

# Loan Disclosure Statement

UBS Financial Services Inc. is furnishing this document to you to provide some basic facts about purchasing securities on margin, using leverage as a liquidity source or as part of your investment strategy or otherwise borrowing funds secured by your securities accounts, and to alert you to the risks involved with trading securities in a margin account. Before trading stocks in a margin account or otherwise borrowing funds from UBS Financial Services Inc. or one of its affiliates (for example, UBS Bank USA) and using your securities accounts as collateral, you should carefully review the margin or loan agreement and this loan disclosure statement. You may also speak to your Financial Advisor regarding any questions or concerns you may have with your margin accounts or loan agreement.

When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from UBS Financial Services Inc. If you choose to borrow funds from UBS Financial Services Inc. or one of its affiliates, whether to purchase securities or for other purposes, you will open a securities account with UBS Financial Services Inc. The securities in that account (together with the other securities and assets held in your UBS Financial Services Inc. accounts) are UBS Financial Services Inc.'s or its affiliates' collateral for their loan to you. If the securities in your account decline in value, so does the value of the collateral supporting your loan, and, as a result, UBS Financial Services Inc. (or, if applicable, an affiliate) can take action, such as issue a margin call and/or sell securities or other assets in any of your accounts held with UBS Financial Services Inc., in order to maintain the required equity in the account.

It is important that you fully understand the risks involved in trading securities on margin, using leverage as a liquidity source or as part of your investment strategy, or otherwise pledging your securities in order to obtain credit. These risks apply whether your loan is made by UBS Financial Services Inc. or one of its affiliates (for example, UBS Bank USA), and include the following:

**You can lose more funds than you deposit in the margin or pledged account.** A decline in the value of securities that are purchased on margin or pledged as collateral for a loan may require you to provide additional funds to us to avoid the forced sale of the securities or other securities or assets in your account(s).

**We can force the sale of securities or other assets in your pledged account(s).** If the equity in your account falls below the maintenance margin or loan collateral requirements or UBS Financial Services Inc.'s or an affiliate's higher "house" requirements, we can sell the securities or other assets in any of your account(s) held at UBS Financial Services Inc. or its affiliates to cover the margin or loan collateral deficiency. You also will be responsible for any deficiency or shortfall in the account after such a sale.

**We can sell your securities or other assets without contacting you.** Some investors mistakenly believe that we must contact them for a margin call to be valid, and that we cannot liquidate securities or other assets in their account(s) to meet the call unless we have contacted them first. This is not the case. We will attempt to notify you of margin calls, but we are not required to do so. However, even if we have contacted you and provided a specific date by which you can meet a margin call, we can still take necessary steps to protect our financial interests, including immediately selling the securities without notice to you.

**You are not entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a margin call.** Because the securities are collateral for the margin or other loan, we have the right to decide which security to sell in order to protect our own interests.

**We can increase our "house" maintenance margin or loan collateral requirements at any time and we are not required to provide you advance written notice.** These changes in our policy often take effect immediately and may result in the issuance of a maintenance margin call. Your failure to satisfy the call may cause us to liquidate or sell securities in your account(s).

**You are not entitled to an extension of time on a margin call.** While an extension of time to meet margin requirements may be available to you under certain conditions, you do not have a right to the extension.

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