

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2011028085401**

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

RE: UBS Securities LLC, Respondent
Member Firm
CRD No. 7654

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent 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 Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondent 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

UBS Securities LLC ("UBS" or the "Firm") has been a member of FINRA since August 1978. Its principal office is in Stamford, Connecticut. The Firm employs approximately 2,500 registered persons operating out of 14 branch office locations. UBS is a wholly-owned subsidiary of UBS AG.

RELEVANT DISCIPLINARY HISTORY

Respondent has relevant disciplinary history, including the following matter:

In December 2009, FINRA issued an AWC against UBS in which the Firm agreed, without admitting or denying the findings, to a \$60,000 fine, a censure, and an undertaking to revise its WSPs for certain trade reporting violations and related supervisory deficiencies.

FACTS AND VIOLATIVE CONDUCT

FINRA Rule 4530(f), formerly NASD Conduct Rule 3070(f), requires member firms to file promptly with FINRA copies of certain criminal and civil complaints and arbitration claims, including any securities-related or commodities-related private civil complaints or arbitration claims filed against the member in any forum other than FINRA Dispute Resolution. From approximately May 2003 through April 2011 (the "relevant time period"), UBS was named as a defendant in approximately 139 securities-related civil litigation filings. The Firm, however, did not submit copies of any of those filings to NASD/FINRA until June 2011, when it self-reported to FINRA its failure to submit the required filings, and did not report all of them until July 2011. By failing to report the securities-related litigation filings in a timely manner, UBS violated NASD Conduct Rules 2110 (for conduct before December 15, 2008) and 3070(f) and FINRA Rule 2010 (for conduct after December 14, 2008).

NASD Conduct Rule 3010 requires each member firm to establish and maintain a supervisory system and to establish, maintain and enforce written supervisory procedures reasonably designed to achieve compliance with all laws, rules and regulations applicable to its business and the activities of its associated persons. The supervisory system must include procedures and processes that are reasonably designed to ensure that the firm meets its reporting obligations. UBS, however, had no procedures concerning NASD Conduct Rule 3070(f) throughout the relevant time period. By failing to establish and maintain a supervisory system and failing to establish, maintain and enforce written supervisory procedures that were reasonably designed to achieve compliance with its obligations under NASD Conduct Rule 3070(f), UBS violated NASD Conduct Rules 2110 (for conduct before December 15, 2008) and 3010 and FINRA Rule 2010 (for conduct after December 14, 2008).

B. Respondent also consents to the imposition of the following sanctions:

- a censure; and
- a \$100,000 fine.

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is due and payable. Respondent has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

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

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

In determining the amount of the fine, FINRA took into account the fact that, before the staff commenced the examination, Respondent self-reported to FINRA its deficiencies with respect to complying with NASD Conduct Rule 3070(f) and FINRA Rule 4530(f) and it also undertook corrective measures.

II.

WAIVER OF PROCEDURAL RIGHTS

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

- A. To have a Complaint issued specifying the allegations against it;
- 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, Respondent 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.

Respondent 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

Respondent 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 Respondent;
- C. If accepted:
 - 1. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against it;
 - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about its 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. Respondent 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. Respondent 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 Respondent's right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party; and
- D. Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Respondent 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 Respondent 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.

UBS Securities LLC

10/26/2012
Date (mm/dd/yyyy)

By: Frederic Greenbaum
Name: Frederic Greenbaum
Title: Executive Director

Accepted by FINRA:

11/8/2012
Date

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

B McGuire
Bonnie S. McGuire
Senior Regional Counsel
FINRA Department of Enforcement
99 High Street
Suite 900
Boston, MA 02110
Tel: (617) 532-3424
Fax: (202) 721-6531