



EMPLOYEE BENEFITS SECURITY ADMINISTRATION

[Exemption Application No. D-12118]

Proposed Exemption from Certain Prohibited Transaction Restrictions for Certain Asset Managers Related to UBS AG (UBS)

Located in Zurich, Switzerland

AGENCY: Employee Benefits Security Administration, Department of Labor.

ACTION: Notice of proposed exemption.

SUMMARY: If granted, this proposed exemption would allow certain current and future UBS-related asset managers to rely on Prohibited Transaction Exemption (PTE) 84-14 until May 4, 2031, if certain conditions are met, notwithstanding four judgments of conviction and one non-prosecution agreement involving entities within UBS' corporate umbrella.

DATES: If granted, this proposed exemption will be in effect for the period beginning on May 5, 2026, and ending on May 4, 2031.

Comments due: Written comments and requests for a public hearing on the proposed exemption must be received by the Department by **[INSERT DATE 37 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]**.

ADDRESSES: All written comments and requests for a hearing should be sent to the Employee Benefits Security Administration (EBSA), Office of Exemption

Determinations, Attention: Application No. D-12118:

- via email to e-OED@dol.gov; or
- online through <http://www.regulations.gov>. Follow the “Submit a comment” instructions.

Any such comments or requests should be sent by the end of the scheduled comment period. The application for exemption and the comments received will be available for

public inspection in the Public Disclosure Room of the Employee Benefits Security Administration, U.S. Department of Labor, Room N-1515, 200 Constitution Avenue, N.W., Washington, D.C. 20210 ((202) 693-8673). See SUPPLEMENTARY INFORMATION below for additional information regarding comments.

FOR FURTHER INFORMATION CONTACT: Nicholas Schroth of the Department at (202) 693-8571. (This is not a toll-free number.)

SUPPLEMENTARY INFORMATION:

Comments

Persons are encouraged to submit all comments electronically and to not follow with paper copies. Comments should state the nature of the person's interest in the proposed exemption and the manner in which the person would be materially affected by the exemption, if granted. Any person who may be materially affected by an exemption can request that the Department hold a hearing on the exemption. A request for a hearing must state: (1) the name, address, telephone number, and email address of the person making the request; (2) the nature of the person's interest in the exemption and the manner in which the person would be materially affected by the exemption; and (3) a statement of the issues to be addressed and a general description of the evidence to be presented at the hearing. The Department will grant a request for a hearing made in accordance with the requirements above where a hearing is necessary to fully explore material factual issues identified by the person requesting the hearing. A notice of such hearing shall be published by the Department in the *Federal Register*. The Department may decline to hold a hearing if: (1) the request for the hearing does not meet the requirements above; (2) the only issues identified for exploration at the hearing are matters of law; or (3) the factual issues identified can be fully explored through the submission of evidence in written (including electronic) form.

Warning: The Department will include all comments received in the public record without change and will make them available online at <https://www.regulations.gov>. The Department notes that it will include any personal information provided in the public record and online, unless the commenter claims that any of the information included is confidential, or the disclosure of such information is restricted by statute. If you submit a comment, EBSA recommends that you include your name and other contact information in the body of your comment, but DO NOT submit information that you consider to be confidential, otherwise protected (such as a Social Security number or an unlisted phone number) or confidential business information that you do not want publicly disclosed. If EBSA cannot read your comment due to technical difficulties and cannot contact you for clarification, EBSA might not be able to consider your comment.

Additionally, the <https://www.regulations.gov> website is an “anonymous access” system, which means EBSA will not know your identity or contact information unless you provide them in the body of your comment. If you send an email directly to EBSA without going through <https://www.regulations.gov>, your email address will be automatically captured and included as part of the comment that is placed in the public record and made available on the Internet.

Background

1. The rules set forth in ERISA section 406 and Code section 4975(c)(1) proscribe certain “prohibited transactions” between plans and related parties with respect to those plans. Under ERISA section 3(14), such parties are known as “parties in interest,” and include, among others, the plan fiduciary, a sponsoring employer of the plan, service providers to the plan, and certain of their affiliates.¹

2. The prohibited transaction provisions under ERISA section 406(a) and Code section 4975(c)(1) prohibit, in part, sales, leases, loans or the provision of services

¹ Under the Code, such parties, or similar parties, are referred to as “disqualified persons.”

between a party in interest and a plan (or an entity whose assets are deemed to constitute the assets of a plan), as well as the use of plan assets by or for the benefit of a party in interest or a transfer of plan assets to a party in interest.² Under ERISA section 408(a) and Code section 4975(c)(2), the Department has the authority to grant exemptions from such “prohibited transactions” in accordance with its exemption procedures if the Department finds that an exemption is: (1) administratively feasible for the Department; (2) in the interests of the plan and of its participants and beneficiaries; and (3) protective of the rights of participants and beneficiaries.³

3. PTE 84-14 is a class exemption that reflects the Department’s conclusion that it could provide broad relief from the prohibited transaction provisions of ERISA section 406(a) and Code section 4975(c)(1) only if the commitments and the investments of plan assets and the negotiations leading thereto are the sole responsibility of an independent discretionary manager that meets the exemption’s conditions. This manager is referred to as a “qualified professional asset manager” (a QPAM, as defined further below).

4. Section I(g) of PTE 84-14 precludes relief under the exemption if the QPAM, an “affiliate” thereof,⁴ or any direct or indirect five percent or more owner of the QPAM, within 10 years immediately preceding the transaction: (1) has been convicted or released from imprisonment, whichever is later, as a result of criminal activity described in section

² The prohibited transaction provisions also include certain fiduciary prohibited transactions under ERISA section 406(b) and Code section 4975(c)(1)(E) and (F). These include transactions involving fiduciary self-dealing, fiduciary conflicts of interest, and kickbacks to fiduciaries. PTE 84-14 provides only very narrow conditional relief for transactions described in ERISA section 406(b).

³ 29 CFR part 2570, subpart B at 89 FR 4662, January 24, 2024. Effective December 31, 1978, section 102 of Reorganization Plan No. 4 of 1978, 5 U.S.C. App. 1 (1996), transferred the authority of the Secretary of the Treasury to issue exemptions of the type requested by the Applicant to the Secretary of Labor. Therefore, this notice of proposed exemption is issued solely by the Department.

⁴ Section VI(d) of PTE 84-14 defines the term “affiliate” for purposes of Section I(g) as “(1) Any person directly or indirectly through one or more intermediaries, Controlling, Controlled by, or under Common Control with the person; (2) Any director of, Relative of, or partner in, any such person, (3) Any corporation, partnership, trust or unincorporated enterprise of which such person is an officer, director, or a five percent or more partner or owner; and (4) Any employee or officer of the person who— (A) Is a highly compensated employee (as defined in Code section 4975(e)(2)(H) or officer (earning ten (10) percent or more of the yearly wages of such person); or (B) Has direct or indirect authority, responsibility, or control regarding the custody, management or disposition of Plan assets.”

I(g); or (2) has engaged in prohibited misconduct as described in that section (in both cases subject to the Ineligibility Date described in section I(h) of PTE 84-14).⁵

5. The Department's inclusion of section I(g) in PTE 84-14 is based, in part, on an expectation that QPAMs will maintain a high standard of integrity. This expectation extends not only to the QPAM itself but also to those who may be in a position to influence the policies of the QPAM.

6. Currently, only one UBS-affiliated entity relies on PTE 84-14: UBS Asset Management (Americas) LLC. However, in the future, certain other entities that are either affiliated with UBS (hereinafter, the Affiliated QPAMs, as defined further below) or otherwise related to UBS (hereinafter, the Related QPAMs, as defined further below) may seek to rely on PTE 84-14. This proposed exemption, if granted, would enable all of those entities (collectively, the UBS QPAMs) to continue to rely on PTE 84-14 until May 4, 2031, if the conditions of the exemption are met. The proposed exemption would provide relief solely from restrictions set forth in ERISA sections 406 and 407,⁶ but not from any other law.

SUMMARY OF FACTS AND REPRESENTATIONS⁷

7. UBS is a Swiss-based global financial services company. Over the years, certain entities within UBS' corporate umbrella engaged in misconduct that disqualified

⁵ The prohibited misconduct provision became effective on June 17, 2024.

⁶ Unless otherwise specified, references to specific provisions of Title I of ERISA also refer to the corresponding provisions of Code section 4975.

⁷ The Summary of Facts and Representations is based on UBS's representations and does not reflect factual findings or opinions of the Department unless indicated otherwise. The Department notes that availability of this exemption is subject to the express condition that the material facts and representations made by UBS are true, complete, and accurately describe all material terms of the transaction(s) covered by the exemption. If there is any material change in a transaction covered by the exemption, or in a material fact or representation that is part of the record attributable to D-12118, the exemption will cease to apply as of the date of the change. Additionally, UBS confirmed that the material facts and representations it provided to the Department in connection with 89 FR 49213 and 90 FR 3929 are still true and accurate, as corrected by the Applicant's comments in 89 FR 49213 and as supplemented by the application for this exemption.

the UBS QPAMs from relying on PTE 84-14, pursuant to Section I(g) of PTE 84-14.

