Futures Management LLC.
- UBS Financial Services Insurance Agency Inc.
- UBS Financial Services Incorporated of Puerto Rico, a separately registered broker-dealer
- UBS Insurance Agency of Puerto Rico Inc.
- UBS International Hong Kong Limited

- Trust-related services are available through the UBS Trust Company N.A. and the UBS Trust Company of Puerto Rico Inc.
- UBS Credit Corp. provides loans to clients that are either unsecured or secured by securities or other financial instruments. These loans may be used to buy securities or for other purposes. These loans are not subject to the maintenance requirements and potential capital charges that are imposed on broker-dealers.
- UBS Bank USA is an FDIC-insured Utah industrial bank. UBS Bank USA provides deposit services and loans to clients that are secured by securities or real estate. These loans may be used for purposes other than buying, trading or carrying securities. These loans are not subject to the maintenance requirements and potential capital charges that are imposed on broker- dealers.

UBS Group AG (UBS Financial Services Inc.'s ultimate parent) offers investment advisory services through a variety of direct and indirect subsidiaries. These entities are separately registered investment advisors and, in some cases, registered broker-dealers and commodity- trading advisors. Their principal lines of business range from developing and distributing investment products including wrap fee products, mutual funds, closed-end funds, privately placed funds and other pooled investment products, providing investment advice to individuals, pension and other employee benefit plans, other tax-exempt organizations, insurance companies, investment companies, commingled trust funds, corporations, and other institutional investors, and serving as investment managers, administrators, distributors and/or placement agents for a number of funds, including (in the case of UBS Global Asset Management (US) Inc., the PACE Select Advisors Trust and a number of UBS and UBS Global Asset Management- advised mutual funds. Certain of the investment advisers listed below may serve as investment manager for clients participating in our MAC, ACCESS program or SWP programs.

The UBS Group AG subsidiaries registered as investment advisers in the United States include the entities below. These companies manage the assets of, or serve as general partners or managers of registered investment companies and private investment funds that may be offered and sold to our advisory clients. Information on those investment vehicles can be found on the respective Form ADV of each affiliated advisor.

- Alternative Investment Solutions
- UBS Agrivest LLC
- UBS Global Asset Management (Americas) Inc.
- UBS Global Asset Management (UK) Ltd.
- UBS O'Connor LLC
- UBS Realty Investors LLC
- UBS Swiss Financial Advisers
- UBS Fund Advisor, LLC
- UBS Juniper Management LLC
- UBS Eucalyptus Management LLC, and

## ITEM 11. INVESTMENT ADVISER CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

### A. Investment Adviser Code of Ethics

The Firm maintains and enforces a written code of ethics in accordance with Rule 204A-1 under the Investment Advisers Act of 1940. The code and any subsequent amendments, are provided to all employees of the Firm and each employee is responsible for acknowledging receipt.

The code, which supplements the Firm's code of conduct, has a dual purpose:

- To set forth standards of conduct that apply to all employees of the firm, including the firm's fiduciary obligation to its clients
- To address conflicts of interest associated with the personal trading activities of a subset of employees defined as "access persons."<sup>4</sup>

Employees are required to promptly report any suspected violation of the code. Violations of the code may result in discipline, up to and including termination. Clients or prospective clients may obtain a copy of the Investment Adviser Code of Ethics upon request.

## **B.Sources of Compensation from Third Parties**

In relationships that are separate and distinct from the Financial Education Services we provide, UBS, our Financial Advisors and affiliates receive additional compensation when clients use UBS's account, execution, custody or other services, including other investment advisory services. We may also act as agent or principal for our own account when executing transactions and may profit or receive compensation in connection with such transactions.

### **Sources of Compensation from the Sale and Distribution of Mutual Funds.**

**The following compensation is not received with respect to our Financial Education Program engagements; however, these fees may be received in connection with other client assets.**

With respect to the sale of mutual funds, compensation to UBS, its Advisors and affiliates can result from receipt of distribution (e.g., 12b-1 fees), shareholder servicing, administration (e.g., omnibus or networking fees), marketing, investment management, revenue sharing or referral agreements we and/or affiliates have with vendors or sponsors of those securities and other services. The source of some of this compensation is from the fees you pay the fund sponsor or investment adviser who then pays a portion of those fees to us. The mutual fund's prospectus will include information about the various forms of compensation paid by the fund or its advisors. In addition, information regarding revenue-sharing arrangements is available at our website, [www.ubs.com/mutualfundrevenuesharing](http://www.ubs.com/mutualfundrevenuesharing).

We also receive additional compensation as a result of inter-company profit sharing and servicing agreements. As a result of the various payments to us or our affiliated companies, the amount of compensation that UBS entities receive with respect to the sale of affiliated or proprietary mutual funds, including the money market funds used as sweep vehicles in advisory accounts, is greater than the amount payable to the organization as a whole from the sale of unaffiliated mutual funds.

For UBS proprietary products, our affiliates receive fees for providing investment management and other services ancillary to the execution of purchases of shares in affiliated funds, including, administration and shareholder services to the

affiliated funds in the Programs.

### **Contributions to Training and Education Expenses.**

Investment managers, mutual fund vendors, unit investment trust sponsors, retirement plan platforms, annuity, life insurance companies or their affiliates and sponsors of ETFs whose products are available on our platform may contribute funds to support our Financial Advisor education programs.

