

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20130367316-01**

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

RE: UBS Securities LLC ("UBSW"), Respondent
Broker-Dealer
CRD No. 7654

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, UBS Securities LLC (the "firm" or "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

The firm has been a member of FINRA since August 17, 1978, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

On December 16, 2013, FINRA accepted an AWC in which the firm consented to a censure and a fine of \$100,000, which included two \$10,000 fines for Trade Reporting and Compliance Engine ("TRACE") reporting violations between May 1, 2011 and September 30, 2011, and between July 1, 2011 and December 31, 2011, in violation of FINRA Rule 6760(c).

On February 15, 2013, FINRA accepted an AWC in which the firm consented to a censure and a fine of \$87,500, which included a fine of \$22,500 for TRACE reporting violations between January 1, 2010 and March 31, 2010, and between January, 2011 and March 31, 2011, in violation of FINRA Rule 6730(a) and FINRA Rule 2010.

SUMMARY

In Matter No. 20130367316, the TRACE Corporate Bonds Team of the Department of Market Regulation reviewed the firm's compliance with reporting requirements to FINRA of new issue offerings in TRACE-eligible Corporate Debt Securities during the period of the fourth quarter of 2012 through the first quarter of 2013 (the "4Q12-1Q13 review period").

In Matter No. 20140400265, the TRACE Agency/SP Team of the Department of Market Regulation reviewed the firm's compliance with reporting requirements to FINRA of TRACE-eligible Securities Products during the period of the fourth quarter of 2013 (the "4Q13 review period").

In Matter No. 20140421447, the TRACE Agency/SP Team reviewed the firm's compliance with reporting requirements to FINRA of TRACE-eligible Agency Debt Securities during the period of the second quarter of 2014 (the "2Q14 review period").

In Matter No. 20150441928, The TRACE Agency/SP Team reviewed the firm's compliance with reporting requirements to FINRA of TRACE-eligible Securities Products during the period of the fourth quarter of 2014 (the "4Q14 review period").

FACTS AND VIOLATIVE CONDUCT

In connection with Matter No. 20130367316,

1. During the 4Q12-1Q13 review period, the firm, as managing underwriter, failed to report 944 new issue offerings in TRACE-eligible Corporate Debt Securities to FINRA according to the time frames set forth in FINRA Rule 6760. These 944 offerings constituted 79% of the new issue submissions in TRACE-eligible Corporate Debt Securities that the firm submitted to FINRA pursuant to a FINRA Rule 6760 obligation during the 4Q12-1Q13 review period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6760(c).

In connection with Matter No. 20140400265,

2. During the 4Q13 review period, the firm failed to report to TRACE the correct time of execution for 80 transactions in TRACE-eligible Securitized Products. These 80 transactions constituted 48% of the 168 matched inter-dealer reports that the firm reported to TRACE during the 4Q13 review period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(c)(8).
3. During the 4Q13 review period, the firm failed to show the correct time of execution on the memorandum of 80 brokerage orders. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 4511 and Securities and Exchange Act of 1934 ("SEA") Rule 17a-3.

In connection with Matter No. 20140421447,

4. During the 2Q14 review period, the firm failed to report to TRACE the correct time of execution for 55 S1 transactions in TRACE-eligible Agency Debt Securities. These 55 transactions constituted 8% of the 673 matched S1 inter-dealer reports 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(c)(8).
5. During the 2Q14 review period, the firm failed to show the correct time of execution on the memorandum of 55 brokerage orders. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 4511 and SEA Rule 17a-3.
6. During the 2Q14 review period, the firm failed to report 55 S1 transactions in TRACE-eligible Agency Debt Securities within 15 minutes of the time of execution to TRACE. These 55 late trade reports constituted 8% of the 673 matched S1 inter-dealer reports 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).

In connection with Matter No. 20150441928,

7. During the 4Q14 review period, the Firm failed to report to TRACE the correct time of execution for 24 transactions in TRACE-eligible Securitized Products. These 24 transactions constituted 8.39% of the 286 matched inter-dealer reports submitted by the Firm during 4Q14. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(c)(8).
8. During the 4Q14 review period, the Firm failed to show the correct time of execution on the memorandum of 16 brokerage orders. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 4511 and SEA Rule 17a-3.

In connection with Matter Nos. 20140400265, 20140421447, and 20150441928,

9. During the 4Q13, 2Q14 and 4Q14 review periods, the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations and the Rules of FINRA, concerning trade reporting in TRACE-eligible securities. Specifically, the firm's supervisory system did not include written supervisory procedures to review the accuracy of its transactions reported to TRACE and did not provide for a statement of the frequency of such reviews. The conduct described in this paragraph constitutes a violation of NASD Rule 3010 and FINRA Rule 2010.

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

- I. A censure and a fine of **\$90,000** (consisting of **\$30,000** for the violations of FINRA Rule 6760(c) in Matter No. 20130367316; **\$12,500** for the violations of FINRA Rule 6730(c)(8) and **\$2,500** for the violations of FINRA Rule 4511/SEA Rule 17a-3 in Matter No. 20140400265; **\$10,000** for the violations of FINRA Rules 6730(a) and 6730(c)(8) and **\$2,500** for the violations of FINRA Rule 4511/SEA Rule 17a-3 in Matter No. 20140421447; **\$10,000** for the violations of FINRA Rule 6730(c)(8) and **\$2,500** for the violations of FINRA Rule 4511/SEA Rule 17a-3 in Matter No. 20150441928; and **\$20,000** for the violations of NASD Rule 3010 and FINRA Rule 2010).

Respondent 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.

Respondent 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

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 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, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Legal Officer, 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; 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 accordance with FINRA Rule 8313;
 - 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 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. Respondent 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.

May 14, 2015
Date

Respondent
UBS Securities LLC

By: Suzanne R. Elain

Name: Suzanne R. Elain

Title: Executive Director,

Regulatory Inquiries & Relations
UBS Securities LLC

Reviewed by:

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

Accepted by FINRA:

6/9/15
Date

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

Kenneth R. Bozza
Kenneth R. Bozza
Chief Counsel, Legal Section
FINRA Department of Market Regulation