

# Policy panel: Ending too-big-to-fail: would the TLAC do the trick?

Markus Ronner

*UBS Group Regulatory Relations and  
Strategic Initiatives*



# TBTF – Resolvability

Media headlines on banking regulation highlight the ongoing public focus on resolving TBTF



Die Kritik an den Notfallplänen trifft auch die Schweizer Grossbanken (im Bild der UBS-Sitz in New York).  
**Notfallpläne von Banken gerügt**  
Auch die UBS und die Credit Suisse unter den elf kritisierten Finanzinstituten

FT

WORLD NEWS  
UK scrambles to save lifeline for banks from EU overhaul; Bank of England

‘No more bank bailouts’ cannot be an empty slogan

Plans de liquidation

Washington refuse les «testaments» de onze banques, dont UBS et Credit Suisse

## Dodd-Frank Goes 0 for 11

The debate over whether federal officials believe the largest banks are still too big to fail ended this week in Washington. After examining the second drafts of “living wills” that each bank is required to submit under the 2010 Dodd-Frank law, financial regulators voted unanimously that not one of the country’s 11 most complicated banks flunking the test, parents naturally raise questions about the quality of the school—and the test. Plenty of bankers will tell you they were given little guidance. Regulators admit they think giant banks are still too big to fail.

August 17, 2014 6:57 pm

### Fed blow to banks over ‘living wills’

By Gina Chon in Washington [Author alerts](#)



Global banks can no longer assume continuing access to the [Federal Reserve's](#) discount lending window as an element of their [living wills](#), people familiar with the process have warned.

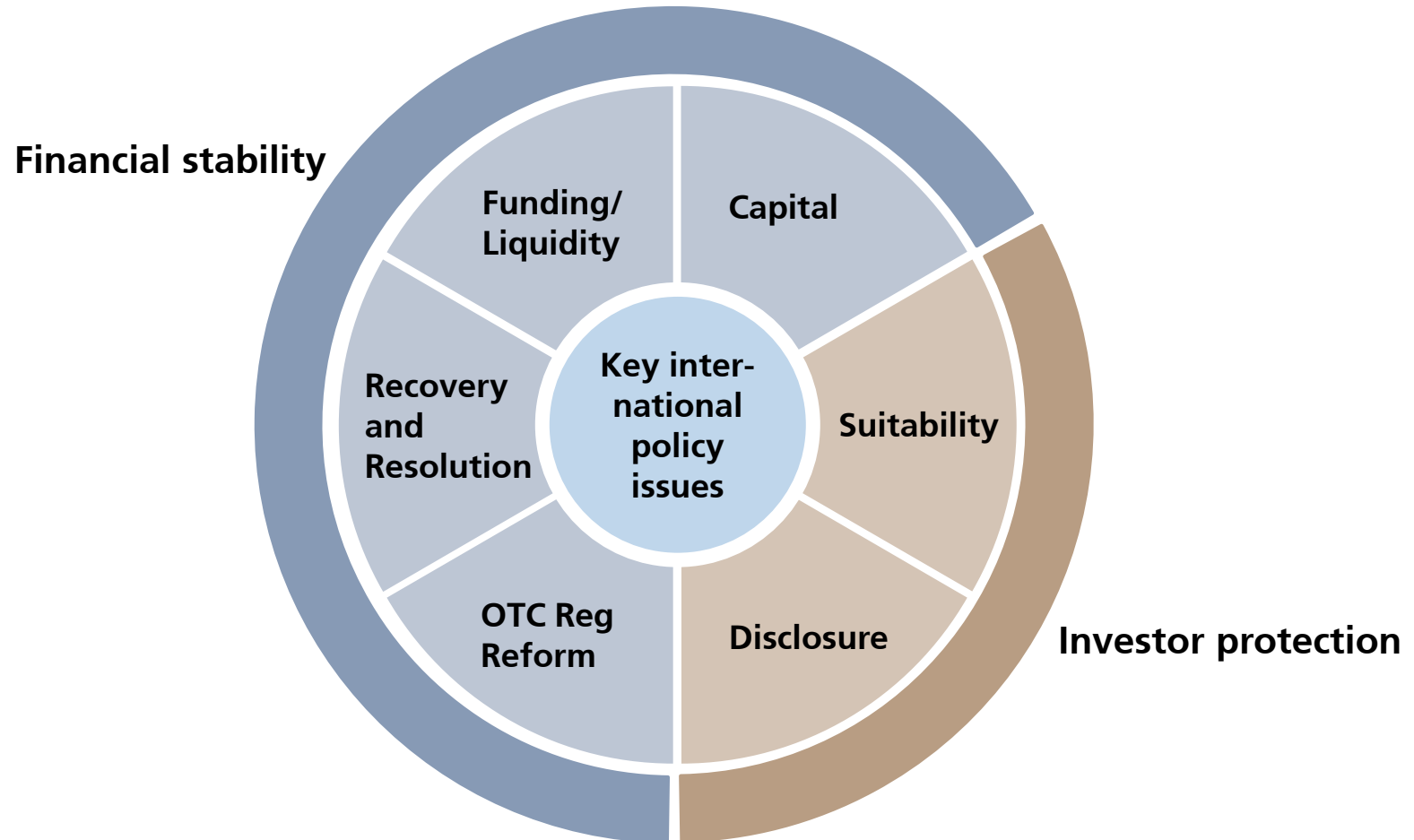
US regulators set out the specific guidance in confidential letters on August 5 detailing why they recently rejected the living wills of the world’s largest banks. Hundreds of banks took advantage of the discount lending window on multiple occasions during the 2008 credit crunch.

