

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20110261865-01**

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

RE: UBS Securities LLC, Respondent
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 has been a member of FINRA since August 17, 1978, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

On January 20, 2010, FINRA accepted an AWC in which the firm was censured and fined \$60,000 for, among other things, violations of NASD Rule 6955(a) concerning the firm's Order Audit Trail System ("OATS") reporting on July 8, 2008.

On June 16, 2009, FINRA accepted an AWC in which the firm was censured and fined \$320,000 of which \$225,000 related, in relevant part, to OATS reporting

violations of NASD Rule 6955(a) identified in the course of eight FINRA reviews and a Trading and Market Making Surveillance ("TMMS") Examination of the firm concerning the time periods of May-August 2005, December 2005, first quarter 2006, second quarter 2006, fourth quarter 2006, first quarter 2007, the first trimester of 2007, fourth quarter 2007 and the TMMS trade sample date of July 31, 2007.

On November 10, 2008, FINRA accepted an AWC in which the firm was censured and fined \$10,000 for NASD Rule 6955 violations concerning the firm's OATS reporting during the third quarter 2005.

FACTS AND VIOLATIVE CONDUCT

In Market Regulation Review No. 20110261865, FINRA staff ("staff") reviewed the firm's compliance with OATS reporting requirements during the third quarter 2010 (the "3Q2010 Review Period").

In Market Regulation Review No. 20110291497, the staff reviewed the firm's compliance with OATS reporting requirements during the second quarter 2011 (the "2Q2011 Review Period").

In Market Regulation Review No. 20110308350, the staff reviewed the firm's compliance with timely reporting requirements to FINRA of new issue offerings in corporate bonds during the period of May 10, 2011 through Sept. 30, 2011 (the "Corporate Bond New Issue Review Period").

In Market Regulation Review No. 20120312787, the staff reviewed the firm's compliance with timely reporting requirements to FINRA of new issue offerings in Securitized Products during the period of July 1, 2011 through December 31, 2011 (the "Securitized Products Review Period").

In connection with Review No. 20110261865,

1. During the 3Q2010 Review Period, the firm transmitted to OATS 42,930 Reportable Order Events ("ROEs") that were rejected by OATS for context or syntax errors and were repairable. The firm failed to repair 16,149 of these rejected ROEs during the 3Q2010 Review Period, representing 37.6 percent of all rejected repairable ROEs. As a result of the firm's failure to repair these ROEs, the firm failed to transmit 16,149 ROEs to OATS during the 3Q2010 Review Period. The firm also failed to repair an additional 5,121 of the rejected ROEs within the required five business days, and failed to populate the mandatory ROE Reconciliation ID for an additional 1,331 of the rejected ROEs during the 3Q2010 Review Period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450.

In connection with Review No. 20110291497,

2. During the 2Q2011 Review Period, the firm transmitted to OATS 119,781 ROEs that were rejected by OATS for context or syntax errors and were repairable. The firm failed to repair 41,263 of these rejected ROEs during the 2Q2011 Review Period, representing 34.4 percent of all rejected repairable ROEs. As a result of the firm's failure to repair these ROEs, the firm failed to transmit 41,263 ROEs to OATS during the 2Q2011 Review Period. The firm also failed to repair an additional 47,120 of the rejected ROEs within the required five business days, failed to timely repair an additional 28 of the rejected ROEs with a correct ROE Reconciliation ID, and failed to submit the correct mandatory ROE Reconciliation ID on nine of the additional rejected ROEs during the 2Q2011 Review Period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450.

In connection with Review No. 20110308350,

3. During the Corporate Bond New Issue Review Period, the firm, as managing underwriter, failed to report to FINRA 278 new issue offerings in corporate bonds within the timeframe required by FINRA Rule 6760. These 278 new issue offerings constituted 61 percent of the new issue offerings for which FINRA identified the firm as having such FINRA notification requirements for corporate bond offerings during the Corporate Bond New Issue Review Period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6760.

In connection with Review No. 20120312787,

4. During the Securitized Products Review Period, the firm, as managing underwriter, failed to report to FINRA 183 new issue offerings in Securitized Products within the timeframe required by FINRA Rule 6760. These 183 new issue offerings constituted 50 percent of the new issue offerings in Securitized Products involving Collateralized Mortgage Obligations or Asset Backed Securities for which FINRA identified the firm as having such FINRA notification requirements during the Securitized Products Review Period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6760.

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

A censure and a fine of \$100,000, consisting of \$80,000 for the OATS reporting violations and \$20,000 for the FINRA Rule 6760 violations.

The firm agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. It has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

STAR Nos. 20110261865 (inc. 20110291497, 20110308350, and 20120312787) (def)

The firm specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction(s) 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: (i) testimonial obligations; or (ii) 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 undersigned, on behalf of the firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to the AWC's 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.

10-30-13
Date

Respondent
UBS Securities LLC

By: Suzanne R. Elain

Name: Suzanne R. Elain

Title: Executive Director
Reg. Inquiries & Relations

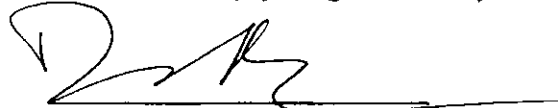
Reviewed by:

Attorney Name
Counsel for Respondent
Firm Name
Address
City/State/Zip
Phone Number

Accepted by FINRA:

12-16-13
Date

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


David E. Rosenstein
Senior Vice President and Counsel
Department of Market Regulation