

FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20090195593-01

TO: Department of Market Regulation
Financial Industry Regulatory Authority ("FINRA")

RE: UBS Financial Services Inc., Respondent
Broker-Dealer
CRD No. 8174

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, UBS Financial Services Inc. (the "firm") submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against the firm alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. The firm hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

The firm became a member of FINRA in 1936, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

The firm has the following relevant disciplinary history:

On April 1, 2009, FINRA accepted the firm's AWC (20070103130) in which the firm agreed to a censure and a total fine of \$8,000 for violations of NASD Rules 6230(a) and 2110 relating to the reporting of block transactions of TRACE-eligible securities for the review periods April 1, 2007 to June 30, 2007, and April 1, 2008 to June 30, 2008.

SUMMARY

This matter is the result of five reviews conducted by the Department of Market Regulation of the firm's compliance with the rules relating to reporting to the Trade Reporting and Compliance Engine ("TRACE"):

- In Review No. 20090195593, the TRACE Corporate Bonds Team conducted a large and late trade review for the time period January 1 to March 31, 2009;
- In Review No. 20100217302, the TRACE Corporate Bonds Team conducted a large and late trade review for the time period October 1 to December 31, 2009;
- In Review No. 20100243837, the TRACE Corporate Bonds Team conducted a late trade review for the time period January 1 to March 31, 2010;
- In Review No. 20100254851, the TRACE Corporate Bonds Team conducted a large and late trade review for the time period July 1 to September 30, 2010; and
- In Review No. 20110263160, the TRACE Agency Debt Team conducted an agency late trade review for the time period October 1 to December 31, 2010.

FACTS AND VIOLATIVE CONDUCT

20090195593

1. From January 1 to March 31, 2009, the firm failed to report to TRACE 44 block transactions in TRACE-eligible securities within 15 minutes of the time of execution. These late transactions constituted 13 percent of all block transactions in TRACE-eligible securities that the firm reported during the review period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(a).

20100217302

2. From October 1 to December 31, 2009, the firm failed to report to TRACE 110 block transactions in TRACE-eligible securities within 15 minutes of the time of execution. These late transactions constituted 19 percent of all block transactions in TRACE-eligible securities that the firm reported during the review period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(a).

20100243837

3. From January 1 to March 31, 2010, the firm failed to report to TRACE 6,112 S1 transactions in TRACE-eligible securities within 15 minutes of the time of execution. These late transactions constituted 4.43 percent of the S1 transactions in TRACE-eligible securities that the firm reported to TRACE during the review period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(a) and a pattern or practice of late reporting without exceptional circumstances in violation of FINRA Rule 2010.

20100254851

4. From July 1 to September 30, 2010, the firm failed to report to TRACE 80 block transactions in TRACE-eligible securities within 15 minutes of the time of execution. These late transactions constituted 18 percent of all block transactions in TRACE-eligible securities that the firm reported during the review period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(a).

20110263160

5. From October 1 to December 31, 2010, the firm failed to report to TRACE 1,655 S1 transactions in TRACE-eligible agency debt securities within 15 minutes of the time of execution. These late transactions constituted 7.98 percent of the S1 transactions in TRACE-eligible agency debt securities that the firm reported to TRACE during the review period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(a) and a pattern or practice of late reporting without exceptional circumstances in violation of FINRA Rule 2010.

B. The firm also consents to the imposition of the following sanctions:

A censure and a fine of \$60,000.

The firm agrees to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments are due and payable. The firm has submitted an Election of Payment form showing the method by which it propose to pay the fine imposed.

The firm specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanctions imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against the firm;
- B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, the firm specifically and voluntarily waives any right to claim bias or prejudgment of the General Counsel, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

The firm further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

The firm understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the firm; and

C. If accepted:

1. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against the firm;
2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the firm's disciplinary record;
3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
4. The firm may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. The firm may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the firm's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

D. The firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

The firm certifies that it has read and understand all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the firm to submit it.

8.12.11
Date

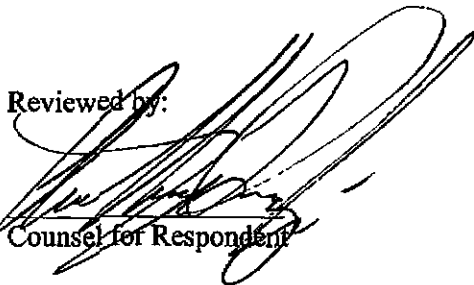
Respondent
UBS Financial Services Inc.

By: Charles Winters

Name: Charles Winters

Title: MD - Head of Operations

Reviewed by:



Counsel for Respondent

Accepted by FINRA:

9/20/11
Date

Signed on behalf of the
Director of ODA, by delegated authority

Thomas R. Gira
Thomas R. Gira
Executive Vice President
Department of Market Regulation