Bank of England proposes new laws to abolish state bailouts for failed banks

# Unmatched wave of regulatory change

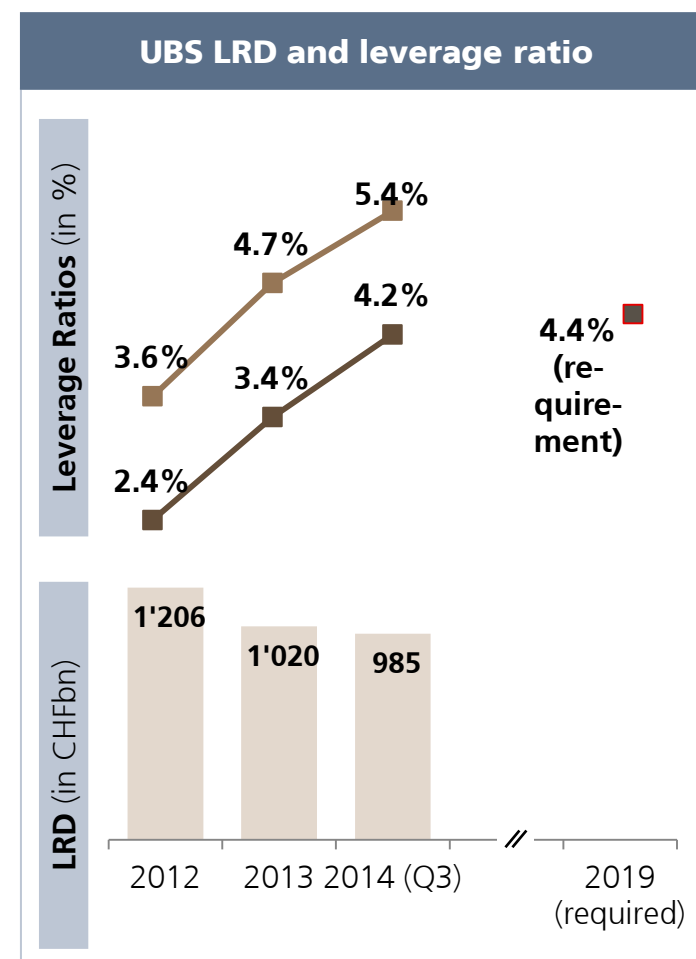
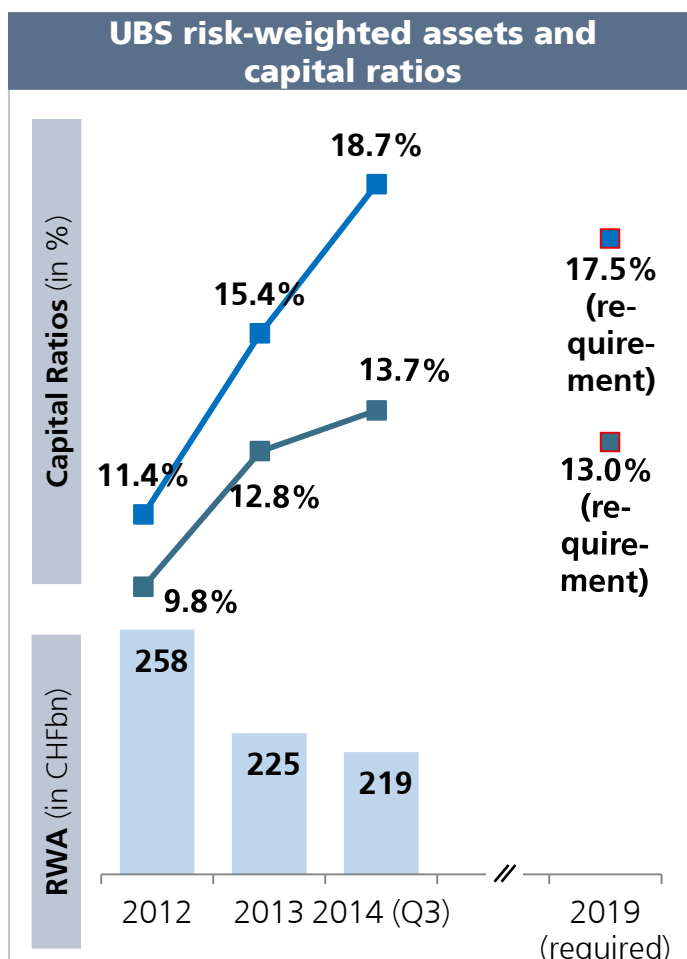
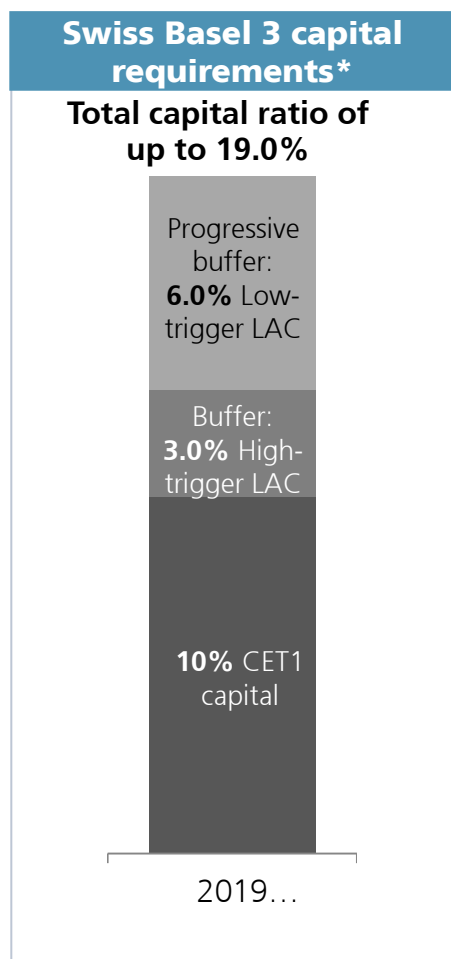
---

A multitude of national and international initiatives cover a broad range of areas and topics; transformation of the industry substantially driven by regulatory developments



# Capital requirements – Swiss capital regime and UBS's ratios

UBS is required to comply with regulations based on the Basel 3 framework as applicable for Swiss systemically relevant banks; UBS has established an industry-leading capital position



