

= UBS =

UBS AG is a Swiss global financial services company, incorporated in the Canton of Zurich, and co-headquartered in Zurich and Basel. The company provides wealth management, asset management, and investment banking services for private, corporate, and institutional clients worldwide, and is generally considered to be a bulge bracket bank. In Switzerland, these services are also offered to retail clients. The name UBS was originally an abbreviation for the Union Bank of Switzerland, but it ceased to be a representational abbreviation after the bank's merger with Swiss Bank Corporation in 1998. The company traces its origins to 1856, when the earliest of its predecessor banks was founded.

UBS is considered the world's largest manager of private wealth assets, with over CHF 2 trillion in invested assets, and remains a leading provider of retail banking and commercial banking services in Switzerland. In 2014, UBS' assets under management (AuM) amounted to US \$ 1,966 billion, representing a 15.4% increase in AuM compared to the equivalent data of 2013. It is the biggest bank in Switzerland, operating in more than 50 countries with about 60,000 employees around the world, as of 2014.

In comparison to other European banks, UBS suffered among the largest losses during the subprime mortgage crisis, and the bank was required to raise large amounts of outside capital. In 2007, the bank received a US \$ 9.7 billion capital injection from the Government of Singapore Investment Corporation (currently GIC Private Limited effective from July 2013), which remains one of the bank's largest shareholders. The bank also received capital from the Swiss government, further complemented by a series of equity offerings in 2007, 2008, and 2009.

= = Corporate structure = =

UBS is a joint-stock company ("Aktiengesellschaft") pursuant to Swiss laws. Its shares are listed at the SIX Swiss Exchange, and the New York Stock Exchange (NYSE). As of February 2015, UBS is present in all major financial centers worldwide, having offices in more than 50 countries, with about 35% of its approx. 60,000 employees working in the Americas, 36% in Switzerland, 17% in Europe, the Middle East and Africa and 12% in the Asia Pacific region.

The bank has its major presence in the United States. Its American headquarters for investment banking are located in New York City, for private wealth management in Weehawken, New Jersey and its sales & trading headquarters can be found in Stamford, Connecticut. Company's global business groups are (i) wealth management, (ii) investment banking and (iii) asset management. Additionally, UBS is the leading provider of retail banking and commercial banking services in Switzerland, as established already in 2009. Overall invested assets are CHF 2,689 trillion, shareholders' equity is CHF 55.313 billion and market capitalization is CHF 75.147 billion by the end of 2015.

In November 2014, the shares in UBS Group AG were listed and started trading as a new holding company on the NYSE and SIX Swiss Exchange. Upon application and with the effect as of 14 January 2015, the shares of the USB AG, the subsidiary of the UBS Group AG, were delisted from the NYSE.

UBS' structure includes six divisions in total:

Starting already on 9 June 2003, all UBS business groups, including UBS Paine Webber and UBS Warburg, were rebranded under the UBS moniker following company's start of operations as a unified global entity.

= = UBS Investment Bank = =

UBS Investment Bank provides services covering securities, other financial products, and research in equities, rates, credit, foreign exchange, precious metals and derivatives.

As of the end of 2015, the personnel employed at UBS Investment Bank totalled to 5,243 presented in over 35 countries (with principal offices in Hong Kong, London, New York, Singapore

, Sydney , Tokyo and Zurich ) . This business division also advises and provides access to capital markets for corporate and institutional clients , governments , financial intermediaries , alternative asset managers , and private investors . UBS Investment Bank was formerly known as UBS Warburg and as Warburg Dillon Read , before the merger of Union Bank of Switzerland and Swiss Bank Corporation ( SBC ) .

Within the UBS Investment Bank division , the Investment Banking Department ( IBD ) provides a range of advisory and underwriting services including mergers and acquisitions , restructuring , equity offerings , investment grade and high yield debt offerings , leveraged finance and leveraged loan structuring , and the private placement of equity , debt , and derivatives .

The Sales & Trading division comprises equities ( brokering , dealing , market making and engaging in proprietary trading in equities , equity @-@ related products , equity derivatives , and structured products ) and FX , Rates and Credit ( FRC ) ( brokering , dealing , market making and engaging in proprietary trading in interest rate products , credit products , mortgage @-@ backed securities , leveraged loans , investment grade and high @-@ yield debt , currencies , structured products , and derivative products ) .

Since the early 2000s , UBS Investment Bank has been among the top fee @-@ generating investment banks globally . In 2010 , UBS ranked No.5 globally in mergers & acquisitions advisory , No.5 globally in debt capital markets bookrunning , No.5 globally in follow @-@ on equity offerings , No.3 in European follow @-@ on equity offerings , No.1 in Asia M & A advisory , No.2 in Asian equity capital markets bookrunning , No.2 in Asian follow @-@ on equity offerings , No.2 in Canadian M & A advisory , No.3 in Middle Eastern & African mergers & acquisitions advisory , and No.2 in Middle Eastern & African equity capital markets bookrunning . UBS also ranked No.1 on the 2010 M & A league tables in Australia , ahead of Macquarie Bank and Goldman Sachs .

= = = UBS Asset Management = = =

UBS Asset Management offers equity , fixed income , currency , hedge fund , real estate , infrastructure and private equity investment capabilities that can also be combined in multi @-@ asset strategies .

The 1998 UBS @-@ SBC merger and subsequent restructuring resulted in the combination of three major asset management operations : UBS Asset Management , Phillips & Drew ( owned by Union Bank of Switzerland ) , and Brinson Partners ( owned by SBC ) . The investment teams were merged in 2000 and in 2002 the brands were consolidated to become UBS Global Asset Management .

At the end of 2015 , UBS Asset Management was responsible for CHF 650 billion of invested assets and assets under administration were CHF 407 billion . With around 2 @, @ 300 employees in 24 countries , UBS Asset Management is the largest mutual fund manager in Switzerland , a leading fund house in Europe , and one of the largest hedge funds and real estate investment managers in the world . It has main offices in Chicago , Frankfurt , Hartford , Hong Kong , London , New York , Paris , Singapore , Sydney , Tokyo , and Zürich .

= = = UBS Wealth Management ( & Swiss Bank ) = = =

UBS 's wealth management division offers high @-@ net @-@ worth individuals around the world ( with the exception of those served by the division of Wealth Management Americas ) a range of advisory and investment products and services . As of the end of 2014 , UBS Wealth Management 's invested assets totaled CHF 947 billion .

More than 60 % of total invested assets in UBS Wealth Management belong to individuals with a net @-@ worth of CHF 10 million or more . Of the remaining 40 % of total invested assets , 30 % of the total belong to individuals with net @-@ worth between CHF 1 million and CHF 10 million and the last 10 % of total assets belong to individuals with a net @-@ worth of less than CHF 1 million .

UBS offers brokerage services and products as well as asset management and other investment advisory and portfolio management products and services . Additionally , UBS provides a broad

range of securities and savings products that are supported by the firm's underwriting and research activities as well as order execution and clearing services for transactions originated by individual investors .

The business is further divided geographically with separate businesses focused on the U.S. and other international markets . Two @-@ thirds of the total invested assets come from Europe and Switzerland with the final one @-@ third coming mainly from the Asia @-@ Pacific region .

With its headquarters in Switzerland , UBS Wealth Management is present in nearly 50 countries with approximately 230 offices ( 100 of which are in Switzerland ) . As of the end of 2014 , around 16 @, @ 700 people worldwide were employed by UBS Wealth Management . UBS Wealth Management in the U.S. is an outgrowth of the former Paine Webber brokerage business . The business was initially renamed UBS Paine Webber in March 2001 after it was acquired by UBS . The subsidiary was again renamed UBS Wealth Management USA in June 2003 .

In Switzerland , UBS Swiss Bank provides a complete set of retail banking services that includes checking , savings , credit cards , and mortgage products for individuals . They offer cash management and commercial banking services for small businesses and corporate clients as well .

== UBS Retail & Corporate ==

UBS 's Retail & Corporate division delivers financial products and services to retail , corporate and institutional clients in Switzerland . It also provides stable and substantial profits for the Group and revenues opportunities for businesses within the bank . UBS maintains a leading position in the retail and corporate loan market in Switzerland ; in fact , it serves one in three pension funds , more than 85 % of the 1 @, @ 000 largest Swiss corporations and 85 % of banks that resides within the nation . In 2014 , the international financial magazine Euromoney named UBS " Best Domestic Cash Manager Switzerland " . At the end of 2014 , its lending portfolio reached CHF 137 billion . The 73 % of this sum was secured by residential property and the 15 % by commercial and industrial properties .

The products that this UBS division offers range from cash accounts , payments , savings and retirement solutions to investment fund products , residential mortgages and advisory services . This business division constitutes a central building block of UBS 's universal bank delivery model in Switzerland and it supports other divisions , such as Investment Bank , by referring clients to them and by assisting them to build their wealth to a level at which they can be transferred to UBS Wealth Management .