The contributions are used to subsidize the cost of training seminars we offer to Financial Advisors through specialized firm-wide programs and regional training forums. These seminars are designed to provide training and education to Financial Advisors, Branch Office Managers, Field Leadership, and other personnel who regularly solicit clients to participate in the various types of businesses listed above. These contributions also subsidize a significant portion of the costs incurred to support the Financial Advisor training, Financial Advisor and Client education, and product marketing efforts conducted regionally and nationally by product specialists employed by UBS. The training events and seminars can (and often) include a non-training element to the event.

Not all vendors contribute to our education efforts. Neither contribution towards these training and educational expenses, nor lack thereof, is considered as a factor in analyzing or determining whether a vendor should be included or should remain in our programs or our platform. Contributions can vary by vendor and event. Some vendors may decide to contribute at levels different than those we request. Additional contributions may be made by certain vendors in connection with specialized events, education or training forums.

Your Financial Advisor does not receive a portion of these payments. However, their attendance and participation in these events, as well as the increased exposure to vendors who sponsor the events, may lead Financial Advisors to recommend the products and services of those vendors as compared those who do not.

Please see the section "Non-Cash Compensation" for a description of additional types of support and/or contributions we receive from vendors.

### **Non-Cash Compensation.**

In addition to the contributions to training and education expenses described above, we and our Financial Advisors, may, from time to time, receive non-cash compensation from mutual fund companies, investment managers, insurance vendors, and sponsors of products that we distribute. This compensation may include the following:

- Occasional gifts
- Occasional meals, tickets or other entertainment
- Sponsorship support of training events for our employees
- Various forms of marketing support

These payments do not relate to any particular transactions or investment made by clients. At your request, your financial advisor can provide you with an annual estimate of the value of the non-cash compensation they may have received, if any.

### **Other Compensation.**

In addition, our affiliates receive trading commissions and other compensation from mutual funds and insurance companies whose products we distribute.

UBS or our affiliates may engage in a variety of transactions with (or provide other services to) the investment managers,

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<sup>4</sup> Access Person: all branch office employees, regardless of their job function, and any other Firm employee who works from a branch location or home office employees who place trades on behalf of money managers who participate in the Firm's advisory programs and home office employees that develop, manage or place trades for the UBS Managed Portfolio Program

mutual funds, their affiliates or service providers with which you are doing business. We may, in turn, receive compensation from these entities. Those transactions and services that we provide may include:

- Executing transactions in securities or other instruments
- Broker-dealer services for our own account
- Research services
- Consulting services
- Performance evaluation services
- Investment banking services
- Banking or insurance services

### **C.Other Interests in Client Transactions**

Advice/Services to Other Clients and Activities in our Proprietary Accounts

We and our affiliates provide investment banking, research, brokerage, investment advisory and other services for different types of clients. In providing those services, we and our affiliates may:

- Give advice to, or take actions for, those clients or for our or our affiliates own accounts that differs from advice given to, or the timing and nature of actions taken for you,
- Buy and sell securities for our own or other accounts,
- Act as a market maker or an underwriter for securities recommended, purchased or sold.

UBS and our affiliates occasionally may not be free to divulge or act upon certain information in their possession on behalf of investment advisory or other clients. We are not obligated to execute any transaction for your account that we believe to be improper under applicable law or rules or contrary to our own policies. In particular, you should note that some of our programs may recommend asset allocations or analyze markets and the economy in a different way than would be recommended by some of our research, trading or other departments.

We have adopted policies and procedures that limit transactions for our proprietary accounts and the accounts of our employees. These policies and procedures are designed to prevent, among other things, improper or abusive conduct when there may be a potential conflict with the interests of a client.

### **ITEM 12. BROKERAGE PRACTICES**

Our Financial Education Program does not include the review or recommendation of broker-dealers for client transactions.

### **ITEM 13. REVIEW OF ACCOUNTS**

Financial Advisors who provide FEP services may only use materials created or reviewed by the Firm.

Branch Office Managers are responsible for approving the agreement and all invoices for services. Home Office Program Managers are also responsible for approving the agreement and various program procedures.

### **ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION**

We neither receive nor pay compensation for referrals of Financial Education Program clients.

Separate and distinct from the Program, we and our Financial

Advisors may be compensated for referring clients to affiliates or third parties, as well as receive compensation from third parties or affiliates for their referral of clients to us.

### **ITEM 15. CUSTODY**

The Financial Education Program does not involve the custody of client assets. However, UBS Financial Services Inc. is a qualified custodian and has custody of client funds and securities.

### **ITEM 16. INVESTMENT DISCRETION**

The Financial Education Program does not involve the delegation or exercise of discretion on our part over your assets. We offer discretionary portfolio management services which are described in a separate brochure. Please contact your Financial Advisor with questions.

### **ITEM 17. VOTING CLIENT SECURITIES**

The Financial Education Program does not include proxy voting services.

### **ITEM 18. FINANCIAL INFORMATION**

UBS Financial Services Inc. is a qualified custodian (as defined in SEC Rule 206(4)-2). As a result, we have not included the balance sheet required under "Financial Information" of this Form ADV.

- As of the date of this Brochure, there is no financial condition that is reasonably likely to impair our ability to meet our contractual commitment to our clients.
- Our Firm has not been the subject of a bankruptcy petition at any time during the last ten years

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UBS Financial Services Inc.