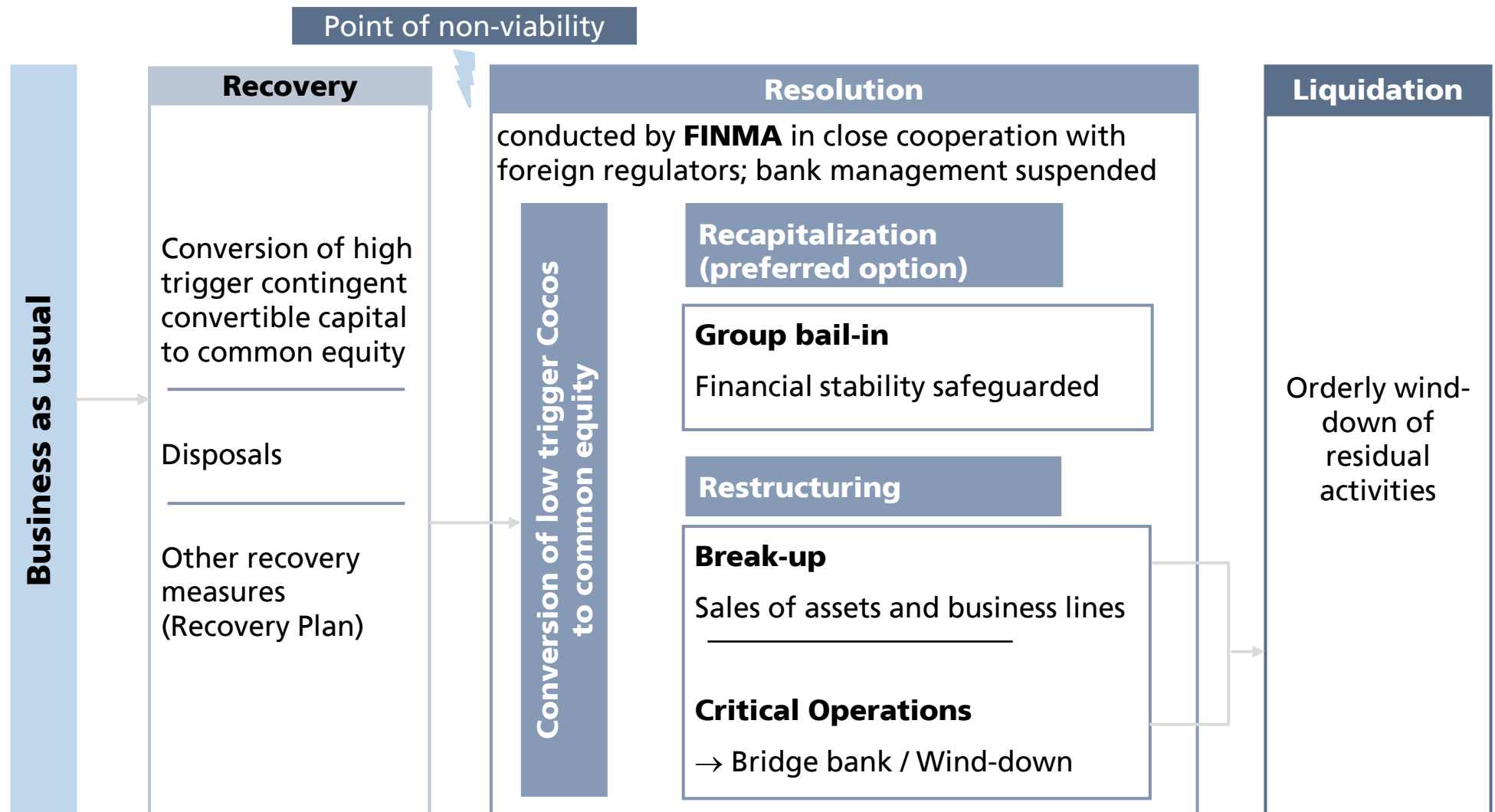
Source: UBS Annual Report 2013, page 229  
\* FINMA capital requirements

■ = Total capital ratio (fully applied)  
■ = CET1 capital ratio (fully applied)

■ = Phase-in leverage ratio:  $\frac{\text{Phase-in CET1 + LAC}}{\text{Total IFRS assets +/- adjustments}}$   
■ = Fully applied leverage ratio:  $\frac{\text{Fully applied CET1 + LAC}}{\text{Total IFRS assets +/- adjustments}}$

