



March 30, 2017

**Conditional Approval #1172**  
**June 2017**

Mr. Richard Mumford  
Managing Director  
Head, Bank Regulatory  
UBS Americas Region  
1000 Harbor Boulevard – 8<sup>th</sup> Floor  
Weehawken, NJ 07086

Re: Applications by UBS AG, Zurich, Switzerland to convert the UBS Stamford Branch and the UBS Chicago Branch from State branches to Federal branches.  
OCC Control Nos. 2016-NE-FBS-ConversionsStateToFed-293425  
2016-NE-FBS-ConversionsStateToFed-293427

Dear Mr. Mumford:

The Office of the Comptroller of the Currency (OCC) grants preliminary conditional approval to convert the UBS Stamford Branch (Stamford branch) and UBS Chicago Branch (Chicago branch) from state licensed branches to federal branches.

OCC grants this approval after a thorough review of all information available, and reliance upon representations and commitments made in the application, by the foreign bank, and/or its representatives. The federal branches' capital equivalency deposit shall be maintained in a U.S. member bank, consistent with 12 USC 3102(g) and 12 CFR. 28.15, and pursuant to an agreement in such form and containing such limitations and conditions as prescribed by 12 CFR. 28.15.

OCC approves the application subject to the following conditions:

1. In addition to compliance with other applicable requirements under United States law, UBS AG and the Stamford and Chicago branches will make available to the OCC such information on the operations and activities of UBS AG and the Stamford and Chicago branches, and any of UBS AG's affiliates that the OCC deems necessary to determine and enforce compliance by the Stamford and Chicago branches with the International Banking Act and other applicable federal laws. If the disclosure of any required information is prohibited by law or otherwise, UBS AG and the Stamford and Chicago branches shall cooperate with the OCC including seeking timely waivers of or exemptions from any applicable confidentiality or secrecy restrictions or requirements in order to enable UBS AG, the Stamford or Chicago branches, and UBS AG affiliates to make any such information available to the OCC.

2. UBS AG and the Stamford and Chicago branches consent to the jurisdiction of the federal courts of the United States and of all United States government agencies, departments and divisions for purposes of any and all claims made by, proceedings initiated by, or obligations to, the United States, the OCC and any other United States government agency, department or division, in any matter arising under the National Bank Act, the International Banking Act, and other applicable Federal banking laws.
3. During its first three years of operations, the Stamford and Chicago branches (i) shall give the OCC's International Banking Supervision Office at least sixty (60) days prior written notice of its intent to significantly deviate or change from its business plan or operations and (ii) shall obtain the OCC's written determination of no objection for any such significant deviation or change. The OCC may impose additional conditions it deems appropriate in a written determination of no objection to the Branches' notices.
4. Within five (5) days after consummation of the conversion, the Stamford branch shall execute a Stipulation and Consent to the Issuance of a Cease and Desist Order agreeing to the OCC's issuance of a Cease and Desist Order issued by Consent (OCC Order) requiring the Stamford branch to adhere to provisions substantially the same as those in the Federal Reserve Board and State of Connecticut Department of Banking's Cease and Desist Order effective May 20, 2015 (FOREX Order), which requires the Stamford branch to take certain actions related to the oversight, compliance systems and internal controls of covered foreign exchange activities. Pursuant to the OCC Order, the Stamford branch will be required to adhere to the provisions and requirements of the FOREX Order as though it remained in full force and effect subsequent to the license conversion.

The conditions of this approval are conditions "imposed in writing by a Federal banking agency in connection with any action on any application, notice, or other request" within the meaning of 12 USC 1818. As such, the conditions are enforceable under 12 USC 1818.

Please refer to the Federal Branch and Agency booklet of the Comptroller's Licensing Manual for the steps and requirements to be completed prior to converting. In addition to other matters addressed in the Federal Branch and Agency booklet, you are reminded that the following items must be satisfactorily addressed on or before the effective date of the conversion:

- The federal branches must have adequate fidelity bond coverage.
- It is the responsibility of the board of directors, appropriate committee, or senior management to adopt, review, and modify as appropriate, those policies, practices, and procedures necessary to ensure the safe and sound operation of the federal branches and to ensure compliance with them.
- The federal branches will maintain their accounts, books, and records as prescribed by 12 CFR 28 and in such a manner as to facilitate the complete and accurate presentation of financial statements and other reports in form and content as required by the OCC.

- You must notify the OCC when you have completed all steps required to convert and of your effective date.
- If the conversion is not effected within six months from the decision date, approval will be withdrawn. The OCC is opposed to granting extensions except under the most extenuating circumstances and expects the conversion to occur as soon as possible.

The *Comptroller's Licensing Manual* is available in electronic form on our Web site <http://www.occ.gov/publications/publications-by-type/licensing-manuals/index-licensing-manuals.html>, as are a number of other relevant booklets.

This approval and the activities and communications by OCC employees in connection with the filing, do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory, and examination authorities under applicable law and regulations. Our decision is based on the bank's representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend, or rescind this decision, if a material change in information on which the OCC relied occurs prior to the date of the transaction to which this decision pertains. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

If you have any questions, contact Kerry Rice, Licensing Analyst at (212) 790-4023 or by email at [kerry.rice@occ.treas.gov](mailto:kerry.rice@occ.treas.gov).

Sincerely,

*signed*

Stephen A. Lybarger  
Deputy Comptroller for Licensing