The retail and corporate distribution network comprises not only customer service centers , but 1 @, @ 250 teller machines and self @-@ service terminals , as well as digital banking services .

== Competition ==

On a global scale , UBS competes with the large global investment banks , and it is regularly compared against its fellow Swiss banking giant , Credit Suisse . In Switzerland , UBS competes with a number of cantonal banks , such as Zürcher Kantonalbank and other cantonal banks , as well as Raiffeisen , PostFinance , and Migros banks .

== UBS Young Professional Programs ==

UBS is one of the major providers of young professional training in Switzerland , offering various programs , depending on applicants ' level of education . After graduation , over 70 % are permanently employed . Aside from the Apprenticeship and All @-@ round Trainee Program offered in Switzerland , UBS offers Internship program and the Graduate Training Programs ( GTP ) globally . The GTP is an 18 @-@ month development program for graduates with bachelor 's degree and above , which is specifically built around the different business groups of UBS . It consists of on @-@ the @-@ job training ( OJT ) , tailored education and networking events .

= = History = =

UBS , as it exists today , is the result of a complex history representing a merger product of the Union Bank of Switzerland and the Swiss Bank Corporation in June 1998 ( SBC ) . The official founding date of the bank is April 1862 , the year when its nucleus Bank in Winterthur was founded .

Although the merged company 's new name was originally supposed to be the " United Bank of Switzerland , " the officials opted to call it simply UBS because of a name clash with the separate Swiss company United Bank Switzerland ? a part of the United Bank Limited 's Swiss subsidiary . Therefore , UBS is no longer an acronym but is the company 's brand . Its logo of three keys , carried over from SBC , stands for the company 's values of confidence , security , and discretion .

UBS also comprises a number of well @-@ known securities firms that have been acquired by the bank and its predecessors . Among the bank 's most notable constituent parts are Paine Webber , Dillon , Read & Co . , Kidder , Peabody & Co . , Phillips & Drew , S. G. Warburg & Co . , Blyth , Eastman , Dillon & Co . , Jackson & Curtis , and Union Securities , among others .

= = = Swiss Bank Corporation = = =

= = = Origins and early years ( 1854 ? 1945 ) = = =

UBS , through Swiss Bank Corporation , traces its history to 1854 when six private banking firms in Basel , Switzerland pooled their resources to form the Bankverein , a consortium that acted as an underwriting syndicate for its member banks . In 1871 , the Bankverein coordinated with the German Frankfurter Bankverein to form the Basler Bankverein , a joint @-@ stock company replacing the original Bankverein consortium . After the new bank started with an initial commitment of CHF 30 million and CHF 6 million of share capital , it soon experienced growing pains when heavy losses in Germany caused it to suspend its dividend until 1879 . Following the years 1885 and 1886 , when the bank merged with the Zürcher Bankverein and acquired the Basler Depositenbank and the Schweizerische Unionbank , it changed its name to Schweizerischer Bankverein . The English name of the bank was originally Swiss Bankverein , but was changed to Swiss Bank Corporation ( SBC ) in 1917 .

SBC subsequently experienced a period of growth , which was only interrupted by the onset of World War I , in which the bank lost investments in a number of large industrial companies . By the end of 1918 , the bank had recovered and surpassed CHF 1 billion in total assets and grew to 2 @,@ 000 employees by 1920 . The impact of the stock market crash of 1929 and the Great Depression was severe , particularly as the Swiss franc suffered major devaluation in 1936 . The bank saw its assets fall from a 1929 peak of CHF 1 @.@ 6 billion to its 1918 levels of CHF 1 billion by 1936 .

In 1937 , SBC adopted its three @-@ keys logo , designed by Warja Honegger @-@ Lavater , symbolizing confidence , security , and discretion , which remains an integral part in the current @-@ day logo of UBS .

On the eve of World War II in 1939 , SBC , like other Swiss banks , was the recipient of large influxes of foreign funds for safekeeping . Just prior to the outbreak of the war , SBC made the timely decision to open an office in New York City . The office , located in the Equitable Building , was able to begin operations a few weeks after the outbreak of the war and was intended as a safe place to store assets in the case of an invasion . During the war , the banks ' traditional business fell off and the Swiss government became their largest client .

= = = Post @-@ war years ( 1945 ? 1998 ) = = =

In 1945 , SBC acquired the Basler Handelsbank ( Commercial Bank of Basel ) , which was one of the largest banks in Switzerland , but became insolvent by the end of the war . SBC remained

among the Swiss government 's leading underwriters of debt in the post @-@ war years . SBC , which had entered the 1950s with 31 branch offices in Switzerland and three abroad , more than doubled its assets from the end of the war to CHF 4 billion by the end of the 1950s and doubled assets again in the mid @-@ 1960s , exceeding CHF 10 billion by 1965 .

In 1961 , SBC acquired Banque Populaire Valaisanne , based in Sion , Switzerland and the Banque Populaire de Sierre . The bank opened a full branch office in Tokyo in 1970 .

In 1992 , SBC acquired O 'Connor & Associates , a Chicago @-@ based options trading firm and the largest market maker in the financial options exchanges in the U.S. O 'Connor was combined with SBC 's money market , capital market , and currency market activities to form a globally integrated capital markets and treasury operation .

In 1994 , SBC acquired Brinson Partners , an asset management firm focused on providing access for U.S. institutions to global markets , for US \$ 750 million . Following the acquisition , founder Gary P. Brinson ran SBC 's asset management business and later when SBC merged with UBS was named chief investment officer of UBS Global Asset Management .

The acquisition of S.G. Warburg & Co . , a leading British investment banking firm , in 1995 for the price of US \$ 1 @.@ 4 billion signified a major push into investment banking . S.G. Warburg & Co. had established a reputation as a daring merchant bank that grew to be one of the most respected investment banks in London . However , a Warburg expansion into the U.S. had turned out flawed and costly , and talks in 1994 with Morgan Stanley about a merger had collapsed . SBC merged the firm with its own existing investment banking unit to create SBC Warburg .

Two years later , in 1997 , SBC paid US \$ 600 million to acquire Dillon , Read & Co . , a U.S. bulge bracket investment bank .

Dillon , Read & Co . , which traced its roots to the 1830s was among the powerhouse firms on Wall Street in the 1920s and 1930s , and by the 1990s had a particularly strong mergers and acquisitions advisory group . Dillon Read had been in negotiations to sell itself to ING , which owned 25 % of the firm already , but Dillon Read partners balked at ING 's integration plans .

After its acquisition by SBC , Dillon Read was merged with SBC @-@ Warburg to create SBC @-@ Warburg Dillon Read . Following SBC 's later merger with Union Bank of Switzerland , the SBC part was dropped from the name ; in 2000 when the new UBS got restructured the Dillon Read name was dropped , although it was brought back in 2005 as Dillon Read Capital Management , UBS 's ill @-@ fated hedge fund operations .

= = = Union Bank of Switzerland = = =

= = = = Origins and early years ( 1862 ? 1945 ) = = = =

The Union Bank of Switzerland emerged in 1912 when the Bank in Winterthur fused with the Toggenburger Bank . The Bank in Winterthur , founded in 1862 with an initial share capital of CHF 5 million , focused on providing financing for industry and other companies , and had profited considerably from its close railroad connections and large warehousing facilities during the American Civil War when cotton prices rose dramatically . The Toggenburger Bank was founded in 1863 with an initial share capital of CHF 1 @.@ 5 million , and specialized as a savings and mortgage bank for individual customers , maintaining a branch office network in eastern Switzerland .

The new company was initially traded under the English name Swiss Banking Association , but in 1921 it was changed to Union Bank of Switzerland ( UBS ) to mirror its French name , Union de Banques Suisses . In German , the bank was known as the Schweizerische Bankgesellschaft ( SBG ) .

The combined bank had total assets of CHF 202 million and a total shareholders ' equity of CHF 46 million . In 1917 , UBS completed the construction of a new headquarters in Zurich on Bahnhofstrasse , considered to be the Wall Street of Switzerland . By 1923 , offices were established throughout Switzerland . Although the bank suffered in the aftermath of World War I and

the Great Depression , it was able to make several smaller acquisitions ; in 1937 it established Intrag AG , an asset management business responsible for investment trusts , ( i.e. mutual funds ) .

= = = = Activities in World War II = = = =

The activities of the Union Bank of Switzerland during World War II were not publicly known until decades after the war , when it was demonstrated that UBS likely took active roles in trading stolen gold , securities , and other assets during World War II .

The issue of " unclaimed property " of Holocaust victims became a major issue for UBS in the mid @-@ 1990s , and a series of revelations in 1997 brought the issue to the forefront of national attention in 1996 and 1997 .

UBS confirmed that a large number of accounts had gone unclaimed as a result of the bank 's policy of requiring death certificates from family members to claim the contents of the account . UBS 's handling of these revelations were largely criticized and the bank received significant negative attention in the U.S.

