



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON, DC 20551

April 14, 2023

Luigi L. De Ghenghi, Esq.  
Davis Polk & Wardwell LLP  
450 Lexington Avenue  
New York, New York 10017

Dear Mr. De Ghenghi:

This is in response to your letter dated March 22, 2023, requesting the Board's prior approval for UBS Group AG ("UBS"), Zürich, Switzerland, to acquire all of the voting shares of Credit Suisse Holdings (USA), Inc. ("CSHUSA"), New York, New York, the U.S. intermediate holding company of Credit Suisse Group AG, Zürich, pursuant to section 163(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act,<sup>1</sup> and for UBS to maintain two U.S. intermediate holding companies pursuant to section 252.153(c) of the Board's Regulation YY for a period of one year after the date that UBS acquires control of CSHUSA.<sup>2</sup> This request is made in connection with UBS's proposed acquisition of Credit Suisse Group AG, Zürich.

Section 163(b) generally requires prior written notice to the Board before any bank holding company with total consolidated assets of \$250 billion or more acquires any voting shares of a company with assets of \$10 billion or more that is engaged in activities described in section 4(k) of the Bank Holding Company Act ("BHC Act").<sup>3</sup> UBS and CSHUSA exceed these thresholds. UBS's acquisition of the shares of CSHUSA, therefore, requires prior notice to the Board. In addition, UBS is required to

---

<sup>1</sup> 12 U.S.C. § 5363(b).

<sup>2</sup> 12 CFR 252.153(c).

<sup>3</sup> *See* 12 U.S.C. § 5363(b). UBS is a bank holding company for purposes of section 163(b). *See* 12 U.S.C. § 5311(a)(1).

hold its entire ownership interest in any U.S. subsidiary through a single company that UBS designates as its U.S. intermediate holding company, unless the Board approves an alternative organizational structure.<sup>4</sup>

In connection with the notice under section 163(b), the Board has considered (1) whether the proposal can reasonably be expected to produce benefits to the public that outweigh possible adverse effects<sup>5</sup> and (2) the extent to which the proposed acquisition would result in greater or more concentrated risks to global or U.S. financial stability or the U.S. economy.<sup>6</sup>

Based on all the facts of record, the Board has determined that UBS's request under section 163(b) should be, and hereby is, approved. The Board also has determined to permit UBS to maintain two U.S. intermediate holding companies for a period of one year after the date that UBS acquires control of CSHUSA. After one year, UBS must have only one U.S. intermediate holding company or receive additional approval for an alternative organizational structure pursuant to section 252.153(c).

In making this determination, the Board relied on all the information, representations, and commitments that UBS provided to the Board related to the request. Any commitments and conditions are deemed to be conditions imposed in writing in connection with this approval and, as such, may be enforced in proceedings under applicable law. Any change in the facts presented by the record or the representations made by UBS could result in a different conclusion and should be reported to Board staff immediately.

This determination also is subject to the Board's authority to require modification or termination of the activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, or prevent evasion of, the provisions and purposes of the BHC Act and the Board's regulations and orders

---

<sup>4</sup> 12 CFR 252.153(b)(1), (c).

<sup>5</sup> 12 U.S.C. § 5363(b)(4) (cross-referencing to 12 U.S.C. § 1843(j)(2)).

<sup>6</sup> 12 U.S.C. § 5363(b)(4).

thereunder. This action should not be construed as granting relief from any other regulatory requirements, conditions, or commitments to which UBS or any of its subsidiaries may be subject.

Please advise the Federal Reserve Bank of New York in writing when the transaction has been consummated.

Very truly yours,

*(Signed) Ann E. Misback*

Ann E. Misback  
Secretary of the Board

Attachment

## Commitments to the Board

In connection with the applications to the Board of Governors of the Federal Reserve System (“Board”) by UBS Group AG (“UBS”), Zürich, Switzerland, to acquire Credit Suisse Holdings (USA), Inc. (“CSHUSA”), New York, New York, pursuant to section 163(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act,<sup>1</sup> and temporarily to designate two U.S. intermediate holding companies pursuant to 12 CFR 252.153(c) of the Board’s Regulation YY, UBS and UBS Americas Holdings LLC (“UBS Americas”), New York, New York, hereby make the following commitments to the Board.

1. Within three months of the consummation of the merger between UBS and Credit Suisse, UBS will provide staffs of the Board and Federal Reserve Bank of New York (“FRBNY”) a plan for combining the U.S. business and operations of UBS and Credit Suisse Group AG (“Credit Suisse”), Zürich, Switzerland (the “Implementation Plan”). The Implementation Plan will address:
  - a. The structural organization of UBS’s combined U.S. operations (“CUSO”), including plans relating to (i) having only one U.S. intermediate holding company or requesting a long-term alternative structure pursuant to section 252.153(c) of Regulation YY,<sup>2</sup> and (ii) UBS’s and Credit Suisse’s U.S. branches, including closing, consolidating, or maintaining the branches.
  - b. The integration of the operations and business of Credit Suisse’s current CUSO into UBS’s CUSO.
  - c. Complying with regulatory and supervisory requirements as a category II foreign banking organization,<sup>3</sup> based on UBS’s CUSO, including the enhanced prudential standards in Regulation YY.
2. UBS will update the Implementation Plan and provide the updated Implementation Plan to staffs of the Board and FRBNY at least quarterly, beginning on the first quarter after UBS first provides the Implementation Plan to staffs of the Board and FRBNY.

---

<sup>1</sup> Codified at 12 U.S.C. § 5363(b).

<sup>2</sup> 12 CFR 252.153(c).

<sup>3</sup> As defined in 12 CFR 252.2.

3. Until UBS owns all of its U.S. subsidiaries through only one U.S. intermediate holding company:
  - a. UBS will cause CSHUSA to continue to comply with the enhanced prudential standards in the Board’s Regulations WW and YY<sup>4</sup> and the reporting requirements to which CSHUSA currently is subject as a “category III U.S. intermediate holding company.”<sup>5</sup>
  - b. UBS will treat both UBS Americas and CSHUSA each as a separate “U.S. intermediate holding company” of UBS for purposes of subpart O of Regulation YY.<sup>6</sup>

UBS and UBS Americas each agree that these commitments are deemed to be conditions imposed in writing in connection with the Board’s findings and decisions on the applications and, as such, may be enforced in proceedings under applicable law.

---

<sup>4</sup> 12 CFR parts 249 and 252.

<sup>5</sup> As defined in 12 CFR 252.2.

<sup>6</sup> 12 CFR part 252 subpart O.