The disqualifying events relevant to this proposed exemption are:⁸

(a) In 2017, U.S. District Court for the District of Connecticut convicted UBS for a scheme to defraud counterparties to interest rate derivatives transactions, by secretly manipulating benchmark interest rates to which the profitability of those transactions was tied (the 2017 Conviction).

(b) In 2019, a Paris criminal court convicted UBS and UBS Europe SE for illegally soliciting clients from 2004 to 2012 and laundering the proceeds of tax fraud from 2004 to 2012 (the 2019 UBS Europe Conviction).⁹

(c) In 2022, the District Court for the Eastern District of New York entered a judgment of conviction against Credit Suisse Securities (Europe) Limited (CSSEL)¹⁰ for one count of conspiracy to commit wire fraud in violation of 18 U.S.C. 1349 (the 2022 CSSEL Conviction).

(d) On May 5, 2025, Credit Suisse Services AG (CSSAG) entered a guilty plea in the District Court for the Eastern District of Virginia for one count of conspiracy to commit offenses against the United States, in violation of Title 26, United States Code, section 7206(2), for the aiding, assisting, procuring, counseling, and advising of the preparation and presentation of false income tax returns to the Internal Revenue Service (the IRS), in violation of 18 USC, section 371 (the 2025 CSSAG Conviction).

⁸ Other UBS-related convictions that were the subject of prior individual exemptions include: (1) in 2013, UBS Securities Japan Co. Ltd. pled guilty to the fraudulent submission of Yen London Interbank Offer Rate rates between 2006 and 2009, and participation in a scheme to defraud counterparties to interest rate derivatives trades, by secretly manipulating certain benchmark interest rates to which the profitability of those trades was tied; and (2) in 2014, CSAG was convicted in the District Court for the Eastern District of Virginia in Case Number 1:14-cr-188-RBS, for one count of conspiracy to violate section 7206(2) of the Internal Revenue Code in violation of Title 18, United States Code, Section 371. These convictions, occurring more than 10 years ago, no longer cause the UBS QPAMs to violate Section I(g) of PTE 84-14.

⁹ UBS Europe SE is the successor to UBS (France) S.A., which merged into UBS Europe SE in 2023 and set up a branch in France called UBS Europe SE, France Branch.

¹⁰ On June 12, 2023, UBS acquired Credit Suisse AG, another Swiss-based global financial services firm. This acquisition brought Credit Suisse subsidiaries, including CSSEL, under the UBS corporate umbrella.

(e) On May 5, 2025, CSSAG entered into a contemporaneous Non-Prosecution Agreement relating to its Credit Suisse Singapore location for assisting U.S. taxpayers in failing to comply with tax obligations or in using their accounts to evade U.S. taxes and U.S. reporting requirements (the 2025 NPA).

8. Following disqualifying events (a)-(c), UBS QPAMs applied for, and received, temporary exemptive relief (and extensions of that relief) which allowed the UBS QPAMs to continue to rely on the exemptive relief in PTE 84-14.¹¹ The Department issued these exemptions in order to protect Covered Plans from the costs and harms that could arise if the UBS QPAMs lost their ability to engage in beneficial transactions on behalf of Covered Plans due to disqualification under Section I(g). The conditions of the exemptions were carefully constructed to, among other things, protect Covered Plans from the UBS-related misconduct that gave rise to the disqualifying events.

9. The latest individual exemption, PTE 2025-03, became void following the 2025 CSSAG Conviction and the 2025 NPA. Since then, the UBS QPAMs have relied on the transitional exemptive relief set forth in Section I(i) of PTE 84-14, which provides UBS QPAMs a one-year-transition period of relief from May 5, 2025 to May 4, 2026.

10. UBS represents that the conduct underlying the 2025 CSSAG Conviction and the conduct underlying the 2025 NPA occurred within business divisions that are separate from UBS QPAMs and Credit Suisse Asset Management LLC (CSAM) (the previous Credit Suisse QPAM). UBS represents that the UBS QPAMs and CSAM were insulated from the business divisions where the wrongdoing occurred by policies, procedures, and dedicated personnel. Furthermore: (1) the conduct underlying the 2025 CSSAG Conviction occurred before UBS acquired Credit Suisse;¹² and (2) CSAM no

¹¹ See PTE 2022-01 (87 FR 1186 (Jan. 10, 2022)); PTE 2025-03 (90 FR 3929 (Jan. 15, 2025)); PTE 2023-14 (88 FR 36337 (June 2, 2023)); PTE 2020-01 (85 FR 8020 (Feb. 12, 2020)); PTE 2019-01 (84 FR 6163 (Feb. 26, 2019)); PTE 2017-07 (82 FR 61903 (Dec. 29, 2017)); PTE 2016-17 (81 FR 94049 (Dec. 22, 2016)).

¹² The merger of UBS AG and Credit Suisse AG was completed in May 2024 and the transition to a single U.S. intermediate holding company took place in June 2024.

longer operates as a QPAM. UBS represents that every independent audit that has been performed has determined that the UBS QPAMs met the terms and conditions of each exemption.

Application for the Relief Described in this Proposed Exemption

11. On June 17, 2025, UBS applied to the Department for administrative exemptive relief so that UBS QPAMs could continue to rely on PTE 84-14, notwithstanding the disqualifying events described in (a)-(e) above (collectively, the Criminal Activity). UBS requested a ten-year exemption with few conditions. UBS generally argued that the Department should revert to its “historical approach” of requiring fewer conditions because, among other things: the conditions developed over the past few years are unnecessary to protect plans and their participants and beneficiaries; the use of the PTE 84-14 does not involve the real risk of conflicted transactions; the UBS QPAMs have repeatedly demonstrated their consistent compliance with ERISA; and none of the historical criminal conduct relates to the UBS QPAMs.

13. The Department disagrees that a “historical approach” (i.e., with fewer conditions) is appropriate in this instance because UBS is unique with respect to the number, type, and magnitude of disqualifying events engaged in by UBS-related entities. ERISA section 408(a) requires the Department to impose conditions as it deems necessary to make its findings that an exemption is protective of plans and their participants and beneficiaries. The Department believes these conditions, described below, strike an appropriate balance given the nature, extent, duration and amount of UBS-related corporate malfeasance, ensuring Covered Plan clients of UBS QPAMs are: able to avoid the costs of changing investment managers (should they decide to do so); and fully protected against possible risks caused by the Criminal Activity.

Harm to Covered Plans in the Absence of QPAM Relief

14. In support of its exemption request, UBS provided the Department with estimates of the liquidation costs that each type of portfolio managed by the UBS QPAMs would incur if denied relief. The estimates assumed that Covered Plan assets would have to be liquidated because of the unavailability of PTE 84-14 with the following consequences for Covered Plans.¹³

15. Unified Global Alternatives (UGA), a business unit within the UBS QPAM, provides customized portfolios of hedge funds that are run as plan asset funds. As of May 2025, UGA manages approximately \$6.69 billion as part of this business. UBS estimated that these customized hedge fund portfolios would lose \$54.9 million if Covered Plans liquidated their assets because the UBS QPAMs could not rely upon PTE 84-14. In calculating the estimates of losses in the event these portfolios were liquidated, UBS assumed that its clients would immediately request full redemptions and any current illiquid/side pocket investment would need to be sold in the secondary market at a 30 percent discount.

16. UGA is also a platform manager for two managed accounts with third party trading advisers. In this role, UGA provides discretionary or non-discretionary advisory services to pension clients as well as non-ERISA clients to invest in commingled managed accounts, which are run as plan asset funds. As of May 2025, UGA manages approximately \$254.6 million as part of this business. If UBS QPAMs are no longer allowed to rely on PTE 84-14, UBS estimated that the economic loss for these investors would be \$4.3 million. This estimate assumes the entire portfolio would be liquidated and the Covered Plan clients would pay the related transaction costs.

¹³ UBS provided a report describing costs that Covered Plan investors would incur in connection with UBS QPAMs' loss of relief under PTE 84-14, dated June 17, 2025, by Dr. John Minahan, who UBS represents is an expert in the field of ERISA plan transitions. The following paragraphs describe potential losses based on information provided by UBS, as supplemented by Dr. Minahan.

17. UBS also estimated the loss to active equity portfolios if UBS QPAMs were no longer able to rely on PTE 84-14. These equity portfolios cover large, small and mid-cap equity securities, and pursue a variety of strategies. Within these portfolios, UBS QPAMs managed approximately \$193 million in assets for ERISA plan clients as of May 2025. UBS estimated that liquidation costs for these portfolios would amount to approximately \$1.7 million based on a transaction cost model.

