

Structured Product Concentration Limits

Structured Product (SP) refers to the combination of Structured Notes and Equity/Market Linked CDs

Structured Product (SP) concentration percentage of liquid net worth (LNW)

Age	Brokerage Accounts	Advisory Accounts
Under 70	35% of LNW across all SPs*	25% of LNW across all SPs*
70+	15% of LNW across all SPs*	15% of LNW across all SPs*
All retirement accounts 80+	No structured product sales - solicited or unsolicited - in full service	No structured product sales (solicited or unsolicited)

Structured Notes concentration percentage of liquid net worth (LNW)

Age	All Account Types
All ages	15% of LNW*
All retirement accounts 80+	No structured product sales - solicited or unsolicited - in full service

Qualifying Financials for all Structured Notes

- \$70,000 annual income
- \$100,000 liquid net worth
- \$250,000 net worth
- Cash on Hand - Customers should have minimum of three months' worth of expenses on hand

*** Equity/Market Linked CDs and Structured Notes are included in the percentage**

Examples

The following examples will help you more clearly understand the new USBI Structured Product Concentration Limits.

Please note: Scenarios are not limited to the below examples. Refer to page 1 of this Job Aid for USBI's Structured Product Concentration limits.

Example 1:

Brokerage client is 69 and has a LNW of \$100,000 and is looking to purchase an Equity/Market Linked CD in the amount of \$50,000.

Is this permitted? **No.** The client is exceeding the 35% maximum concentration limit.

Example: 2

Brokerage client is 69 and has a LNW of \$100,000 and is looking to purchase an Equity/Market Linked CD in the amount of \$35,000. This is the only Structured Product being purchased.

Is this permitted? **Yes.** The client is within the 35% maximum concentration limit.

Example 3:

Brokerage client is 69 and has a LNW of \$100,000 and a NW of \$250,000 and is looking to purchase both an Equity/Market Linked CD in the amount of \$25,000 and a Structured Note in the amount of \$20,000.

Is this permitted? **No.** The Structured Note purchase amount is exceeding the concentration limit of 15%, and the total amount being purchased in Structured Products is exceeding the 35% concentration limit.

Example 4:

Brokerage client is 69 and has an existing position of \$25,000 in an Equity/Market Linked CD and is looking to purchase a Structured Note in the amount of \$10,000. The client has a LNW of \$100,000 and a NW of \$250,000.

Is this permitted? **Yes.** The combination between the existing Equity/Market Linked CD and the new Structured Note purchase is within the allowable 35% concentration limit across all structured products, and the Structured Note will represent less than 15% of the client's LNW.

Example 5:

Advisory client is 69 and has a LNW of \$100,000 and is looking to purchase an Equity/Market Linked CD in the amount of \$35,000. This is the only Structured Product being purchased.

Is this permitted? **No.** The client is exceeding the 25% maximum structured product concentration limit for advisory accounts.

Example 6:

Brokerage client is 70 and has an existing position of \$25,000 in an Equity/Market Linked CD and is looking to purchase a Structured Note in the amount of \$10,000. The client has a LNW of \$200,000 and a NW of \$250,000.

Is this permitted? **No.** The combination between the existing Equity/Market Linked CD and the new Structured Note purchase is exceeding the allowable 15% concentration limit across all structured products.