UBS came under significant pressure , particularly from American politicians , to compensate Holocaust survivors who were making claims against the bank .

In January 1997 , Christoph Meili , a night watchman at the Union Bank of Switzerland , found employees shredding archives compiled by a subsidiary that had extensive dealings with Nazi Germany . The shredding was in direct violation of a then @-@ recent Swiss law adopted in December 1996 protecting such material . UBS acknowledged that it had " made a deplorable mistake " , but an internal historian maintained that the destroyed archives were unrelated to the Holocaust . Criminal proceedings then began against the archivist for possible violation of a recent Federal Document Destruction decree and against Meili for possible violation of bank secrecy , which is a criminal offense in Switzerland . Both proceedings were discontinued by the District Attorney in September 1997 .

Meili was suspended from his job at the security company that served UBS , following a criminal investigation . Meili and his family left Switzerland for the United States where they were granted political asylum .

In 1997 , the World Jewish Congress lawsuit against Swiss banks was launched to retrieve deposits made by victims of Nazi persecution during and prior to World War II , ultimately resulting in a settlement of US \$ 1 @. @ 25 billion in August 1998 .

= = = = Post @-@ war years ( 1945 ? 1998 ) = = = =

Shortly after the end of World War II , Union Bank of Switzerland completed the acquisition of the Eidgenössische Bank , a large Zürich @-@ based bank that became insolvent . As a result of the merger , Union Bank of Switzerland exceeded CHF 1 billion in assets and moved its operations to Zurich . UBS opened branches and acquired a series of banks in Switzerland in the following years , growing from 31 offices in 1950 to 81 offices by the early 1960s .

In 1960 , Union Bank of Switzerland acquired an 80 % stake in Argor SA , a Swiss precious metals refinery founded in 1951 in the canton of Ticino . In 1973 , the bank increased the stake to full 100 % ownership , though the ownership was ultimately sold between 1986 and 1999 to Argor @-@ Heraeus SA . UBS continues to issue gold bars via Argor @-@ Heraeus which is famous for the unique kinebar holographic technology it uses to provide enhanced protection against bank gold bar counterfeiting .

By 1962 , Union Bank of Switzerland reached CHF 6 @. @ 96 billion of assets , narrowly edging ahead of Swiss Bank Corporation to become the largest bank in Switzerland . The rapid growth was punctuated by the 1967 acquisition of Interhandel ( Industrie- und Handelsbeteiligungen AG , the corporate successor of I.G. Chemie ) , which made UBS one of the strongest banks in Europe . Interhandel had become cash @-@ rich when a dispute concerning GAF Materials Corporation , a subsidiary formerly known as General Aniline & Film and seized by the U.S. government during the war , was resolved in 1963 and the subsidiary was disposed of .

By the 1980s , Union Bank of Switzerland established a position as a leading European underwriter of eurobonds . Following two major acquisitions in 1986 ( Phillips & Drew and Deutsche Länderbank ) , UBS made its first purchase in the United States in 1991 with Chase Investors Management Corporation , the asset management business of Chase Manhattan Bank . At the time of the acquisition , the business managed in excess of US \$ 30 billion in assets .

Union Bank of Switzerland entered the 1990s as the largest and most conservative of the three large Swiss Banks . The bank 's investments had been in the conservative asset management and life insurance businesses ; further , 60 % of the bank 's profits came from its even more conservative Swiss banking operations . In 1993 , Credit Suisse outbid Union Bank of Switzerland for Switzerland 's Swiss Volksbank , the fifth largest bank in Switzerland which had run into financial difficulties in the early 1990s . The acquisition propelled Credit Suisse ahead of Union Bank of Switzerland as the largest bank in Switzerland for the first time . Prior to the merger with Swiss Bank Corporation , UBS purchased a group of smaller Swiss banks in 1994 including the Cantonal Bank of Appenzell @-@ Ausserrhoden in 1996 , and in 1997 Schröder , Münchmeyer , Hengst & Co. from Lloyds Bank was acquired to improve access to the German investment banking and private wealth management markets .

= = = Merger of Union Bank of Switzerland and Swiss Bank Corporation = = =

During the mid @-@ 1990s , Union Bank of Switzerland came under fire from dissident shareholders critical of its conservative management and lower return on equity .

Martin Ebner , through his investment trust , BK Vision , became the largest shareholder in Union Bank of Switzerland and attempted to force a major restructuring of the bank 's operations . Looking to take advantage of the situation , Credit Suisse approached Union Bank of Switzerland about a merger that would have created the second largest bank in the world in 1996 . Union Bank of Switzerland 's management and board unanimously rebuffed the proposed merger . Ebner , who supported the idea of a merger , led a shareholder revolt that resulted in the replacement of Union Bank of Switzerland 's chairman , Robert Studer with Mathis Cabiallavetta , one of the key architects of the merger with Swiss Bank Corporation .

On 8 December 1997 , Union Bank of Switzerland and Swiss Bank Corporation announced an all stock merger . At the time of the merger , Union Bank of Switzerland and Swiss Bank Corporation were the second and third largest banks in Switzerland , respectively . Discussions between the two banks had begun several months earlier , less than a year after rebuffing Credit Suisse 's merger overtures .

The merger resulted in the creation of UBS AG , a huge new bank with total assets of more than US \$ 590 billion .

Also referred to as the " New UBS " to distinguish itself from the former Union Bank of Switzerland , the combined bank became the second largest in the world at the time , behind only the Bank of Tokyo @-@ Mitsubishi . Additionally , the merger pulled together the banks ' various asset management businesses to create the world 's largest money manager , with approximately US \$ 910 billion in assets under management . The combined entity was originally to be called United Bank of Switzerland , but foreseeing a problem with United Bank Switzerland , opted for UBS .

The merger , which was billed as a merger of equals , resulted in the Union Bank of Switzerland 's shareholders receiving 60 % of the combined company and Swiss Bank 's shareholders receiving the remaining 40 % of the bank 's common shares . Union Bank of Switzerland 's Mathis Cabiallavetta became chairman of the new bank while Swiss Bank 's Marcel Ospel was named chief executive officer .

Nearly 80 % of the top management positions were filled by legacy Swiss Bank professionals . Prior to the merger , Swiss Bank Corporation was considered to be further along than Union Bank of Switzerland in developing its international investment banking business , particularly in the higher margin advisory businesses where Warburg Dillon Read was considered to be the more established platform .

Union Bank of Switzerland had a stronger retail and commercial banking business in Switzerland ,

while both banks had strong asset management capabilities . After the merger was completed , it was speculated that a series of losses suffered by UBS on its equity derivative positions in late 1997 was a contributing factor in pushing UBS management to consummate the merger .

= = = The failure of Long Term Capital Management ( LTCM ) = = =

Long Term Capital Management ( LTCM ) was a U.S. hedge fund used for trading strategies such as fixed income arbitrage , statistical arbitrage , and pairs trading , combined with high leverage . Its collapse in 1998 led to a bailout by major banks and investment houses , and resulted in massive losses for UBS at a time when it had merged with Swiss Bank Corporation . However , UBS involvement with LTCM pre-dated the merger .

UBS had initially been reluctant to invest in LTCM , rebuffing an investment in 1994 and , again shortly thereafter . UBS , suffering criticism for its conservative business model , was looking for ways to catch up to its key Swiss rivals and viewed LTCM as the type of client that could help accelerate the bank 's growth . In 1997 , UBS entered into a financing arrangement with LTCM , and the hedge fund quickly became the bank 's largest client , generating US \$ 15 million in fees for UBS . Union Bank of Switzerland sold LTCM a 7 -year European call option on 1 million shares in LTCM , then valued at about US \$ 800 million . It hedged this option by purchasing a US \$ 800 million interest in LTCM and invested a further US \$ 300 million in the hedge fund . Originally intended to provide UBS with a steady stream of income , UBS instead suffered major losses when the hedge fund collapsed . Following the merger , Swiss Bank managers were surprised to discover the massive exposure to LTCM at UBS . Ultimately , UBS was unable to sell or hedge its interest in LTCM as its value declined in the summer of 1998 .

By November 1998 , UBS 's losses from its exposure to LTCM were estimated at the level of approximately CHF 790 million . UBS would prove to be the largest single loser in the LTCM collapse , ultimately writing off CHF 950 million . The Federal Reserve Bank of New York organized a bailout of US \$ 3 @. 625 billion by the hedge fund 's major creditors to avoid a wider collapse in the financial markets . UBS contributed US \$ 300 million to the bailout effort , which would largely be recovered . In the aftermath of the LTCM collapse , Mathis Cabiallavetta resigned as chairman of UBS , along with three other executives .