18. UBS offers a range of strategies across the global fixed income asset class spectrum. These strategies trade a variety of products, such as investment grade and non-investment grade debt securities, U.S. treasuries, agency and non-agency mortgage-backed securities, and related derivatives. As of May 2025, UBS QPAMs manage approximately \$1.2 billion in fixed income strategies for ERISA plan clients. UBS estimates that, if the Department does not grant an exemption, the liquidation costs to these plans will be approximately \$4.2 million. To calculate these estimates, UBS constructed a bid/offer spread model based on the individual securities held in each client portfolio. The model assumes that liquidation will not occur during a time of market stress, and UBS suggests that the estimates may therefore be low.

19. UBS Investment Solutions is a team within the UBS QPAM that manages portfolios based on an asset allocation investment process. UBS Investment Solutions may also employ long/short investment strategies that purchase securities on margin and/or sell securities short, where permitted by client guidelines. The UBS QPAM manages approximately \$362.9 million in Investment Solutions strategies for ERISA plan clients. UBS estimates that, if the Department does not grant an exemption, liquidation costs for those portfolios will amount to \$139,451.

20. Credit Investments Group (CIG) is another business unit within UBS Asset Management Americas LLC. As part of its business, CIG manages an ERISA client account with a net asset value of \$117.5 million as of May 2025. In the event of a

portfolio liquidation scenario, CIG would typically initiate what is effectively an auction process for every unique line item in the portfolio and invite various loan trading desks to bid on each asset. In this auction process, positions marked below 80 percent reasonably would be estimated to trade at least 10 percent below the current mark. Based on this and other assumptions, UBS estimates an economic loss of \$2.1 million.

21. In addition to the liquidation costs described above, UBS also represents that its Covered Plan clients would incur other harms associated with losing relief under PTE 84-14, such as (i) Covered Plans losing UBS, their preferred manager, which has unique market access to third-party alternatives managers; (ii) the time lost for plan fiduciaries in the tasks associated with selecting a new manager; and (iii) the opportunity costs of investments not made during the transition. Hereinafter, these costs, and any other cost that may be incurred by a Covered Plan due to a UBS QPAM's loss of relief under PTE 84-14, other than a liquidation cost, are referred to as an additional cost.

22. **Department's Note:** Section III(j)(2) of this proposed exemption is intended, in part, to help protect Covered Plans from liquidation costs and additional costs, and requires that any arrangement, agreement, or contract between a UBS QPAM and its Covered Plan clients include an obligation by the QPAM to indemnify and hold harmless the Covered Plans from actual losses. This includes the losses and related costs arising from unwinding transactions with third parties and from transitioning Covered Plan assets to an alternative asset manager as well as costs associated with any exposure to excise taxes under Code Section 4975 as a result of a QPAM's inability to rely upon the relief in PTE 84-14.

This Proposed Exemption and Summary of Protective Conditions

23. In developing administrative exemptions under ERISA section 408(a), the Department implements its statutory directive to propose only exemptions that are appropriately protective, and in the interest of, affected plans and IRAs. The Department

is proposing this exemption to protect Covered Plans from the costs and harms that would arise if UBS QPAMs were no longer able to rely on the relief provided in PTE 84-14.

The Department is proposing this exemption with conditions that would protect Covered Plans (and their participants and beneficiaries) and allow them to continue to benefit from the transactions described in PTE 84-14.¹⁴ The terms of this proposed exemption are intended to promote UBS QPAM adherence to basic fiduciary standards under Title I of ERISA and the Code and reinforce their obligation to act with a high degree of integrity on behalf of their Covered Plan clients.

24. This exemption would require that UBS QPAMs (including their officers, directors, agents (with very narrow exceptions), employees of such QPAMs, and UBS Seconded Employees)¹⁵ must not have known, have had reason to know of, nor participated in the criminal conduct that is the subject of any of the Criminal Activity. Each UBS QPAM (and its officers, directors, etc.) must meet this condition with respect to each instance of Criminal Activity regardless of whether the misconduct occurred within the QPAM's corporate umbrella at the time it occurred. Further, any other party engaged on behalf of the UBS QPAMs who had responsibility for or exercised authority in connection with the management of plan assets must not have known, had reason to know of, nor participated in the Criminal Activity.

25. This exemption would require that no UBS QPAM, including their officers, directors, agents (other than one of the entities subject to the Criminal Activity), employees of such QPAMs, and UBS Seconded Employees received direct compensation, or knowingly received indirect compensation, in connection with the

¹⁴ The Department notes that this is a summary of the conditions intended for the convenience of a reader; however, the governing conditions for the exemptive relief are those reflected in the operative text in Section III of this proposed exemption.

¹⁵ This proposed exemption uses the concept of a "UBS Seconded Employee" to describe employees working for both a UBS QPAM and one or more other UBS entities that have been convicted or where misconduct occurred, but who in the Department's view may provide services for the UBS QPAMs under this exemption.

criminal conduct that is the subject of the Criminal Activity. Further, no other party engaged on behalf of the UBS QPAMs who had responsibility for, or exercised authority in connection with the management of plan assets received direct compensation, or knowingly received indirect compensation, in connection with the criminal conduct that is the subject of the Criminal Activity.

26. This exemption would preclude each Affiliated QPAM from employing or knowingly engaging any of the individuals who participated in the criminal conduct underlying the Criminal Activity. This means that no individual who participated in criminal misconduct at UBS, UBS Europe, CSSEL, or CSSAG (each, a Misconduct Entity) may be employed by any Affiliated QPAM. A UBS QPAM also must not have exercised authority over the assets of any ERISA-covered plan or IRA in a manner that it knew or should have known would: further the criminal conduct underlying the Criminal Activity; or cause the UBS QPAM or its affiliates to directly or indirectly profit from the criminal conduct underlying the Criminal Activity.

27. With narrow exceptions, this exemption would require that no Affiliated QPAM will use its authority or influence to direct an “investment fund” (as defined in Section VI(b) of PTE 84-14) that is subject to ERISA or the Code and managed by such Affiliated QPAM with respect to one or more Covered Plans, to enter into any transaction with a Misconduct Entity or to engage a Misconduct Entity to provide any service to such investment fund, for a direct or indirect fee borne by such investment fund, regardless of whether such transaction or service may otherwise be within the scope of relief provided by an administrative or statutory exemption. Further, other than with respect to employee benefit plans maintained or sponsored for its own employees or the employees of an affiliate, a Misconduct Entity may not act as a fiduciary within the meaning of ERISA section 3(21)(A)(i) or (iii), or Code section 4975(e)(3)(A) and (C), with respect to ERISA-covered Plan and IRA assets.

28. Each Affiliated QPAM must continue to maintain, adjust to the extent necessary, implement, and follow written policies and procedures (the Policies) that are reasonably designed to ensure that: (a) the asset management decisions of the Affiliated QPAM are conducted independently of each Misconduct Entity's corporate management and business activities; (b) the Affiliated QPAMs fully comply with ERISA's fiduciary duties and with ERISA's and the Code's prohibited transaction provisions; (c) the Affiliated QPAMs do not knowingly participate in any other person's violation of ERISA or the Code with respect to Covered Plans; (d) any filings or statements made by the Affiliated QPAMs to regulators on behalf of, or in relation to, Covered Plans are materially accurate and complete; (e) the Affiliated QPAMs do not make material misrepresentations or omit material information in their communications with such regulators, or in their communications with Covered Plans; and (f) the Affiliated QPAMs comply with the terms of the exemption.

29. This exemption would require each Affiliated QPAM to maintain, adjust to the extent necessary, and implement a training program (the Training) that will be conducted at least annually for all relevant asset/portfolio management, trading, legal, compliance, and internal audit personnel. The Training must cover, at a minimum, the Policies, ERISA and Code compliance, ethical conduct, the consequences that would result from not complying with the proposed exemption conditions, and the requirement to promptly report wrongdoing.

30. This exemption would require each Affiliated QPAM to continue to engage an independent auditor annually to evaluate the adequacy of, and the QPAM's compliance with, the Policies and Training required by the exemption. The independent auditor must be prudently selected by the Affiliated QPAM and have appropriate technical training and proficiency with ERISA and the Code to perform the tasks required by the exemption. The Affiliated QPAMs must grant the auditor unconditional access to

their business, and the auditor's engagement must specifically require the auditor to test each Affiliated QPAM's operational compliance with the Policies and Training.

31. The independent auditor must issue a written audit report (the Audit Report) annually to UBS and the Affiliated QPAM to which the audit applies, that describes the procedures performed by the auditor in connection with its examination. Further, the Affiliated QPAMs must promptly address any instance of noncompliance identified by the auditor and must promptly address or prepare a written plan of action to address any determination as to the adequacy of the Policies and Training and the auditor's recommendations, if any, with respect to strengthening the Policies and Training of the respective Affiliated QPAM. The Audit Report must be provided to the Department annually by the Affiliated QPAM, and the Department will make the Audit Report part of the public record once it is received by the Department.

