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## UBS to Exit Key Muni Investment Banking Business, Plans Job Cuts.

- **Bank to 'shift' away from negotiated muni bond sales: memo**
- **UBS is the 20th biggest muni underwriter so far in 2023**

UBS Group AG is halting most of its municipal bond underwriting business, just a few years after it hired dozens of bankers in an attempt to rebuild its state and local government debt department.

The bank, which is ranked the 20th biggest underwriter so far this year, will shift away from negotiated muni bond sales and is expected to reorganize its public finance group, according to a memo seen by Bloomberg News on Tuesday. The move is expected to result in staff cuts, according to a person familiar with the situation who asked not to be identified because the matter isn't public.

"We will shift our business away from the solicitation of negotiated new issues and instead pursue alternative solutions to access the new issue market, and we will reposition our resources to focus on where we see increasing client and advisor demand," according to the memo authored by UBS Global Wealth Management executives Jason Chandler and Patrick Grob.

A spokesperson for the bank confirmed the contents of the memo and declined to comment further. The Bond Buyer earlier reported on the contents of the memo.

Negotiated deals involve a borrower hiring an investment bank in advance of a transaction, and they account for about 80% of long-term muni sales this year.

Within the UBS public finance team, there will be job reductions in connection with the change, with the size of the cuts still to be determined, the person said.

It marks a major retrenchment by UBS, which in 2017 resurrected its state and local government bond underwriting business, after first exiting the space during the 2008 financial crisis. As part of the effort, the bank went on a hiring spree and lured away dozens of bankers from competitors.

Though over the last several months, some muni employees have left the group. In April, Siebert Williams Shank & Co. announced the hiring of Edward Tishelman, UBS's former head of issuance strategies and municipal sales. Tim Sullivan, a managing director, departed this summer.

### **Lower Issuance**

This has been a tough year for public finance bankers, with municipal-bond debt sales down 8%, according to data compiled by Bloomberg. UBS's ranking among underwriters has fallen four spots so far this year. Complicating matters was UBS's designation by Texas as one of several financial firms that "boycott" the fossil fuel industry — effectively ending its ability to underwrite debt in one of the most lucrative markets in the country. UBS disagreed with that decision, with a company spokesperson noting at the time that the firm doesn't boycott against energy companies.

Municipal bonds issued through competitive auctions account for a much smaller slice of total sales, with just over \$50 billion of debt sold so far in 2023. Doug Vissicchio will continue to lead the bank's municipal trading business, which includes competitive underwriting, the memo said.

The memo noted that municipals are a core asset class for the bank's wealthy clients. "We remain focused on providing competitive solutions and products and, aligned with rising interest rates and increased client interest, have expanded our municipal trading and sales teams," the memo said. "This contributed to a more than 100% increase in trading volumes last year, with continued growth in 2023."

## **Bloomberg Markets**

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