Following its involvement with LTCM , UBS issued a statement : " Given the developments in the international financial markets , in the future UBS will [ ... ] focus even more intensively on those areas of business likely to generate sustainable earnings with a justifiable level of risk . "

= = = Rising in the ranks ( 2000 ? 2007 ) = = =

On 3 November 2000 , UBS merged with Paine Webber , an American stock brokerage and asset management firm led by chairman and CEO Donald Marron . At the time of its merger with UBS , Paine Webber had emerged as the fourth largest private client firm in the United States with 385 offices employing 8 @, 554 brokers . The acquisition pushed UBS to the top wealth and asset management firm in the world . Initially , the business was given the divisional name UBS PaineWebber but in 2003 the 123 -year -old name Paine Webber disappeared when it was renamed UBS Wealth Management USA . UBS took a CHF 1 billion writedown for the loss of goodwill associated with the retirement of the Paine Webber brand when it integrated its brands under the unified UBS name in 2003 .

John P. Costas , a former bond trader and co -head of Fixed income at Credit Suisse First Boston and head of Fixed Income Trading at Union Bank of Switzerland in 1998 , was appointed CEO of UBS 's investment banking division , which originated in SBC 's Warburg Dillon Read division and was renamed UBS Warburg in December 2001 . In an attempt to break into the elite bulge bracket of investment banks , in which UBS then had little success while rival Credit Suisse was establishing itself as a major player on Wall Street with the acquisition of Donaldson , Lufkin & Jenrette in 2000 , Costas shifted the growth strategy from acquiring entire firms to hiring individual investment bankers or teams of bankers from rival firms . Costas had followed a similar approach in



building out the UBS fixed income business , hiring over 500 sales and trading personnel and increasing revenues from US \$ 300 million in 1998 to over US \$ 3 billion by 2001 .

The arrival of former Drexel Burnham Lambert investment banker Ken Moelis marked a major coup for Costas . Moelis joined UBS from Donaldson Lufkin & Jenrette in 2001 shortly after its acquisition by Credit Suisse First Boston ( although Huw Jenkins claimed he had hired Moelis to the UK Parliamentary Banking commission while under oath , which is patently false ) . In his six years at UBS , Moelis ultimately assumed the role of president of UBS Investment Bank and was credited , along with Costas , with the build @-@ out of UBS 's investment banking operation in the United States . Within weeks of joining , Moelis brought over a team of 70 bankers from Donaldson , Lufkin & Jenrette . Costas and Moelis hired more than 30 senior U.S. bankers from 2001 through 2004 .

It was estimated that UBS spent as much as US \$ 600 million to US \$ 700 million hiring top bankers in the U.S. during this three @-@ year period . Among the bank 's other major recruits during this period were Olivier Sarkozy , Ben Lorello , Blair Effron , and Jeff McDermott .

By 2003 , UBS had risen to fourth place from seventh in global investment banking fees , earning US \$ 2 @. @ 1 billion of the US \$ 39 billion paid to investment banks that year , increasing 33 % . Over the next four years , UBS consistently ranked in the top 4 in the global fee pool and established a track record of 20 consecutive quarters of rising profits .

However , by the end of 2006 , UBS began to experience changing fortunes . In late 2005 , Costas headed a new hedge fund unit within UBS known as Dillon Read Capital Management . His former position was taken over by Huw Jenkins , a long @-@ time legacy UBS investment banker . In 2006 , UBS bankers Blair Effron and Michael Martin announced their departures . In March 2007 , Moelis announced that he was leaving the company , and shortly thereafter founded a new business , Moelis & Company . As he had when joining UBS , Moelis took a large team of senior UBS investment bankers . Moelis 's departure was caused primarily by repeated conflict over the availability of capital from the bank 's balance sheet to pursue large transactions , particularly leveraged buyouts . The bank 's apparent conservatism would be turned on its head when large losses were reported in various mortgage securities rather than corporate loans that generated investment banking fees . After Moelis , other notable departures included investment banking co @-@ head Jeff McDermott in early 2007 and , as the financial crisis set in , other high @-@ profile bankers such as Oliver Sarkozy in early 2008 and Ben Lorello in 2009 .

= = = The beginning of UBS ' troubles : Subprime mortgage crisis ( 2007 ) = = =

At the beginning of 2007 , UBS became the first Wall Street firm to announce a heavy loss in the subprime mortgage sector as the subprime mortgage crisis began to develop . In May 2007 , UBS announced the closure of its Dillon Read Capital Management ( DRCM ) division . Before that time , there was little understanding of the troubles at DRCM or the massive expansion of risk engineered by the investment banking division under the leadership of the newly placed CEO Huw Jenkins .

DRCM , which was a large internal hedge fund , had been started with much publicity in 2005 and invested money both on behalf of UBS and some of its clients . DRCM had been formed in large part to keep some of the bank 's traders from defecting to hedge funds , as well as to create a position for John Costas , who had been instrumental in creating UBS 's successful investment banking business in the U.S. from 2001 ? 2005 . Costas had been replaced by Huw Jenkins , a long @-@ time legacy UBS investment banker with little fixed income or mortgage experience . DRCM hired a large team of professionals , many of whom were attracted from the investment bank with large compensation packages . Although in 2006 , DCRM had generated a profit for the bank of US \$ 720 million , after UBS took over DRCM 's positions in May 2007 , losses grew from the US \$ 124 million recorded by DRCM , ultimately to " 16 % of the US \$ 19 billion in losses UBS recorded . " The UBS investment bank continued to expand subprime risk in the second quarter of 2007 while most market participants were reducing risk , resulting in not only expanding DRCM losses but creating the 84 % of the other losses experienced by the bank . By October 2007 , UBS was indicating that the assets could not be sold given the illiquidity in the market .

In response to the growing series of problems at UBS , and possibly his role in spearheading

Costas ' departure from the bank , Peter Wuffli unexpectedly stepped down as CEO of the firm during the second quarter of 2007 . Wuffli would be joined by many of his fellow managers in the next year , most notably the bank 's chairman Marcel Ospel . However , the bank 's problems continued through the end of 2007 , when the bank reported its first quarterly loss in over five years . As its losses jeopardized the bank 's capital position , UBS quickly raised US \$ 11 @. @ 5 billion of capital in December 2007 , US \$ 9 @. @ 7 billion of which came from the Government of Singapore Investment Corporation ( GIC ) and US \$ 1 @. @ 8 billion from an unnamed Middle Eastern investor . Those 2007 capital injections would initially be highly unpopular among UBS shareholders who clamored to have an opportunity to participate on the same terms . However , over time , these early investments in UBS proved to be unsuccessful for the investors involved , as the bank 's stock price remained below 2007 levels more than two years later .

= = = Impact of the financial crisis ( 2008 ? 2009 ) = = =

After a significant expansion of fixed income risk during 2006 and 2007 under the leadership of Huw Jenkins , the UBS Investment Bank CEO , the bank 's losses continued to mount in 2008 when UBS announced in April 2008 that it was writing down a further US \$ 19 billion of investments in subprime and other mortgage assets . ( Jenkins had been asked to leave in October 2007 . ) By this point , UBS 's total losses in the mortgage market were in excess of US \$ 37 billion , the largest such losses of any of its peers . In response to its losses , UBS announced a CHF 15 billion rights offering to raise the additional funds need to shore up its depleted reserves of capital . UBS cut its dividend in order to protect its traditionally high Tier 1 capital ratio , seen by investors as a key to its credibility as the world 's largest wealth management company . Marcel Ospel , who had been the architect of the merger that created UBS in 1998 , also announced that he would step down as a chairman of the bank to be replaced by Peter Kurer , the bank 's general counsel with virtually no banking experience . This ultimately proved very costly to UBS .

In October 2008 , UBS announced that it had placed CHF 6 billion of new capital , through mandatory convertible notes , with Swiss Confederation . The SNB ( Swiss National Bank ) and UBS made an agreement to transfer approximately US \$ 60 billion of currently illiquid securities and various assets from UBS to a separate fund entity . In November 2008 , UBS put US \$ 6 billion of equity into the new ' bad bank ' entity , keeping only an option to benefit if the value of its assets were to recover . Heralded as a ' neat ' package by the New York Times , the UBS structure guaranteed clarity for UBS investors by making an outright sale .

UBS announced in February 2009 that it had lost nearly CHF 20 billion ( US \$ 17 @. @ 2 billion ) in 2008 , the biggest single @-@ year loss of any company in Swiss history . Since the beginning of the financial crisis in 2007 , UBS has written down more than US \$ 50 billion from subprime mortgage investments and cut more than 11 @, @ 000 jobs .