32. This exemption would further require the general counsel, or one of the three most senior executive officers of the Affiliated QPAM to which the Audit Report applies, to certify in writing and under penalty of perjury that the officer has reviewed the Audit Report and the exemption, and the Affiliated QPAM has addressed, corrected, and remedied (or has an appropriate written plan to address) any identified instance of noncompliance or inadequacy regarding the Policies and Training identified in the Audit Report.

33. With respect to any arrangement, agreement, or contract between an Affiliated QPAM and a Covered Plan, this proposal requires each Affiliated QPAM to agree and warrant: (a) to comply with ERISA and the Code, including the standards of prudence and loyalty set forth in ERISA section 404; (b) to refrain from engaging in prohibited transactions that are not otherwise exempt; (c) to indemnify and hold harmless the Covered Plan for any actual losses resulting directly from, among other things, the Affiliated QPAM's violation of the conditions for this exemption, prohibited transactions,

and ERISA's fiduciary duties; (d) with narrow exceptions, to not restrict the ability of such Covered Plan to terminate or withdraw from its arrangement with the Affiliated QPAM with respect to any investment in a separately managed account or pooled fund subject to ERISA and managed by such QPAM; (e) with narrow exceptions, to not impose any fees, penalties, or charges for such termination or withdrawal; and (f) to not include exculpatory provisions disclaiming or otherwise limiting the liability of the Affiliated QPAM for a violation of such agreement's terms.

34. Each Affiliated QPAM must provide a notice of its obligations under this exemption to each applicable Covered Plan, by the dates specified in the exemption. Each Affiliated QPAM also must provide to each applicable sponsor and beneficial owner of a Covered Plan a copy of this proposed exemption and final notice of the exemption as published in the *Federal Register*, a separate summary describing the facts that led to each Conviction, and a prominently displayed statement that each Conviction results in a failure to meet a condition in PTE 84-14 and an individual exemption, which must be identified, by the dates specified in the exemption.

35. This proposed exemption requires each Affiliated QPAM to maintain a designated senior compliance officer (the Compliance Officer) who will be responsible for the QPAM's compliance with the policies and training requirements described in this proposed exemption. The Compliance Officer must conduct a review, for the twelve-month period specified below (the Exemption Review), to determine the adequacy and effectiveness of the implementation of the Policies and Training and issue a written report (the Exemption Report) on the findings.

36. This proposed exemption requires UBS to impose internal procedures, controls, and protocols on each Misconduct Entity to reduce the likelihood of any recurrence of the conduct that is the subject of the Criminal Activity.

37. The proposed exemption requires each UBS QPAM to maintain written processes that clearly describe: (1) how the QPAM identifies and quantifies “actual losses” and how Covered Plans may recover or avoid incurring the losses for purposes of Section III(j)(2).

38. The proposed exemption provides that if the independent auditor or UBS or its affiliates learns of any material noncompliance with a condition of this exemption, UBS must send a notice (a Violation Notice) to all affected Covered Plan clients and the Department describing the failure to meet the terms of the exemption, the extent of the noncompliance, the fact that UBS must indemnify and hold harmless the plans for actual losses and contractual breaches relating to the noncompliance, as well as other requirements.

39. The proposed exemption’s conditions also: include recordkeeping requirements applicable to the Affiliated QPAMs; require disclosure of any Deferred Prosecution Agreement or Non-Prosecution Agreement entered into by UBS and U.S. regulators for certain criminal activity; cause the exemption to terminate in the event UBS fails to comply with any regulatory requirements imposed in connection with the Criminal Activity; and require each Affiliated QPAM to inform Covered Plan clients of the right to receive copies of the Policies.

40. Finally, the conditions of the proposed exemption require that all the material facts and representations set forth in the Summary of Facts and Representations are true and accurate at all times.

Statutory Findings

41. “*Administratively Feasible.*” The Department has tentatively determined that the proposal is administratively feasible for the Department, because among other things, a qualified independent auditor will be engaged by the Affiliated QPAMs to perform an in-depth annual audit covering each Affiliated QPAM’s compliance with the terms of the

exemption, and a corresponding written audit report will be provided to the Department and be made available to the public. Further, detailed periodic reports will be made to the Department and to Covered Plan fiduciaries.

42. *“In the interest of.”* The Department has tentatively determined that the proposed exemption is in the interests of the participants and beneficiaries of affected Covered Plans. The Department understands based on representations from the Applicant, that if the requested exemption is denied, Covered Plans may be forced to find other managers and may be deprived of the investment management services that these plans expected to receive when they appointed these managers. Loss of the exemption could also result in the termination of relationships that the fiduciaries of the Covered Plans have determined to be in the best interests of those plans, even after the disclosures of the earlier Criminal Activity pursuant to the individual exemptions the managers previously received.

43. *“Protective of.”* The Department has tentatively determined that the proposed exemption is protective of the interests of the participants and beneficiaries of affected Covered Plans. As described above, the proposed exemption imposes a suite of affirmative requirements and obligations upon the Affiliated QPAMs that include but are not limited to: (a) the maintenance of the Policies and Training; (b) a robust audit conducted by a qualified independent auditor; (c) the provision of certain agreements and warranties on the part of the Affiliated QPAMs; (d) specific notices and disclosures concerning the circumstances necessitating the need for exemptive relief and the Affiliated QPAMs’ obligations under this proposed exemption; and (e) the designation of a Compliance Officer with responsibility to ensure compliance with the Policies and Training requirements under this proposed exemption, and the Compliance Officer’s completion of annual Exemption Reviews and corresponding Exemption Reports. The Department notes that this exemption includes all conditions imposed upon UBS in PTE

2025-03. Finally, the Department notes that the most recently completed independent audits under PTE 2023-14 and PTE 2025-03 found no violation by the UBS QPAMs of the terms of PTE 2023-14 and PTE 2025-03 during the period of June 12, 2023 through June 11, 2025.

Department's Note:

44. The relief in this proposed exemption would terminate in the event that an entity within the UBS corporate structure is convicted of any additional crime covered by PTE 84-14 Section I(g) or participates in Prohibited Misconduct as defined in Section VI(s) and VI(t) of PTE 84-14, or if any term of this exemption, if granted, or PTE 84-14, as amended, is violated. When interpreting and implementing this exemption, UBS and the relevant QPAM should resolve any ambiguities considering the exemption's protective purposes in favor of the exemption's protective purposes. To the extent additional clarification is necessary, these persons or entities should contact EBSA's Office of Exemption Determinations by email (e-oed@dol.gov) or phone (202-693-8540).

NOTICE TO INTERESTED PERSONS

UBS will provide notice of this proposed exemption to its Covered Plan clients by first class mail or email within seven days after the publication of the notice of proposed exemption in the *Federal Register*. The notice of this proposed exemption will contain a supplemental statement, as required pursuant to 29 CFR 2570.43(a)(2) and a Summary of the Proposed Exemption. The supplemental statement will inform interested persons of their right to comment on and to request a hearing with respect to the pending exemption. Written comments and hearing requests are due within 37 days after publication of this notice of proposed exemption in the *Federal Register*. The Department will make all comments available to the public.

Warning:

If you submit a comment, EBSA recommends that you include your name and other contact information in the body of your comment, but DO NOT submit information that you consider to be confidential, or otherwise protected (such as a Social Security number or an unlisted phone number) or confidential business information that you do not want publicly disclosed. All comments may be posted on the internet and can be retrieved by most internet search engines.

GENERAL INFORMATION

The attention of interested persons is directed to the following:

(1) The fact that a transaction is the subject of an exemption under ERISA section 408(a) and/or Code section 4975(c)(2) does not relieve a fiduciary or other party in interest or disqualified person from certain other provisions of ERISA and/or the Code, including any prohibited transaction provisions to which the exemption does not apply and the general fiduciary responsibility provisions of ERISA section 404, which, among other things, require a fiduciary to discharge his duties respecting the plan solely in the interest of the participants and beneficiaries of the plan and in a prudent fashion in accordance with ERISA section 404(a)(1)(B); nor does it affect the requirement of Code section 401(a) that the plan must operate for the exclusive benefit of the employees of the employer maintaining the plan and their beneficiaries;

(2) Before an exemption may be granted under ERISA section 408(a) and/or Code section 4975(c)(2), the Department must find that the exemption is administratively feasible, in the interests of the plan and of its participants and beneficiaries, and protective of the rights of participants and beneficiaries of the plan;

(3) The proposed exemption, if granted, will be supplemental to, and not in derogation of, any other provisions of ERISA and/or the Code, including statutory or administrative exemptions and transitional rules. Furthermore, the fact that a transaction

is subject to an administrative or statutory exemption is not dispositive of whether the transaction is in fact a prohibited transaction; and

(4) The proposed exemption, if granted, will be subject to the express condition that the material facts and representations contained in each application are true and complete, and that each application accurately describes all material terms of the transaction which is the subject of the exemption.

