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**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20090201107-01**

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

RE: UBS Securities LLC
Broker-Dealer
CRD No. 7654

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, UBS Securities LLC (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 1978, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

The firm has the following relevant disciplinary history:

- In January 2009, FINRA accepted the firm's AWC (20060060413) in which it agreed to a censure and a fine of \$7,500 for violations of NASD Rule 6230 from April 1 through June 30, 2006.
- In June 2009, FINRA accepted the firm's AWC (20060050722) in which it agreed to a censure and a fine of \$225,000 for Order Audit Trail System ("OATS") reporting violations, \$10,000 for books and records violations, and \$65,000 for supervision violations from May 1, 2005 through December 31, 2007.

- In November 2008, FINRA accepted the firm's AWC (20060041450) in which it agreed to a censure and a fine of \$10,000 for OATS reporting violations from July 1 to September 31, 2005.
- In June 2008, FINRA accepted the firm's AWC (20041000004) in which it agreed to a censure a total fine of \$116,000, which included a fine of \$16,000 for OATS reporting violations from October 1, 2005 through December 31, 2005 and a fine of \$5,000 for reporting the incorrect execution time to ACT on trade dates July 19-20, 2006.

SUMMARY

This matter is the result of five reviews conducted by the Department of Market Regulation: (1) Matter No. 20090201107: a Trade Through Halt Sweep conducted by the OTC Compliance Section for the time period July 1 through December 31, 2008; (2) Matter No. 20100216857: an Incorrect Execution Time Investigation conducted by the Trade Reporting Section for the time period January 28, 2010 through May 5, 2010; (3) Matter No. 20100243839: a TRACE Corporate Late Trade Review conducted by the TRACE Corporate Bonds Team for the time period January 1 through March 31, 2010; (4) Matter No. 20110275207: a TRACE Agency Late Trade Review conducted by the TRACE Agency Debt Team for the time period January 1 through March 31, 2011; and (5) Matter No. 20100223723: an OATS Reject Repair Sweep conducted by the OATS Compliance Team for the time period October 1 through December 31, 2009.

FACTS AND VIOLATIVE CONDUCT

20090201107

1. From July 1 through December 31, 2008, the firm effected 63 transactions in five securities while a trade halt was in effect with respect to each of the securities. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 3340, NASD Rule 2110 (for conduct before December 15, 2008), and FINRA Rule 2010 (for conduct on or after December 15, 2008).
2. From July 1 through December 31, 2008, the firm effected 18 transactions in six securities while the securities' registrations were suspended or revoked. The conduct described in this paragraph constitutes separate and distinct violations of Section 12(j) of the Securities Exchange Act of 1934, NASD Rule 2110 (for conduct before December 15, 2008), and FINRA Rule 2010 (for conduct on or after December 15, 2008).

20100216857

3. On January 28, 2010 and April 21-22, 2010, the firm failed to report to the FINRA Trade Reporting Facility the correct time of execution for 24,362 transactions in Reportable Securities. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7230A(d)(4).

20100243839

4. From January 1 through March 31, 2010, the firm failed to report to TRACE 3,086 S1 transactions in TRACE-eligible corporate debt securities within 15 minutes of time of execution. These late transactions constituted 4.41 percent of the total number of S1 transactions in TRACE-eligible corporate debt securities that the firm reported to TRACE during this time 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.

20110275207

5. From January 1 through March 31, 2011, the firm failed to report to TRACE 584 S1 transactions in TRACE-eligible agency debt securities within 15 minutes of time of execution. These late transactions constituted 5.72 percent of the total number of S1 transactions in TRACE-eligible agency debt securities that the firm reported to TRACE during this time 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.

20100223723

6. From October 1 through December 31, 2009, the firm transmitted to OATS 128,404 Reportable Order Events ("ROEs") that were rejected by OATS for context or syntax errors and were repairable. The firm failed to repair 68,612 of these rejected ROEs during the review period, representing 53.43 percent of all rejected repairable ROEs. As a result of the firm's failure to repair these ROEs, the firm failed to transmit 68,612 ROEs to OATS during this time period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450(a).

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

A censure and a fine of \$87,500 (\$10,000 for the NASD Rule 3340/NASD Rule 2110/FINRA Rule 2010 violations, \$10,000 for the Securities Exchange Act Section 12(j) violations, \$10,000 for the FINRA Rule 7230A(d)(4) violations, \$22,500 for the FINRA Rule 6730(a)/FINRA Rule 2010 violations, and \$35,000 for the FINRA Rule 7450(a) violations).

The firm agrees to pay the monetary sanction 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.

12/5/12
Date

By: Franklin Grant

Name: Frederic Greenbaum

Title: Executive Director

Counsel for Respondent

2/15/13
Date

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