= = = Stabilizing the ship ( 2009 ? present ) = = =

By the spring of 2009 , UBS announced another management restructuring and initiated a plan to return to profitability . Jerker Johansson , the head of the investment bank division , resigned in April 2009 and was replaced by Alex Wilmot @-@ Sitwell and Carsten Kengeter . At the same time , UBS announced the planned cut of 8 @, @ 700 jobs and had implemented a new compensation plan . Under the plan , no more than one @-@ third of any cash bonus would be paid out in the year it is earned with the rest to be held in reserve and stock @-@ based incentives that would vest after three years ; top executives would have to hold 75 % of any vested shares . Additionally , the bank 's chairman , Peter Kurer , would no longer receive any extra variable compensation , only a cash salary and a fixed allotment of shares that could not be sold for four years . In April 2009 , UBS announced that it agreed to sell its Brazilian financial services business , UBS Pactual , for approximately US \$ 2 @. @ 5 billion to BTG Investments . UBS rejected proposals to break apart the bank and divest its investment banking division .

By the summer of 2009 , UBS was showing increased signs of stabilization . The Swiss government

sold its CHF 6 billion stake in UBS in late 2008 at a large profit ; Switzerland had purchased convertible notes in 2008 to help UBS clear its balance sheets of toxic assets . Taking advantage of improved conditions in the stock market in mid @-@ 2009 , UBS placed US \$ 3 @.@ 5 billion of shares with a small number of large institutional investors . Oswald Grübel announced , ? We are building a new UBS , one that performs to the highest standards and behaves with integrity and honesty ; one that distinguishes itself not only through the clarity and reliability of the advice and services it provides but in how it manages and executes . " Grübel reiterated plans to maintain an integrated business model of providing wealth management , investment banking , and asset management services .

In August 2010 , UBS launched a new advertising campaign featuring the slogan : ? We will not rest " and signed a global sponsorship agreement with Formula 1 .

On 26 October 2010 , UBS announced that its private bank recorded net new funds of CHF 900 million during the third quarter , compared to an outflow of CHF 5 @.@ 5 billion in second quarter . UBS 's third quarter net profit of US \$ 1 @.@ 65 billion beat analyst estimates , continuing a string of profitability .

After the elimination of almost 5 @,@ 000 jobs , UBS announced on 23 August 2011 that it was further cutting another 3 @,@ 500 positions in order to " improve operating efficiency " and save CHF 1 @.@ 5 to CHF 2 billion a year . 45 percent of the job cuts would come from the investment banking unit , which continued to post dismal figures since the 2008 financial crisis , while the rest would come from the wealth management and asset management divisions . The firm has seen profits fall due to the rise of the Swiss franc .

On 30 October 2012 , UBS announced that it was cutting 10 @,@ 000 jobs worldwide in an effort to slim down its investment banking operations , of which 2 @,@ 500 would be in Switzerland , followed by the United States and Great Britain . This 15 @-@ percent staff cut would make overall staff count come down from 63 @,@ 745 to 54 @,@ 000 . ( For comparison , the peak employment level in 2007 before the 2008 financial crisis was 83 @,@ 500 . ) UBS also announced that the investment bank would focus on its traditional strengths and exit much of its fixed income trading business that was not economically profitable .

On 19 December 2012 , UBS was fined \$ 1 @.@ 5 billion ( \$ 1 @.@ 2 billion to the United States Department of Justice and the Commodity Futures Trading Commission , £ 160 million to the UK Financial Services Authority , and CHF 60 million to the Swiss Financial Market Supervisory Authority ) for its role in the Libor scandal over accusations that it tried to rig benchmark interest rates . US Assistant Attorney General Lanny Breuer described the conduct of UBS as " simply astonishing " and declared the US would seek , as a criminal matter , the extradition of traders Tom Hayes and Roger Darin . The bank stated that these and other fines would probably result in a significant fourth @-@ quarter loss in 2012 . The fine levied by the FSA , although reduced due to the bank 's cooperation , was the largest in the agency 's history .

In November 2014 , regulators including the FCA and CFTC hit UBS with fines , along with other banks , for currency manipulation .

On 6 January 2014 , it was reported that UBS had become the largest private banker in the world , with \$ 1 @.@ 7 trillion in assets .

In May 2015 , media reports revealed UBS is planning to sell its Australian private banking division to some of its management after a review of underperforming businesses was conducted at the company . After the first 2016 quartal results , UBS is planning to cut jobs in Switzerland and abroad to stay competitive . ,

= = = Acquisition history = = =

As it exists today , UBS represents a conglomeration of dozens of individual firms , many of which date back to the 19th century . Over the years , these firms merged to form the bank 's three major predecessors , Union Bank of Switzerland , Swiss Bank Corporation , and Paine Webber .

The following is a visual illustration of the company 's major mergers and acquisitions and historical predecessors , although this is not necessarily a comprehensive list :

= = Corporate governance = =

= = = Board of Directors = = =

Chairman Marcel Ospel did not apply for re @-@ election at the annual general meeting of shareholders held on 23 April 2008 , and was succeeded by Peter Kurer , who was general counsel . On 15 April 2009 , Peter Kurer was succeeded by Kaspar Villiger . Former Bundesbank president Axel A. Weber was nominated in mid @-@ 2011 for election to the board at the annual meeting 2012 and , at that time , intended to be elected as a chairman of the board after Villiger 's retirement in 2013 . However , in May 2012 , Villiger and board member Bruno Gehrig stepped down .

= = = Group Executive Board = = =

With Oswald Grübel 's resignation as CEO and Ermotti 's interim appointment on 24 September 2011 , The Wall Street Journal reported that the succession process appeared to be a two @-@ person race between Ermotti from EMEA and Kengeter from the investment bank . Ermotti , who had spent many years at what is now Bank of America Merrill Lynch , had joined UBS in April from UniCredit Group ; Kengeter is a German national who joined UBS from Goldman Sachs in 2008 and who had reportedly disagreed with some UBS investment bankers over pay and other matters , the journal also said .

Previously , on 29 February 2009 , Marcel Rohner had resigned and was succeeded by Grübel . On 1 April 2009 , Grübel hired Ulrich Körner in a newly established role as Chief operating officer ( COO ) and CEO of Corporate Center . Körner 's task was to cut administrative expenses and boost profits . After the last Annual General Meeting in May 2016 , Robert W. Scully and Dieter Wemmer were elected as new members of the Board . It has been decided that Martin Blessing will assume the role as President Personal & Corporate Banking and President UBS Switzerland , replacing Lukas Gähwiler , who himself will take the new role as Chairman of the Region Switzerland . This will be effective on 1 September 2016 .

= = = Shareholders = = =

The most significant shareholders of UBS are GIC Private Limited , BlackRock Inc and Norges Bank with 7 @. @ 07 % , 4 @. @ 89 % and 3 @. @ 30 % of total share capital respectively . In 2008 during the subprime mortgage crisis , GIC Private Limited invested CHF 11 billion into UBS to help bail it out , thus becoming the largest single shareholder .

= = Controversies = =

= = = Holocaust assets ( 1930s ? 1998 ) = = =

In January 1997 , Christoph Meili , a night guard at the Union Bank of Switzerland ( precursor of UBS ) in Zürich , Switzerland , discovered that bank officials were destroying documents about orphaned assets , believed to be the credit balances of deceased Jewish clients whose heirs ' whereabouts were unknown , as well as books from the Nazi German Reichsbank . The books listed real @-@ estate records for Berlin property that had been seized by the Nazis , placed in Swiss accounts , and then claimed to be owned by UBS . The destruction of such documents is illegal under Swiss law . This edict was the legal basis and foundation of the Bergier commission , constituted on 19 December 1996 . Articles 4 , 5 , and 7 made the destruction or withholding of documents relating to orphaned assets illegal .

Meili took some of the bank files home , then handed them over to a local Jewish organization ,

which brought the documents to the police and eventually to the press that subsequently revealed the document destruction . Zurich 's authorities opened a judicial investigation against Meili for suspected violations of the Swiss laws on banking secrecy , which is a prosecutable offense ex officio in Switzerland . After Meili and his family reported receiving death threats , they fled to the United States and were granted political asylum .

After a US \$ 2 @. @ 56 billion lawsuit was filed against UBS and other Swiss banks on behalf of the Jewish victims of the Holocaust , a settlement was reached between UBS and other Swiss banks that had laundered Nazi assets totaling US \$ 1 @. @ 25 billion in August 1998 .

In his book Imperfect Justice , Stuart Eizenstat claimed the " Meili Affair " was important in the decision of Swiss banks to participate in the process of reparations for victims of Nazi looting during World War II . He wrote that the affair " did more than anything to turn the Swiss banks into international pariahs by linking their dubious behavior during and after the war to the discovery of a seemingly unapologetic attempt to cover it up now by destroying documents . " Eizenstat believes that the affair influenced the Swiss Bankers Association ( SBA ) decision to create a Humanitarian Fund for the Victims of the Holocaust , as well as being one of a series of events that influenced the calling of the 1997 London Conference on Nazi Gold .

= = = U.S. trade embargoes ( 2003 ? 2004 ) = = =

On 10 May 2004 , UBS was fined US \$ 100 million by the U.S. Federal Reserve for illegally transferring funds from an account set up by the Federal Reserve at UBS to Iran , Cuba , and other countries under U.S. trade embargoes .