PROPOSED EXEMPTION

The Department is considering granting an exemption under the authority of ERISA section 408(a) and Internal Revenue Code (or Code) Section 4975(c)(2), and in accordance with the procedures set forth in 29 CFR part 2570, subpart B (89 FR 4662, January 24, 2024)).¹⁶ Effective December 31, 1978, section 102 of Reorganization Plan No. 4 of 1978, 5 U.S.C. App. 1 (1996), transferred the authority of the Secretary of the Treasury to issue exemptions of the type requested to the Secretary of Labor. Therefore, this notice of proposed exemption is issued solely by the Department.

SECTION I. DEFINITIONS

(a) Names of Certain Corporate Entities:

(1) The term “CSAM LLC” means Credit Suisse Asset Management, LLC. On May 1, 2024, UBS merged CSAM LLC into UBS Asset Management (Americas) LLC, with UBS Americas as the surviving entity.

(2) The term “CSSEL” means Credit Suisse Securities (Europe) Limited an indirectly a wholly owned subsidiary of UBS Group AG.

(3) The term “UBS” means UBS AG which is a wholly owned subsidiary of

¹⁶ For purposes of the exemption, references to ERISA section 406, unless otherwise specified, should be read to refer as well to the corresponding provisions of Code section 4975.

UBS Group AG.

(4) The term “UBS Americas” means UBS Asset Management (Americas) LLC and is majority owned by UBS Americas, Inc., a wholly owned subsidiary of UBS AG.

(5) The term “UBS Europe” means UBS Europe SE. UBS Europe is the successor to UBS (France) S.A., which was a wholly owned subsidiary of UBS under the laws of France until 2023. In July of 2023, UBS France S.A. merged into UBS Europe and set up a branch in France called UBS Europe SE, France Branch.

(6) The term “CSSAG” means Credit Suisse Services AG, which was 100% owned by Credit Suisse Group AG, before UBS AG acquired Credit Suisse Group AG.

(b) The term “Affiliated QPAM” means UBS Americas, and any future entity within the Asset Management or the Global Wealth Management Americas U.S. divisions of UBS that qualifies as a “qualified professional asset manager” (as defined in Section VI(a) of PTE 84-14) and that relies on the relief provided by PTE 84-14, and with respect to which UBS is an “affiliate” (as defined in Part VI(d) of PTE 84-14).¹⁷ The term Affiliated QPAM excludes a Misconduct Entity.

(c) The term “Criminal Activity” means the Covered Convictions and the 2025 NPA.

(d) The term “Covered Convictions” means (1) the judgment of conviction against CSSAG for one count of conspiracy to commit offenses against the United States, in violations of Title 26, United States Code, Section 7206(2), for the aiding, assisting, procuring, counseling, and advising of the preparation and presentation of false income tax returns to the Internal Revenue Service (“IRS”), in violation of Title 18, United States Code, Section 371 (the “2025 CSSAG Conviction”); (2) the judgment of conviction

¹⁷ UBS represents that UBS O’Connor LLC and UBS Realty Investors LLC are entities under the UBS corporate umbrella that currently offer investment products which are accessible by ERISA-covered plans, but do not currently rely on Class PTE 84-14 when managing those products.

against CSSEL in Case Number 1:21-cr-00520-WFK (the “2022 CSSEL Conviction”); (3) the judgment of conviction against UBS in case number 3:15-cr-00076-RNC in the U.S. District Court for the District of Connecticut for one count of wire fraud in violation of Title 18, United States Code, Sections 1343 and 2 in connection with UBS's submission of Yen London Interbank Offered Rates and other benchmark interest rates between 2001 and 2010 (the “2017 Conviction”); and (4) the judgment of conviction on February 20, 2019, against UBS and UBS Europe in case Number 1105592033 in the French First Instance Court (the “2019 UBS Europe Conviction”).

(e) The term “Covered Plan” means a plan subject to Part IV of Title I of ERISA (an “ERISA-covered plan”) or a plan subject to Code section 4975 (an “IRA”), in each case, with respect to which an Affiliated QPAM relies on PTE 84-14, or with respect to which an Affiliated QPAM (or any UBS affiliate) has expressly represented that the manager qualifies as a QPAM or relies on PTE 84-14. A Covered Plan does not include an ERISA-covered plan or IRA to the extent the Affiliated QPAM has expressly disclaimed reliance on QPAM status or PTE 84-14 in entering into a contract, arrangement, or agreement with the ERISA-covered plan or IRA. Notwithstanding the above, an Affiliated QPAM may disclaim reliance on QPAM status or PTE 84-14 in a written modification of a contract, arrangement, or agreement with an ERISA-covered plan or IRA, where: the modification is made in a bilateral document signed by the client; the client’s attention is specifically directed toward the disclaimer; and the client is advised in writing that, with respect to any transaction involving the client's assets, the Affiliated QPAM will not represent that it is a QPAM, and will not rely on the relief described in PTE 84-14.

(f) The term “Exemption Period” means the period beginning on May 5, 2026, and ending on May 4, 2031.

(g) The “2025 NPA” means the Non-Prosecution Agreement entered into on May 5, 2026 between the U.S. Department of Justice and CSSAG relating to, and contemporaneously with, the 2025 CSSAG Conviction, based specifically on the conduct of CSSAG’s Credit Suisse Singapore branch assisting U.S. taxpayers in failing to comply with tax obligations or in using their accounts to evade U.S. taxes and U.S. reporting requirements.

(h) The term “Misconduct Entity” means any entity subject to one of the Criminal Activities, i.e., UBS, UBS Europe (into which UBS France was recently merged), CSSAG, and CSSEL.

(i) The term “Related QPAM” means any current or future “qualified professional asset manager” (as defined in Section VI(a) of PTE 84-14) that relies on the relief provided by PTE 84-14, and with respect to which UBS owns a direct or indirect five (5) percent or more interest, but with respect to which a Misconduct Entity is not an “affiliate” (as defined in section VI(d)(1) of PTE 84-14). The term “Related QPAM” excludes a Misconduct Entity.

(j) The term “best knowledge,” “to the best of one’s knowledge,” “best knowledge at that time,” and other similar “best knowledge” terms shall include matters that are known to the applicable individual or should be known to such individual upon the exercise of such individual’s due diligence required under the circumstances, and, with respect to an entity other than a natural person, such term includes matters that are known to the directors and officers of the entity or should be known to such individuals upon the exercise of such individuals’ due diligence required under the circumstances.

(k) The term “UBS Seconded Employee” means, an individual nominally employed by a Misconduct Entity who performs work on behalf of a UBS QPAM; provided that such UBS QPAM is solely responsible for the management and control of the employee’s job activities performed on behalf of such QPAM. Notwithstanding the

preceding sentence, the UBS QPAM must be solely responsible for the establishment of the employee's job duties and terms of employment (including compensation, promotions, and benefits); and must have supervisory responsibility with respect to, among other things, the employee's performance, training, and disciplinary actions.

(l) The term "UBS QPAMs" means, individually or collectively, the Affiliated QPAMs and/or the Related QPAMs.

(m) The "conduct" of any person or entity that is the "subject of" any misconduct refers to the misconduct by any UBS personnel that is the basis of (or the subject of) any Criminal Activity.

(n) The term "participate in" when used to describe an individual or entity's participation in the Criminal Activity refers not only to active participation in the Criminal Activity but also includes an individual or entity's knowledge or approval of the Criminal Activity, without taking active steps to prohibit such conduct, such as reporting the conduct to the individual's supervisors, and to the Board of Directors.

SECTION II. COVERED TRANSACTIONS

If this proposed exemption is granted, the UBS QPAMs would not be precluded from relying on the exemptive relief provided by Prohibited Transaction Exemption 84-14 (PTE 84-14)¹⁸ during the Exemption Period, notwithstanding the Criminal Activity, provided that the definitions in Section I and the conditions in Section III are satisfied.

SECTION III. CONDITIONS

(a) The UBS QPAMs (including their officers, directors, agents other than the Misconduct Entities, employees of such QPAMs, and UBS Seconded Employees) did not

¹⁸ 49 FR 9494 (March 13, 1984), as corrected at 50 FR 41430, (Oct. 10, 1985), as amended at 70 FR 49305 (Aug. 23, 2005), as amended at 75 FR 38837 (July 6, 2010), and as amended at 89 FR 23090 (April 3, 2024).

know nor have reason to know of and did not participate in the conduct underlying the Criminal Activity. Further, any other party engaged on behalf of the UBS QPAMs who had responsibility for, or exercised authority in connection with, the management of plan assets did not know or have reason to know of and did not participate in the criminal conduct underlying the Criminal Activity.