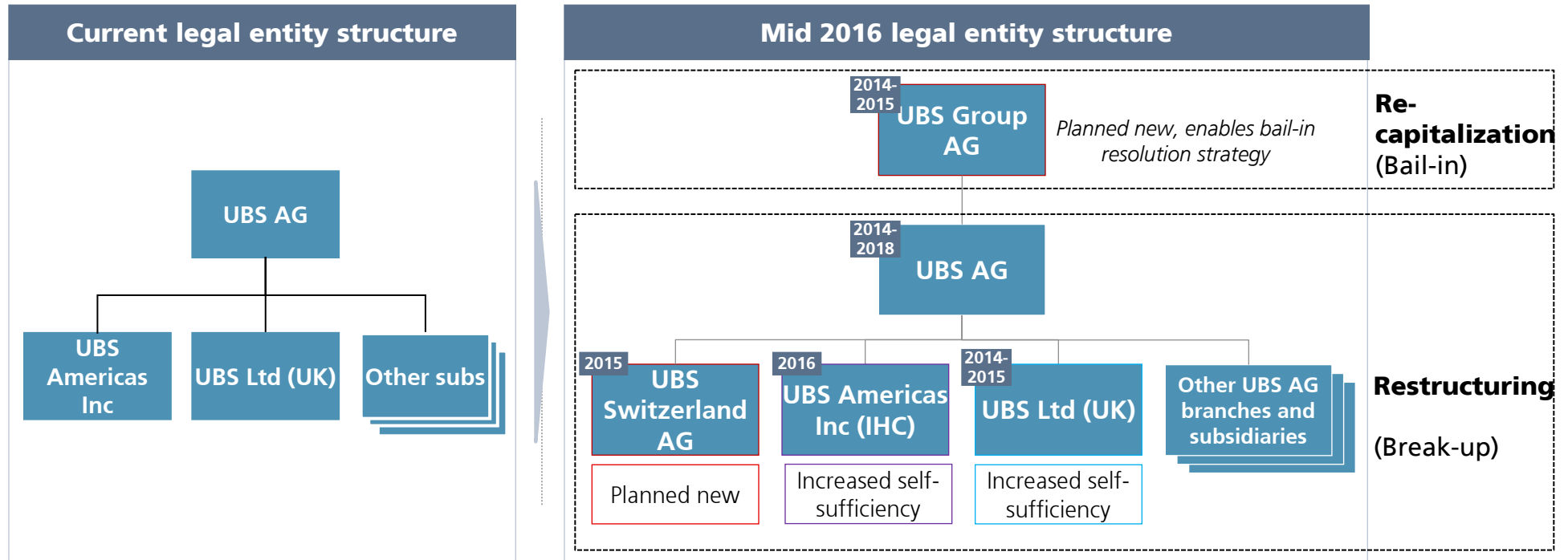
# Switzerland's preferred resolution strategy for its G-SIBs

Crisis Management College under the lead of the Swiss Financial Market Supervisory Authority FINMA has adopted a single point of entry bail-in strategy as preferred resolution strategy






# UBS legal structure changes

UBS has made decisive and proactive steps in response to key regulatory drivers associated with the TBTF agenda to move toward a resolution robust organizational structure



## Announced changes

 Switzerland	 UK	 US
<ul style="list-style-type: none"> <li>• New Swiss banking subsidiary by mid 2015, incl. Retail, Corporate and Wealth Management (BC CH) businesses</li> <li>• Holding company to be formed through share-for-share exchange offer to be launched in 2014</li> </ul>	<ul style="list-style-type: none"> <li>• Increased self-sufficiency of UBS Limited</li> <li>• UBS AG to increase capitalization of UBS Limited during 2Q14</li> </ul>	<ul style="list-style-type: none"> <li>• Required to establish an intermediate holding company (IHC) by 1 July 2016</li> </ul>

# Disclaimer

---

This presentation and the information contained herein are provided solely for information purposes, and are not to be construed as a solicitation of an offer to buy or sell any securities or other financial instruments in Switzerland, the United States or any other jurisdiction. No investment decision relating to securities of or relating to UBS AG or its affiliates should be made on the basis of this document. Refer to UBS's first quarter 2014 report and its Annual report on Form 20-F for the year ended 31 December 2013. No representation or warranty is made or implied concerning, and UBS assumes no responsibility for, the accuracy, completeness, reliability or comparability of the information contained herein relating to third parties, which is based solely on publicly available information. UBS undertakes no obligation to update the information contained herein.

© UBS 2014. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

# Contact information

---

Markus Ronner  
Group Regulatory Relations and  
Strategic Initiatives  
Pelikanstrasse 6/8  
8001 Zürich  
+41-44-234 86 30  
[markus.ronner@ubs.com](mailto:markus.ronner@ubs.com)

**UBS AG**  
Postfach  
8098 Zürich  
Tel. +41-44-234 11 11

[www.ubs.com](http://www.ubs.com)