= = = Indian stock market crash ( 2004 ? 2009 ) = = =

The Indian securities regulator Securities and Exchange Board of India ( SEBI ) alleged that UBS had played a role in the 2004 " Black Monday " stock market crash which followed the National Democratic Alliance government 's defeat in the general elections . SEBI 's ruling of 17 May 2005 barred UBS from issuing or renewing participatory notes for one year . The ban was later lifted on appeal , as a result of a Securities Appellate Tribunal ( SAT ) ruling on 9 September 2005 . SEBI challenged SAT 's order in the Supreme Court of India . On 9 February 2009 , the Supreme Court disposed of the case after SEBI and UBS said they had reached a settlement under which UBS agreed to pay an amount of about ? 50 lakh ( US \$ 74 @, @ 000 ) .

= = = U.S. discrimination lawsuits ( 2001 ? 2005 ) = = =

In April 2005 , UBS lost the landmark discrimination and sexual harassment case , Zubulake v. UBS Warburg . The plaintiff , Laura Zubulake , was a former institutional equities salesperson at the company 's Stamford office . The jury found that her manager , Matthew Chapin , had denied her important accounts and mocked her appearance to co @-@ workers . She claimed that several sexist policies in place , such as entertaining clients at strip clubs , made it difficult for women to socialize and foster business contacts with clients . The jury found that UBS had destroyed relevant e @-@ mail evidence after the litigation hold had been in place . UBS was ordered to pay the plaintiff US \$ 9 @. @ 1 million in compensatory damages ( including back pay and professional damage ) , and US \$ 20 @. @ 2 million in punitive damages .

On 18 October 2005 , three African @-@ American employees filed a class action lawsuit against the company in the United States District Court for the Southern District of New York alleging racial discrimination in hiring , promotion , and other employment practices . The three plaintiffs in Freddie H. Cook , Sylvester L. Flaming Jr . , and Timothy J. Gandy v. UBS Financial Services , Inc . , claimed that segregation and discrimination in job assignments and compensation were widespread and the firm had done nothing to diversify its workforce . The lawsuit also claimed that offices operating in Largo , Maryland and Flushing , New York were illegally created to serve African @-@ Americans and Asian @-@ Americans respectively , and that the firm 's management frequently

ridiculed the Largo branch office and its staff , referring to it as a " diversity " office . On 23 April 2007 , U.S. District Judge , Peter J. Messitte , granted plaintiff 's request to dismiss the class allegations without prejudice . As a result of this dismissal , the case now comprises the individual claims of three plaintiffs .

== = U.S. tax evasion ( 2005 ? ) == =

In 2005 , Bradley Birkenfeld , a Geneva @-@ based employee who worked in the bank 's North American wealth management business , claimed that UBS 's dealings with American clients violated an agreement between the bank and the U.S. Internal Revenue Service . He said that he was disturbed by an internal legal document that he believed was prepared to give UBS legal cover should bank @-@ sanctioned illegal activities be uncovered . The bank could then shift the blame to its employees . He subsequently complained to UBS compliance officials about the bank 's " unfair and deceptive business practices " . When he received no response after three months , he wrote to UBS General Counsel Peter Kurer about the illegal practices . Subsequently , Birkenfeld resigned from UBS in October 2005 .

In 2007 , Birkenfeld , a U.S. citizen , decided to tell the U.S. Department of Justice ( DOJ ) what he knew about UBS 's practices . At the same time , he planned to take advantage of the Tax Relief and Health Care Act of 2006 that could pay him up to 30 % of any tax revenue recouped by the IRS as a result of Birkenfeld 's information . In April 2007 , Birkenfeld 's attorney arranged for Birkenfeld to be cooperating with the DOJ , though the relationship between the department and the whistleblower were troubled . Birkenfeld also met with the Securities and Exchange Commission , the IRS , and the U.S. Senate .

In June 2008 , based on Birkenfeld 's revelations , the U.S. Federal Bureau of Investigation made a formal request to enter Switzerland to probe a multimillion @-@ dollar tax evasion case involving UBS . That same month , the United States Senate panel that Birkenfeld had communicated with accused Swiss banks , including UBS , of helping wealthy Americans evade taxes through offshore accounts , and estimated the total cost of this practice to be in excess of US \$ 100 billion annually . According to the findings , U.S. clients held about 19 @,@ 000 accounts at UBS , with an estimated US \$ 18 billion to US \$ 20 billion in assets , in Switzerland .

In response to the report and the FBI investigation , UBS announced that it would cease providing cross @-@ border private banking services to US @-@ domiciled clients through its non @-@ US regulated units as of July 2008 . In November 2008 , a U.S. federal grand jury indicted Raoul Weil , Chairman and CEO of UBS Global Wealth Management and Business Banking and member of UBS 's Group Executive Board , in connection with the ongoing investigation of UBS 's US cross @-@ border business . UBS would eventually cut ties to Weil in May 2009 and he would face charges after UBS had settled its criminal case with the government . The U.S. issued an international arrest warrant for Weil , and he was extradited to the United States after being arrested in Italy in 2013 . In January 2014 , Weil pleaded not @-@ guilty in federal court to helping U.S. taxpayers evade taxes on \$ 20 billion in offshore assets .

On 18 February 2009 , UBS agreed to pay a fine of US \$ 780 million to the U.S. government and entered into a deferred prosecution agreement ( DPA ) on charges of conspiring to defraud the United States by impeding the Internal Revenue Service . The DPA obliged UBS to pay US \$ 780 million to settle criminal charges , and criminal charges were dismissed . The figures include interest , penalties , restitution for unpaid taxes and disgorgement of profits . As part of the deal , UBS also settled Securities and Exchange Commission charges of having acted as an unregistered broker / dealer and investment adviser for Americans .

The day after settling its criminal case on 19 February 2009 , the U.S. government filed a civil suit against UBS to reveal the names of all 52 @,@ 000 American customers , alleging that the bank and these customers conspired to defraud the IRS and federal government of the legitimately owed tax revenue . The Swiss Financial Market Supervisory Authority ( FINMA ) had provided to the United States government the identities of , and account information for , certain United States customers of UBS 's cross @-@ border business as part of its criminal investigation in 2009 . On

12 August 2009 , UBS announced a settlement deal that ended its litigation with the IRS . However , this settlement set up a showdown between the U.S. and Swiss governments over the secrecy of Swiss bank accounts . It was not until June 2010 that Swiss lawmakers approved a deal to reveal client data and account details of U.S. clients who were suspected of tax evasion .

In February 2015 , UBS announced to be investigated by the federal government over new charges stating that UBS facilitated tax evasion by its U.S. clients . The focus of the investigation lies on the possible sale of bearer bonds , a type of unregistered security that provides anonymity to the owner . UBS announced that it was cooperating with the investigators .

UBS employees allegedly discussed the legal ramifications of the use of bearer bonds with their clients , a type of security that has been virtually illegal in the U.S. The government investigation is trying to determine whether there was a criminal conspiracy to evade taxes and conceal what had allegedly already been done . The investigation , which was launched in January 2015 , also aims to determine whether bearer bonds were provided as investment vehicles to UBS clients before the expiration of its 2009 deferred prosecution agreement with the U.S. Department of Justice . The agreement lapsed in October 2010 . Should UBS have violated the agreement , the federal government can make new allegations against UBS on charges stemming from the violation . In such a case , prosecutors would likely ask for significant fines and for UBS to be put under regulatory oversight .

= = = Rogue trader scandal ( 2008 ? 2012 ) = = =

On 15 September 2011 , UBS became aware of a massive loss , originally estimated at US \$ 2 billion , allegedly due to unauthorized trading by Kweku Adoboli , a then 31 @-@ year @-@ old trader on the Delta One desk of the firm ' s investment bank . Adoboli was arrested and later charged with fraud by abuse of position and false accounting dating as far back as 2008 .

UBS ' s actual losses were subsequently confirmed as US \$ 2 @.@ 3 billion , and according to the prosecutor in Adoboli ' s trial he " was a gamble or two from destroying Switzerland ' s largest bank for his own benefit . "

The bank stated that no client positions had been affected and its CEO Oswald Grübel initially dismissed calls for his resignation , commenting that " if someone acts with criminal intent , you can ' t do anything . "

However , UBS ' s management was subsequently criticized for its " lapses " by the Government of Singapore Investment Corporation , the bank ' s largest shareholder , in a rare press statement on 20 September 2011 . On 24 September 2011 UBS announced Grübel ' s resignation , and the appointment of Sergio Ermotti as a Group CEO on an interim basis .

On 5 October 2011 , Francois Gouws and Yassine Bouhara , co @-@ heads of UBS ' s Global Equities franchise , also resigned .

The scale of UBS ' s losses led to renewed calls for the global separation of commercial banking from investment banking , while media commentators suggested UBS should consider downsizing its investment bank and potentially rebranding it under the resurrected S.G. Warburg name .