(b) The UBS QPAMs (including their officers, directors, agents other than the Misconduct Entities, employees of such QPAMs, and UBS Seconded Employees) did not receive direct compensation, or knowingly receive indirect compensation, in connection with the criminal conduct that is the subject of the Criminal Activity. Further, any other party engaged on behalf of the UBS QPAMs who had responsibility for, or exercised authority in connection with the management of plan assets did not receive direct compensation, or knowingly receive indirect compensation, in connection with the Criminal Activity;

(c) The Affiliated QPAMs do not currently and will not in the future employ or knowingly engage any of the individuals who participated in the criminal conduct underlying the Criminal Activity;

(d) At all times during the Exemption Period, no Affiliated QPAM will use its authority or influence to direct an “investment fund” (as defined in Section VI(b) of PTE 84-14) that is subject to ERISA or the Code and managed by such Affiliated QPAM with respect to one or more Covered Plans, to enter into any transaction with a Misconduct Entity or to engage a Misconduct Entity to provide any service to such investment fund, for a direct or indirect fee borne by such investment fund, regardless of whether such transaction or service may otherwise be within the scope of relief provided by an administrative or statutory exemption. An Affiliated QPAM will not fail this condition solely because:

(1) A UBS (or successor) affiliate serves as a local sub-custodian that is selected by an unaffiliated global custodian that, in turn, is selected by someone other than a UBS QPAM; or

(2) Services are provided by UBS Seconded Employees;

(e) Any failure of an Affiliated QPAM to satisfy Section I(g) of PTE 84-14 arose solely from the Criminal Activity;

(f) A UBS QPAM did not exercise authority over the assets of any plan subject to Part 4 of Title I of ERISA (an “ERISA-covered plan”) or Code section 4975 (an “IRA”) in a manner that it knew or should have known would further the criminal conduct underlying the Criminal Activity; or cause the UBS QPAM or its affiliates to directly or indirectly profit from the criminal conduct underlying the Criminal Activity;

(g) No Misconduct Entity will act as a fiduciary within the meaning of ERISA section 3(21)(A)(i) or (iii) or Code section 4975(e)(3)(A) and (C) with respect to ERISA-covered Plan and IRA assets, except that each may act as such a fiduciary with respect to employee benefit plans sponsored for its own employees or employees of an affiliate. No Misconduct Entity will be treated as violating the conditions of the exemption solely because it acted as an investment advice fiduciary within the meaning of ERISA section 3(21)(A)(ii) or Code section 4975(e)(3)(B);

(h)(1) Each Affiliated QPAM must maintain, adjust (to the extent necessary), implement, and follow the written policies and procedures described below (Policies).

The Policies must require and must be reasonably designed to ensure that:

(i) The asset management decisions of the QPAM are conducted independently of the corporate and management and business activities of each Misconduct Entity, and without considering any fee a related local sub-custodian may receive from those decisions. This condition does not preclude an Affiliated QPAM from receiving publicly available research and other widely available information from a UBS affiliate;

(ii) The QPAM fully complies with ERISA's fiduciary duties, and with ERISA and the Code's prohibited transaction provisions, in each case as applicable with respect to each Covered Plan, and does not knowingly participate in any violation of these duties and provisions with respect to Covered Plans;

(iii) The QPAM does not knowingly participate in any other person's violation of ERISA or the Code with respect to Covered Plans;

(iv) Any filings or statements made by the QPAM to regulators, including but not limited to, the Department, the Department of the Treasury, the Department of Justice, and the Pension Benefit Guaranty Corporation, on behalf of or in relation to Covered Plans, are materially accurate and complete, to the best of such QPAM's knowledge at that time;

(v) To the best of its knowledge at that time, the QPAM does not make material misrepresentations or omit material information in its communications with such regulators with respect to Covered Plans, or make material misrepresentations or omit material information in its communications with Covered Plans; and

(vi) The QPAM complies with the terms of this exemption, if granted;

(2) Any violation of, or failure to comply with an item in subparagraphs (h)(1)(ii) through (vi), is corrected as soon as reasonably possible upon discovery, or as soon after the QPAM reasonably should have known of the noncompliance (whichever is earlier), and any such violation or compliance failure not so corrected is reported, upon the discovery of such failure to so correct, in writing. This report must be made to the head of compliance and the general counsel (or their functional equivalent) of the relevant UBS QPAM that engaged in the violation or failure and the independent auditor responsible for reviewing compliance with the Policies. A QPAM will not be treated as having failed to develop, implement, maintain, or follow the Policies, if it corrects any instance of noncompliance as soon as reasonably possible upon discovery, or as soon as reasonably

possible after the QPAM reasonably should have known of the noncompliance (whichever is earlier), and provided that it adheres to the reporting requirements set forth in this subparagraph (2);

(3) Each Affiliated QPAM must maintain, adjust (to the extent necessary), and implement or continue a program of training during the Exemption Period (the Training) that is conducted at least annually for all relevant Affiliated QPAM asset/portfolio management, trading, legal, compliance, and internal audit personnel.¹⁹ The Training must:

(i) At a minimum, cover the Policies, ERISA and Code compliance (including applicable fiduciary duties and the prohibited transaction provisions), ethical conduct, the consequences for not complying with the conditions of this exemption (including any loss of exemptive relief provided herein), and the requirement for prompt reporting of wrongdoing;

(ii) Be conducted by a professional who has been prudently selected and who has appropriate technical training and proficiency with ERISA and the Code to perform the tasks required by this exemption; and

(iii) Be conducted in-person, electronically, or via a website;

(i)(1) Each Affiliated QPAM submits to an audit conducted by an independent auditor, who has been prudently selected and who has appropriate technical training and proficiency with ERISA and the Code, to evaluate the adequacy of, and each Affiliated QPAM's compliance with, the Policies and Training described above in Section (h). The audit requirement must be incorporated in the Policies.

(2) UBS shall provide the Department a copy of the engagement agreement with the independent auditor within 15 days after its execution. Within 45 days after executing

¹⁹ The exemption does not preclude a UBS QPAM from maintaining separate training programs provided each training program complies with this exemption.

the engagement agreement with the independent auditor, and after consultation with the auditor, UBS must finalize and provide to the independent auditor a schedule for completion of the audit. The schedule must include target dates for the auditor to send initial information and document requests to UBS and for UBS to respond to those requests. The Department's receipt and incorporation of the engagement agreement into the record, with or without comment, should not be taken as an indication that the Department has approved of the engagement agreement;

(3) The initial audit under this exemption must be completed for the period beginning after the last audit period subject to a completed audit under PTE 2025-03 and ending on May 4, 2027, and must at a minimum include a review of the transition period from May 5, 2025 to May 4, 2026 to ensure the satisfaction of PTE 84-14's conditions during that time period. The initial audit must be completed by Friday, November 5, 2027. The second audit must cover the period that begins on May 5, 2027, and ends on May 4, 2028, and must be completed by Monday, November 6, 2028. The third audit must cover the period that begins on May 5, 2028, and ends on May 4, 2029, and must be completed by Monday, November 5, 2029. The fourth audit must cover the period that begins on May 5, 2029, and ends on May 4, 2030, and must be completed by Tuesday, November 5, 2030. The fifth audit must cover the period that begins on May 5, 2030, and ends on May 4, 2031, and must be completed by Wednesday, November 5, 2031.

(4) Within the scope of the audit and to the extent necessary for the auditor, in its sole opinion, to complete its audit and comply with the conditions for relief described herein, and only to the extent such disclosure is not prevented by state or federal statute, or involves communications subject to attorney–client privilege, each Affiliated QPAM and, if applicable, UBS, must grant the auditor unconditional access to its business, including, but not limited to: its computer systems; business records; transactional data; workplace locations; training materials; and personnel. Such access is limited to

information relevant to the auditor's objectives as specified by the terms of this exemption;

(5) The auditor's engagement must specifically require the auditor to annually determine whether each Affiliated QPAM has developed, implemented, maintained, and followed the Policies in accordance with the conditions of this exemption, if granted, and has developed and implemented the Training, as required herein;

(6) The auditor's engagement must specifically require the auditor to test each Affiliated QPAM's operational compliance with the Policies and Training. In this regard, the auditor must test, for each Affiliated QPAM, a sample of such Affiliated QPAM's transactions involving Covered Plans, sufficient in size and nature to afford the auditor a reasonable basis to determine such Affiliated QPAM's operational compliance with the Policies and Training;

(7) For the audit, on or before the end of the relevant period described in Section III(i)(1) for completing the audit, the auditor must issue a written report (the Audit Report) to UBS and the Affiliated QPAM to which the audit applies that describes the procedures performed by the auditor in connection with its examination. The auditor, at its discretion, may issue a single consolidated Audit Report that covers all the Affiliated QPAMs. The Audit Report must include the auditor's specific determinations regarding:

