

FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20130387463-01

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 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

Respondent became a member of FINRA in 1936 and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

On November 19, 2013, FINRA accepted an AWC in connection with 20090180811 in which the firm was censured and fined \$30,000 for violations of FINRA Rules 6730(a) and 2010.

On September 20, 2011, FINRA accepted an AWC in connection with 20090195593 in which the firm was censured and fined \$60,000 for violations of FINRA Rules 6730(a) and 2010.

SUMMARY

In connection with STAR No. 20130387463, the Trade Reporting and Compliance Engine ("TRACE") Agency/Securitized Products ("SP") team of the Market Regulation Department (the "Staff") reviewed the firm's reporting of SP transactions to TRACE during the period July 1, 2013 through September 30, 2013 ("3Q13 Review Period").

In connection with STAR No. 20140411455, the Agency Debt team reviewed the firm's S1 Agency Debt Securities transactions reported to TRACE during the period January 1, 2014 through March 31, 2014 ("1Q14 Review Period").

FACTS AND VIOLATIVE CONDUCT

20130387463

1. During the 3Q13 Review Period, respondent failed to report to TRACE the accurate time of execution for 316 SP transactions. These transactions constitute 5.63 percent of the 5,610 SP transactions that the Firm reported to TRACE during the 3Q13 Review Period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730(c)(8).
2. During the 3Q13 Review Period, respondent failed to record the correct time of execution on the memorandum of 314 brokerage orders of SP transactions. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 4511 and Rule 17a-3 of the Securities Exchange Act of 1934 ("Exchange Act").

20140411455

3. During the 1Q14 Review Period, respondent failed to report to TRACE 233 transactions in TRACE-eligible S1 Agency Debt Securities within 15 minutes of the time of execution. These transactions constitute 3.09 percent of the 7,533 S1 Agency Debt Securities transactions that respondent reported to TRACE during the 1Q14 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 \$45,000 (\$17,500 for violations of FINRA Rules 6730(c)(8) and 4511 and Rule 17a-3 of the Exchange Act in STAR No. 20130387463; and \$27,500 for violations of FINRA Rules 6730(a) and 2010 in STAR No. 20140411455).

Respondent agrees to pay the monetary sanction upon notice that this AWC has been accepted and that such payment is 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 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.

5/29/15
Date

UBS Financial Services, Inc.

By: Joy A. Weber

Name: Joy A. Weber

Title: Deputy General Counsel

Counsel for Respondent

Date | 6/17/2015