In Switzerland , where the Government had bailed out UBS in 2008 , particular concern was voiced about the nature of the alleged trading which , it was suggested , might have been directed against the interests of the Swiss economy . Christian Levrat , the President of the SP @-@ Party said , " Should it prove true that UBS , having been rescued by the state in 2008 , has speculated against the Swiss franc , [ UBS Chairman ] Villiger must take the consequences . "

If found guilty , Abodoli will have generated the third @-@ largest loss by a rogue trader in history , after Jerome Kerviel of Société Générale ( who also worked on a Delta One desk ) and Yasuo Hamanaka , a copper trader at Sumitomo Corporation .

= = = Lehman Brothers notes ( 2007 ? 2013 ) = = =

In 2011 , UBS was fined US \$ 2 @.@ 5 million by the Financial Industry Regulatory Authority connected to the sale of Lehman Brothers Holdings structured notes for omissions and misleading

statements it made to investors . UBS underwrote and marketed \$ 900 million worth of 100 % Principal @-@ Protection Notes between March 2007 and September 2008 ; Lehman Bros. went bankrupt in September 2008 . UBS also agreed to pay US \$ 8 @. @ 25 million in restitution and interest to American investors .

In August 2013 , UBS settled a class action lawsuit filed by holders of Lehman notes . The lawsuit alleged that UBS 's depiction of the financial condition of Lehman Bros. was misleading . UBS settled the lawsuit with a payout of US \$ 120 million .

= = = U.S. municipal bond market rigging ( 2001 ? 2013 ) = = =

In 2011 , UBS agreed to pay US \$ 160 million in restitution , penalties and disgorgement of profits for rigging bids in the U.S. municipal bond market , after the bank and three of its employees were charged by the U.S. Department of Justice in 2010 . In July 2013 , the three employees were convicted of conspiracy in the muni market fraud : former UBS Vice President Gary Heinz was sentenced to 27 months in prison and fined US \$ 400 @, @ 000 ; former UBS global commodities chief Peter Ghavami was sentenced to 18 months and fined US \$ 1 million ; and former UBS VP Michael Welty received a 16 @-@ month sentence and fined US \$ 300 @, @ 000 . In addition to conspiracy , Ghavami and Heinz also were convicted of wire fraud . Federal prosecutors had asked for much harsher sentences , but U.S. District Judge Kimba Wood rebuffed the request . Wood said that the criminal behavior of the three was an aberration from their normal law @-@ abiding lives .

= = = Arms sales and Indian money laundering ( 2003 ? 2011 ) = = =

UBS was implicated in a money laundering case involving Saudi arms dealer Adnan Khashoggi and an Indian citizen introduced to UBS by Khashoggi . In 2011 , Hasan Ali Khan , owner of a Pune , India stud farm , was arrested by India 's Enforcement Directorate and charged with serving as a front man for Khashoggi . Khan and Kolkata businessman Kashinath Tapuria were charged under the Prevention of Money Laundering Act . Allegedly , in 2003 , Khan helped launder US \$ 300 million of money Khashoggi made through arms sales via the Zurich branch of UBS .

Introduced to UBS by Khashoggi in 1982 , Khan enabled the arms dealer to launder funds held in American accounts through UBS Geneva . One of Khan 's accounts eventually was frozen when it was determined that the source of the funds came from Khashoggi 's arms sales .

India Today reported that Mr Khan allegedly had US \$ 8 billion in " black money " ( laundered money ) in a UBS account . The figures were reported to be verified by India Today , based on a letter written by UBS Zurich . The government of India reportedly verified the existence of this account in UBS .

UBS denied Indian media reports alleging that it maintained a business relationship with or had any assets or accounts for Hasan Ali Khan . Upon formal request by the Indian and Swiss government authorities , the bank announced that the documentation corroborating such allegations was forged and numerous media reports claiming he had US \$ 8 billion in black money at the bank were false .

= = = Libor benchmark rigging ( 2005 ? 2012 ) = = =

In December 2012 , UBS agreed to pay US \$ 1 @. @ 5 billion to settle a case filed by the U.S. Commodity Futures Trading Commission alleging that UBS engaged in a criminal conspiracy to rig the London Interbank Offered Rate ( Libor ) benchmarks used on loans via company 's Japan @-@ based subsidiary . UBS has also been charged by British and Swiss financial regulators for its Libor manipulation scheme . In settling the case , the bank acknowledged wrongdoing . UBS Chief Executive Sergio Ermotti said , " We are taking responsibility for what happened , " and said that all the employees linked to the scam had already left the bank . The U.S. fine would contribute to the bank 's loss of US \$ 2 @. @ 7 billion in the fourth quarter .

UBS also paid a fine of £ 160 million ( US \$ 0 @. @ 3 billion ) to the Financial Conduct Authority ( FCA ) , the largest fine issued by the U.K. regulator for Libor rigging .



The UBS scheme involved multiple banks , brokers and traders to manipulate interest rates to generate a profit on trades . The scheme lasted for six years before it was broken up . UBS entered into a deferred prosecution agreement with the U.S. Department of Justice , following which it was not a subject of criminal charges , except for company 's subsidiary , UBS Securities Japan , which was not exempt . The subsidiary pleaded guilty to wire fraud .

The scheme 's ringleader was former UBS trader Thomas Hayes , who was indicted by U.S. prosecutors along with a Swiss national , Roger Darin .

= = = Currency benchmark rigging ( 2003 ? ) = = =

Market regulators in Asia , Switzerland , the United Kingdom , and the United States began to investigate the \$ 5 trillion @-@ a @-@ day foreign @-@ exchange market after Bloomberg News reported in June 2013 that several of the world 's largest currency trading banks had been front @-@ running client orders and rigging the foreign exchange benchmark WM / Reuters rates by colluding with counterparts . The behavior occurred daily in the spot foreign @-@ exchange market and went on for at least a decade according to currency traders .

At the center of the investigation were the transcripts of electronic chatrooms in which senior currency traders discussed with their competitors at other banks the types and volume of the trades they planned to place . The electronic chatrooms had names such as " The Cartel , " " The Bandits ' Club , " " One Team , One Dream " and " The Mafia " .

UBS set aside approximately US \$ 2 billion in expected liability for alleged charges in currency rigging and French tax evasion cases .

For the currency rigging charges , UBS paid US \$ 800 million to American , British , and Swiss regulators .

= = = U.S. mortgage @-@ backed securities ( 2004 ? 2015 ) = = =

In July 2013 , UBS settled a lawsuit filed against it and 17 other banks by Federal Housing Finance Agency ( FHFA ) , the U.S. federal agency that oversees Fannie Mae and Freddie Mac , with a payout of US \$ 885 million , but without UBS having to admit any wrongdoing . At the time of the settlement , the agency already settle with two other institutions , but UBS settlement was the first where the amount paid was released to public .

On behalf of Fannie and Freddie , the FHFA had sued UBS and 17 other banks in July 2011 over mortgage @-@ backed securities sold to the two government @-@ sponsored enterprises that buy mortgages in the secondary market and repackage them as securities to boost liquidity in the mortgage business . The lawsuit claimed that UBS misrepresented the quality of mortgages sold to the two housing agencies for US \$ 4 @.@ 5 billion .

In February 2015 , UBS along with Citigroup and Goldman Sachs Group agreed to a \$ 235 million settlement stemming from residential mortgage @-@ backed securities ( RMBS ) issued by the defunct Residential Capital LLC ( ResCap ) and underwritten by the three financial institutions .

The ResCap RMBS were issued before the sub @-@ prime mortgage crisis , and the lawsuit dates from 2008 . The lawsuit alleged that the prospectuses and registration statements issued by UBS , Citigroup and Goldman Sachs did not adequately disclose the risks of the RMBS and were , in fact , misleading to investors , who sustained heavy losses . The lawsuit alleged that the behavior of the three defendants violated securities laws .

= = = French tax evasion ( 2002 ? ) = = =

In 2013 , France launched an investigation into UBS France 's alleged abetting of tax evasion by French taxpayers .

The investigation was spurred by the March 2012 publication of a muckraking book about UBS , *Ces 600 milliards qui manquent à la France ? Enquête au cœ?ur de l' évasion fiscale* ( " Those 600 billion which France is missing ? Inquiry into the heart of tax evasion " ) , which estimated the

amount of tax income lost to UBS @-@ controlled offshore accounts at ? 600 billion .

UBS France executive Patrick de Fayet was among three local branch executives being investigated . UBS wealth management bankers allegedly broke the law by enabling French taxpayers to hide their assets in UBS @-@ controlled offshore assets to avoid paying taxes . The bankers undertook to direct their French clients ' assets to UBS 's Switzerland operation , rather than keep the money in France . UBS set aside approximately US \$ 2 billion in expected liability for its currency rigging and French tax evasion cases .