(i) The adequacy of each Affiliated QPAM's Policies and Training; each Affiliated QPAM's compliance with the Policies and Training; the need, if any, to strengthen such Policies and Training; and any instance of the respective Affiliated QPAM's noncompliance with the written Policies and Training described in Section III(h) above. The Affiliated QPAM must promptly address any noncompliance and prepare a written plan of action to address any determination as to the adequacy of the Policies and Training and the auditor's recommendations (if any) with respect to strengthening the Policies and Training of the respective Affiliated QPAM. Any action

taken or the plan of action to be taken by the respective Affiliated QPAM must be included in an addendum to the Audit Report (such addendum must be completed prior to the certification described in Section III(i)(7) below). In the event such a plan of action to address the auditor's recommendation regarding the adequacy of the Policies and Training is not completed by the time of submission of the Audit Report, the following period's Audit Report must state whether the plan was satisfactorily completed. Any determination by the auditor that an Affiliated QPAM has implemented, maintained, and followed sufficient Policies and Training must not be based solely or in substantial part on an absence of evidence indicating noncompliance. In this last regard, any finding that an Affiliated QPAM has complied with the requirements under this subparagraph must be based on evidence that each Affiliated QPAM has implemented, maintained, and followed the Policies and Training required by this exemption. Furthermore, the auditor must not solely rely on the Exemption Report created by the Compliance Officers, as described in Section III(m) below, as the basis for the auditor's conclusions in lieu of independent determinations and testing performed by the auditor as required by Section III(i)(3) and (4) above; and

(ii) The adequacy of the Exemption Review described in Section III(m);

(8) The auditor must notify the respective Affiliated QPAM of any instance of noncompliance identified by the auditor within five (5) business days after such noncompliance is identified by the auditor, regardless of whether the audit has been completed as of that date;

(9) With respect to the Audit Report, the General Counsel, or one of the three most senior executive officers of the Affiliated QPAM to which the Audit Report applies, must certify in writing, under penalty of perjury, that the officer has reviewed the Audit Report and this exemption; that, to the best of such officer's knowledge at the time, such Affiliated QPAM has addressed, corrected, and remedied any noncompliance and

inadequacy or has an appropriate written plan to address any inadequacy regarding the Policies and Training identified in the Audit Report. Such certification must also include the signatory's determination that, to the best of such officer's knowledge at the time, the Policies and Training in effect at the time of signing are adequate to ensure compliance with the conditions of this exemption and with the applicable provisions of ERISA and the Code;

(10) The Risk Committee of UBS's Group AG's Board of Directors is provided a copy of the Audit Report; and a senior executive officer of UBS Group AG's Compliance and Operational Risk Control function must review the Audit Report for each Affiliated QPAM and must certify in writing, under penalty of perjury, that such officer has reviewed the Audit Report;

(11) Each Affiliated QPAM provides its certified Audit Report to the Office of Exemption Determinations (OED) via email to e-OED@dol.gov. This delivery must take place no later than 45 days following completion of the Audit Report. The Audit Reports will be made part of the public record regarding this exemption. Furthermore, each Affiliated QPAM must make its Audit Reports unconditionally available, electronically or otherwise, for examination upon request by any duly authorized employee or representative of the Department, other relevant regulators, and any fiduciary of a Covered Plan;

(12) The auditor must provide the Department, upon request, for inspection and review, access to all the workpapers created and used in connection with the audit, provided such access and inspection is otherwise permitted by law;

(13) UBS must notify the Department of Labor's Office of Exemption Determinations (OED) no later than 90 days after the Effective Date of this exemption, of the auditor selected to complete audits required by Section III(i)(1) above for the periods covering May 5, 2026, through May 4, 2031. Any engagement agreement with an auditor

to perform the audit required by this exemption that is entered into subsequent to the effective date of this exemption must be submitted to OED no later than two months after the execution of such agreement;

(14) At the Department's request, UBS and the Auditor shall provide the Department with updates about the progress of the audit. The Department's requests may be directed to UBS and/or the auditor;

(15) For only the initial audit required by Section III(i)(3) above the auditor must consult with the auditors who performed the audits required pursuant to PTE 2025-03 and PTE 2023-14, unless such auditor is the same auditor selected under Section III(i)(1). UBS must notify OED if for any reason the consultation required by this paragraph 15 cannot occur and must provide an explanation for why the consultation cannot occur. Such consultation may, but need not, occur for subsequent audits; and

(16) UBS must notify the Department of a change in the independent auditor no later than two months after the engagement of a substitute or subsequent auditor and must provide an explanation for the substitution or change including a description of any material disputes between the terminated auditor and UBS.

(j) As of the effective date of this exemption, with respect to any arrangement, agreement, or contract between an Affiliated QPAM and a Covered Plan, the QPAM agrees and warrants to Covered Plans:

(1) To comply with ERISA and the Code, as applicable with respect to such Covered Plan; to refrain from engaging in prohibited transactions that are not otherwise exempt (and to promptly correct any prohibited transactions); and to comply with the standards of prudence and loyalty set forth in ERISA section 404 with respect to each such ERISA-covered plan and IRA to the extent that ERISA section 404 is applicable;

(2) To indemnify and hold harmless the Covered Plan for any actual losses resulting directly from the QPAM's violation of any conditions of this exemption,

ERISA's fiduciary duties, as applicable, and of the prohibited transaction provisions of ERISA and the Code, as applicable; a breach of contract by the QPAM; or any claim arising out of the failure of such QPAM to qualify for the exemptive relief provided by PTE 84-14 as a result of a violation of PTE 84-14 Section I(g), other than a Conviction covered under this exemption. The term "actual losses" includes, but is not limited to, losses and related costs arising from unwinding transactions with third parties and from transitioning Plan assets to an alternative asset manager as well as costs associated with any exposure to excise taxes under Code section 4975 as a result of a QPAM's inability to rely upon the relief in PTE 84-14;

(3) Not to require (or otherwise cause) the Covered Plan to waive, limit, or qualify the liability of the QPAM for violating ERISA or the Code for engaging in prohibited transactions;

(4) Not to restrict the ability of the Covered Plan to terminate or withdraw from its arrangement with the QPAM, with respect to any investment in a separately-managed account or pooled fund subject to ERISA and managed by such QPAM, with the exception of reasonable restrictions, appropriately disclosed in advance, that are specifically designed to ensure equitable treatment of all investors in a pooled fund in the event such withdrawal or termination may have adverse consequences for all other investors. In connection with any such arrangement involving investments in pooled funds subject to ERISA entered into after the effective date of this exemption, the adverse consequences must relate to a lack of liquidity of the underlying assets, valuation issues, or regulatory reasons that prevent the fund from promptly redeeming an ERISA-covered plan's or IRA's investment, and such restrictions must be applicable to all such investors and be effective no longer than reasonably necessary to avoid the adverse consequences;

(5) Not to impose any fees, penalties, or charges for such termination or withdrawal with the exception of reasonable fees, appropriately disclosed in advance, that

are specifically designed to prevent generally-recognized abusive investment practices or specifically designed to ensure equitable treatment of all investors in a pooled fund in the event such withdrawal or termination may have adverse consequences for all other investors, provided that such fees are applied consistently and in a like manner to all such investors;

(6) Not to include exculpatory provisions disclaiming or otherwise limiting liability of the QPAM for a violation of such agreement's terms. To the extent consistent with ERISA section 410, however, this provision does not prohibit disclaimers for liability caused by an error, misrepresentation, or misconduct of a plan fiduciary or other party hired by the plan fiduciary who is independent of UBS (and affiliates), or damages arising from acts outside the control of the Affiliated QPAM; and

(7) Within 120 days after the effective date of this exemption, each QPAM must provide a notice of its obligations under this Section III(j) to each Covered Plan. For prospective Covered Plans that enter into a written asset or investment management agreement with a QPAM on or after a date that is 120 days after the effective date of this exemption, the QPAM must agree to its obligations under this Section III(j) in an updated investment management agreement between the QPAM and such clients or other written contractual agreement. Notwithstanding the above, a QPAM will not violate the condition solely because a Covered Plan refuses to sign an updated investment management agreement. For new Covered Plans that were provided an investment management agreement prior to the effective date of this exemption, returning it within 120 days after the effective date of this exemption, and that signed investment management agreement requires amendment to meet the terms of the exemption, the QPAM may provide the new Covered Plan with amendments that need not be signed with any documents required by this subsection (j) within ten (10) business days after receipt of the signed agreement.

(k) Within 60 days after the publication date of the notice of final exemption in the *Federal Register*, each Affiliated QPAM provides notice of the proposed and final exemption as published in the *Federal Register*, along with a summary describing the facts that led to the Criminal Activity(the Summary), which has been submitted to the Department, and a prominently displayed statement (the Statement) that the Criminal Activity results in a failure to meet a condition in PTE 84-14, to each sponsor and beneficial owner of a Covered Plan that has entered into a written asset or investment management agreement with an Affiliated QPAM, or the sponsor of an investment fund in any case where an Affiliated QPAM acts as a sub-adviser to the investment fund in which such ERISA-covered plan and IRA invests. The Summary will be submitted to OED before it is distributed by each Affiliated QPAM. All prospective Covered Plan clients that enter into a written asset or investment management agreement with an Affiliated QPAM after a date that is 60 days after the effective date of this exemption must receive a copy of the notice of the exemption, the Summary, and the Statement before, or contemporaneously with, the Covered Plan's receipt of a written asset or investment management agreement from the Affiliated QPAM. The notices may be delivered electronically (including by an email that has a link to this exemption).

