

UBS Tweaks Sub-TA Terms, Broadening Fee Range

By Bradley Saacks, *Ignites*, May 31, 2017 [subscription required]

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UBS has tweaked the terms of what it charges fund complexes for networking fees and sub-transfer agency services, recent company disclosures show.

The wirehouse has expanded the range for what its fund partners can pay in networking fees from \$12 to \$15 per position to between \$4 and \$16. Costs for omnibus accounting support, including sub-TA work done by a third party, now range from \$10 to \$26 per position compared to between \$14 and \$26 previously, disclosures show.

Although the range of the fees is broader, the typical charge lies somewhere between the extremes, according to a spokesman for the firm who declined to address further questions about the change.

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But observers say that the broader range of fees laid out by UBS does provide greater flexibility to adapt to a changing market.

The typical omnibus charge ranges from \$19 to \$25 per position, says Neils Holch, executive director of the Coalition of Mutual Fund Investors, which tracks agreements between broker-dealers and asset managers.

Referring to the changes UBS made, it “seems like all they’re doing is breaking it down more granularly,” says Holch, who added that UBS has been “more opaque in the past” about such costs compared to its competitors.

Hubbard Garber, of Barrington Partners, says that while the changes themselves do not indicate anything explicit, the lower endpoints for both the networking and omnibus charges could help accommodate a “clean share” product.

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Such super-skinny structures put pressure on the traditional economics of distribution. “The broker-dealers aren’t able to extract the same level of fees for recordkeeping work anymore,” Holch says.

A study done in April 2015 by the North American Securities Administrators Association found that of the more 1,000 investors surveyed, more than half did not know what their brokers

charged for administration and servicing, while 79% wanted these fees written out more explicitly and simply.