UBS is facing fines of up to five billion euros for its alleged role in tax fraud , according to the French newspaper Le Temps .

In July 2014 , the bank was required to post a bond of 1 @. @ 1 billion euros , which UBS complied with while making multiple appeals in the French court system , finally losing its appeal at the Cour de Cassation , France 's highest court . UBS may appeal that ruling at the European Court of Human Rights .

In February 2015 , U.S. whistleblower Bradley Birkenfeld , the key figure in the UBS tax evasion scandal in the U.S. , was subpoenaed by French magistrate investigating the case .

The U.S. Department of Justice approved the request for Birkenfeld , who is still on parole after being convicted of one count of conspiracy to abet tax evasion by his UBS client Igor Olenicoff , to visit France to testify in the UBS case .

Federal Judge William Zloch granted Birkenfeld permission to travel to France from 27 February to 1 March 2015 to appear before the French court .

In 2014 , UBS accused the French government of engaging in a " highly politicized process " in its investigation of the bank and its French subsidiary . The crackdown on UBS France that began in mid @-@ 2013 where it came to light that Jerome Cahuzac , who served as budget director in the government of President Francois Hollande , had a secret Swiss bank account . A former marketing manager of UBS France , Stephanie Gibaud had to testify several times after UBS filed several libel cases against her in this case .

= = = German tax evasion ( 2004 ? ) = = =

UBS Deutschland AG came under investigation by prosecutors in Mannheim , Germany , after a tax probe revealed suspicious funds transfers from Germany to Switzerland allegedly facilitated by UBS Deutschland 's Frankfurt office . Prosecutors have investigated UBS 's abetting of tax evasion by German taxpayers from 2004 to 2012 . The investigation was expected to lessen the chances of a German @-@ Swiss tax treaty .

UBS Deutschland 's Frankfurt office was raided by tax investigators in May 2012 , and over 100 @, @ 000 computer files and records were seized for evidence . The bank , which claims it is cooperating with the investigators , said that " an internal investigation into the specific allegations has not identified any evidence of misbehavior by UBS Deutschland AG . "

In July 2014 , the bank paid approximately US \$ 400 million to settle similar charges in Bochum , Germany .

= = = Belgian tax evasion ( 2004 ? ) = = =

In June 2014 , the chief executive of UBS Belgium , Marcel Brühwiler , was arrested on suspicion of fraud , while UBS ' offices and Brühwiler 's residence were searched by police . It is alleged that UBS Belgium actively recruited rich Belgians , proposing to funnel funds to secret Swiss accounts , enabling tax avoidance .

= = = Timber corruption and Malaysian money laundering ( 2006 ? ) = = =

Swiss authorities are conducting criminal investigations on charges against UBS for laundering \$ 90 million associated with timber businesses and government officials in Malaysia .

== Forex manipulation scandal ( 1991 @-@ 2015 ) ==

UBS is one of several major banks found guilty in a scheme to manipulate foreign currencies around the world .

On 20 May 2015 , US authorities ruled that UBS was to pay \$ 545 million in order to end an investigation into the manipulation of currency rates . UBS was the first among other fraudulent banks to report the misconduct and was thus able to escape prosecution by the US Department of Justice .

\$ 203 million in fines is due to UBS ? s forex activities breaching a previous deal made with the US over the rigging of the London interbank offered rate ( Libor ) . This agreement was dependent on the bank adhering to US laws and staying out of trouble with the US authorities for two years . The deal was struck in 2012 , and forex investigations started less than a year later , resulting in the non @-@ prosecution status being scrapped . On top of the \$ 203 million fine , UBS has had to plead guilty to one count of wire fraud in the previous Libor case as part of the deal with the US Department of Justice to end investigations into its conduct in the current forex scandal . As of May 2015 , UBS is in a three @-@ year probation period with the justice department .

== Puerto Rico bond funds ==

UBS sold a lot of the Puerto Rico funds , which were mostly concentrated in the debt of the Caribbean island 's government . The funds have declined as much as 75 percent from their initial prices from 2008 . Losses began in mid @-@ 2013 and were linked to a general weakness in municipal bond markets and Puerto Rican debt . UBS is facing trials against hundreds of arbitration claims by investors filed with FINRA ( Financial Industry Regulatory Authority ) asking for a total of more than \$ 900 million in damages . The bond funds had already landed UBS Puerto Rico in trouble before in 2012 .

== Panama Papers ( 2016 ? ) ==

Several banks ( UBS , Barclays , HSBC , Deutsche Bank ) and many high profile names have been involved in a recently disclosed scandal concerning secret offshore financial dealings in the so @-@ called Panama Papers scandal .

== Corporate social responsibility ==

In January 2010 , UBS issued a new code of conduct and business ethics which all employees were encouraged to sign . The code addressed issues such as financial crime , competition , confidentiality , as well as human rights and environmental issues . The eight @-@ page code also lays out potential sanctions against employees who violate it , including warnings , demotions , or dismissal . According to Kaspar Villiger , former Chairman of the Board , and Oswald J. Gröbel , former Group CEO , the code is " an integral part of changing the way UBS conducts business " .

In 2011 , UBS expanded its global compliance database to include information on environmental and social issues provided by RepRisk , a global research firm specialized in environmental , social and corporate governance ( ESG ) risk analytics and metrics . This was done in an effort to mitigate environmental and social risks that could impact the bank ? s reputation or financial performance and to simultaneously help globally standardize and systematically implement the firm ? s due diligence processes . RepRisk data is used in the on @-@ boarding process to screen potential new clients and sourcing partners , alongside periodic client reviews and , also , to evaluate the risks related to transactions in investment banking and institutional lending .

== Recognition ==

In 2006 for the fourth consecutive year UBS was named one of the 100 Best Companies for

Working Mothers living in the U.S. by Working Mother magazine .

It is a member of the Stonewall Diversity Champions scheme and has active gay and lesbian , ethnic minority , and women 's networking groups . UBS was included on Business Week 's The Best Places to Launch a Career 2008 , and ranked No. 96 out of the 119 total companies listed .

On 2 February 2010 , UBS topped the charts for the ninth year in a row in Institutional Investor 's annual ranking of Europe 's most highly regarded equity analysts . In a year of extremes for equity markets , money managers say that no firm did a better job than UBS to keep them informed about which European sectors , countries , and industries offered the greatest potential .

On 4 May 2010 , UBS Investment Bank was voted the leading pan @-@ European brokerage firm for equity and equity linked research for a record tenth successive year . A Thomson Reuters Extel survey ranked UBS number one in all three of the key disciplines of research : Research ( tenth year ) ; Sales ( ninth year running ) ; and Equity Trading and Execution ( up from second place in 2009 ) . UBS was also named as the number one leading pan @-@ European brokerage firm for economics and strategy research .

On 31 October 2013 , UBS Wealth Management was voted the Best Global Private Bank by Professional Wealth Management , retaining the title in 2014 while also being recognised as the Best Private Bank for Philanthropy Services , and Best Global Brand in Private Banking .

= = Sponsorship = =

According to Brad Birkenfeld , the whistleblower who revealed the bank 's abetting of tax evasion by its clients , UBS sponsored events like yacht races in the United States to attract wealthy people as potential clients .

The events gave its Switzerland @-@ based bankers a chance to network with the rich in order to cement business deals , which was illegal under U.S. banking laws .

= = = Sports = = =

UBS is particularly active in sponsoring various golf tournaments , cross @-@ country skiing in Switzerland , ice hockey , and a range of other events around the world .

UBS was the sponsor of the Alinghi sailing ship , winner of the Americas Cup in 2003 .

UBS has been or currently is a sponsor of the following sporting events and organizations :

= = = Culture = = =

UBS 's cultural sponsorships are typically related to classical music and contemporary art , although the company also sponsors a range of film festivals , music festivals , and other cultural events and organizations .

UBS has previously been or currently is a sponsor of the following cultural events and organizations :

= = Recent developments and outlook = =

Effective on 15 January 2015 , the Swiss National Bank ( SNB ) discontinued the minimum targeted exchange rate for the Swiss franc versus the euro of 1 @.@ 20 CHF / EUR , set forth in September 2011 , and it also moved the target range for three @-@ month LIBOR to between negative 1 @.@ 25 % and negative 0 @.@ 25 % ( previously negative 0 @.@ 75 % to positive 0 @.@ 25 % ) .

This resulted in a massive strengthening of the Swiss franc against the Euro , US dollar , British pound , Japanese yen and several other currencies , as well as a reduction in Swiss franc interest rates .

A significant portion of UBS 's foreign operations and Basel III risk @-@ weighted assets ( RWA ) are denominated in foreign currencies .

The UBS 's Basel III capital ratio concerned benefited from the appreciation of the Swiss franc . At

the same time , since the portion of UBS 's operating income denominated in foreign currencies is greater than the portion of operating expenses so denominated , the UBS was also adversely affected , with further implications emanating from changes in interest rates as applied to equity and capital .