(l) The Affiliated QPAMs must comply with each condition of PTE 84-14, as amended, with the sole exception of the violation of Section I(g) of PTE 84-14 that is attributable to the Criminal Activity. If, during the Exemption Period, an entity within UBS's corporate structure engages in conduct prohibited by Section I(g) of PTE 84-14 (other than the Criminal Activity), relief in this exemption would terminate immediately.

(m)(1) Within 60 days after the date of publication of the exemption, each Affiliated QPAM must designate two senior Compliance Officers (the Compliance Officers) who will be responsible for compliance with the Policies and Training requirements described herein. For purposes of this condition (m), each relevant line of

business within an Affiliated QPAM may designate its own two Compliance Officers. Notwithstanding the above, the appointed Compliance Officers must not be a person who: (i) participated in the criminal conduct underlying the Criminal Activity, or knew of, or (ii) had reason to know of, the Criminal Activity without taking active documented steps to stop the misconduct.

(2) The Compliance Officers must conduct a review of each twelve-month period of the Exemption Period (the Exemption Review), to determine the adequacy and effectiveness of the implementation of the Policies and Training.

(3) With respect to the Compliance Officers, the following conditions must be met:

(i) Each Compliance Officer must be a professional who has extensive experience with, and knowledge of, the regulation of financial services and products, including under ERISA and the Code;

(ii) Each Compliance Officer must have a direct reporting line to the highest-ranking corporate officer in charge of compliance for the applicable Affiliated QPAM or the highest-ranking corporate officer in charge of the applicable Affiliated QPAM; and

(iii) The Compliance Officers responsible for the Exemption Review must provide the Exemption Report described in Section III(m)(4)(ii) to the Auditor within seven (7) days of completing the report.

(4) With respect to the Exemption Review, the following conditions must be met:

(i) The annual Exemption Review includes a review of the Affiliated QPAM's compliance with and effectiveness of the Policies and Training and of the following: any compliance matter related to the Policies or Training that was identified by, or reported to, the Compliance Officers or others within the compliance and risk control function (or its equivalent) during the time period; the most recent Audit Report issued pursuant to this exemption or PTE 2025-03; any material change in the relevant business activities of

the Affiliated QPAMs; and any change to ERISA, the Code, or regulations related to fiduciary duties and the prohibited transaction provisions that may be applicable to the activities of the Affiliated QPAMs;

(ii) The Compliance Officers must prepare a written report for the Exemption Review (an Exemption Report) that (A) summarizes their material activities during the prior year; (B) sets forth any instance of noncompliance discovered during the prior year, and any related corrective action; (C) details any change to the Policies or Training to guard against any similar instance of noncompliance occurring again; and (D) makes recommendations, as necessary, for additional training, procedures, monitoring, or additional and/or changed processes or systems, and management's actions on such recommendations;

(iii) In the Exemption Report, each Compliance Officer must certify in writing that to the best of his or her knowledge at the time: (A) the report is accurate; (B) the Policies and Training are working in a manner which is reasonably designed to ensure that the Policies and Training requirements described herein are met; (C) any known instance of noncompliance during the prior year and any related correction taken to date have been identified in the Exemption Report; and (D) the Affiliated QPAMs have complied with the Policies and Training, and/or corrected (or are correcting) any known instances of noncompliance in accordance with Section III(h) above;

(iv) The Exemption Report must be provided to appropriate corporate officers of UBS and to each Affiliated QPAM to which such report relates, and to the head of compliance and the general counsel (or their functional equivalent) of UBS, and the relevant Affiliated QPAM. The Exemption Report must be made unconditionally available to the independent auditor described in Section III(i) above; and

(v) The Exemption Review, including the Compliance Officers' written annual Exemption Report, must cover the Exemption Period, and the Exemption Review,

including the Compliance Officers' written Exemption Report, must be completed within three (3) months following the end of the period to which it relates.

(n) UBS imposes its internal procedures, controls, and protocols on each Misconduct Entity to reduce the likelihood of any recurrence of conduct that is the subject of the Criminal Activity;

(o) Relief in this exemption will terminate on the date that is one year following the date that a U.S. regulatory authority makes a final decision that UBS or an affiliate of either failed to comply in all material respects with any requirement imposed by such regulatory authority in connection with the Criminal Activity.

(p) Each Affiliated QPAM will maintain records necessary to demonstrate that the conditions of this exemption have been met for six (6) years following the date of any transaction for which the Affiliated QPAM relies upon the relief in this exemption;

(q) During the Exemption Period, UBS must: (1) immediately disclose to the Department any Deferred Prosecution Agreement (a DPA) or Non-Prosecution Agreement (an NPA) with the U.S. Department of Justice, entered into by UBS or any of its affiliates (as defined in Section VI(d) of PTE 84-14) in connection with conduct described in Section I(g) of PTE 84-14 or section 411 of ERISA via email addressed to e-OED@dol.gov; and (2) immediately provide the Department with any information requested by the Department, as permitted by law, regarding the agreement and/or conduct and allegations that led to the agreement via email addressed to e-OED@dol.gov;

(r) Within 60 days after the effective date of this exemption, each Affiliated QPAM, in its agreements with, or in other written disclosures provided to Covered Plans, will clearly and prominently inform Covered Plan clients of their right to obtain a copy of the Policies or a description (Summary Policies) which accurately summarizes key components of the QPAM's written Policies developed in connection with this

exemption. If the Policies are thereafter changed, each Covered Plan client must receive a new disclosure within six (6) months following the end of the calendar year during which the Policies were changed.²⁰ With respect to this requirement, the description may be continuously maintained on a website, provided that such website link to the Policies or Summary Policies is clearly and prominently disclosed to each Covered Plan.

(s) An Affiliated QPAM will not fail to meet the terms of this exemption solely because a different Affiliated QPAM fails to satisfy a condition for relief described in Section III(c), (d), (h), (i), (j), (k), (l), (m), (p), (r), or (v); or if the independent auditor described in Section III(i) fails to comply with a provision of the exemption other than the requirement described in Section III(i)(12), provided that such failure did not result from any actions or inactions of UBS or its affiliates;

(t) If the independent auditor or UBS or its affiliates learns of any material noncompliance with a condition of this exemption, UBS must send a notice (a “Violation Notice”) to all affected Covered Plans and the Department that prominently and conspicuously states or describes: (1) that UBS, or the UBS QPAM, as applicable, failed to meet the terms of this exemption (and describes the failure); (2) the extent to which UBS QPAMs have potentially been operating without an exemption due to the failure; (3) whether UBS plans to apply for retroactive relief from the Department for this failed condition; (4) any further transactions engaged in by the UBS QPAMs on behalf of Covered Plans that may be non-exempt prohibited transactions unless the Department grants retroactive relief for the period in which the transactions occurred; and (5) UBS must indemnify and hold harmless the Covered Plan for any actual losses resulting directly from the QPAM’s failure to comply with any conditions of this exemption, ERISA’s fiduciary duties and of the prohibited transaction provisions of ERISA and the

²⁰ If the UBS meets this disclosure requirement through Summary Policies, changes to the Policies shall not result in the requirement for a new disclosure unless, as a result of changes to the Policies, the Summary Policies are no longer accurate.

Code, a breach of contract by the QPAM, or any claim arising out of the failure of such QPAM to qualify for the exemptive relief provided by PTE 84-14 as a result of a violation of PTE 84-14 Section I(g), other than a Criminal Activity. The Violation Notice must be sent to all affected Covered Plans and the Department within 30 days after the independent auditor becomes aware of the violation. If the Violation Notice is inadvertently not sent within the 30-day period, the UBS QPAM may self-correct the failure by sending the Violation Notice to all affected Covered Plans and the Department with an addendum describing the failure as soon as practicable upon discovery, but no later than 30 days after the completion of the next scheduled audit.

(u) All the material facts and representations set forth in the Summary of Facts and Representations are true and accurate at all times.

(v) Each UBS QPAM must maintain written processes that clearly describe: (1) how the QPAM identifies and quantifies “actual losses” for purposes of Section III(j)(2); and (2) how Covered Plans may recover or avoid incurring the losses that the UBS QPAM must indemnify or hold Covered Plans harmless from incurring pursuant to Section III(j)(2). Each UBS QPAM must develop these processes and deliver a copy of the processes to each Covered Plan within 90 days after the date the Department publishes a final exemption in the *Federal Register* and notify Covered Plans of any subsequent material changes to the processes within 30 days of the effective date of such changes. QPAMs that have already satisfied this requirement in PTE 2025-03 are deemed to have satisfied the same condition of this exemption.

Applicability Date: This exemption will be in effect for the period beginning on May 5, 2026, through May 4, 2031.

Signed at Washington, DC, this 17th day of February 2026.

Christopher Motta,

Acting Director, Office of Exemption Determinations,

Employee Benefits Security Administration,

U.S. Department of Labor.

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