

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT of 1933
Release No. 9320 / May 1, 2012

ADMINISTRATIVE PROCEEDING
File No. 3-14863

In the Matter of

**UBS Financial Services Inc. of
Puerto Rico,**

Respondent.

**ORDER UNDER RULE 602(e) OF THE
SECURITIES ACT OF 1933 GRANTING A
WAIVER OF THE RULE 602(c)(3)
DISQUALIFICATION PROVISION**

I.

UBS Financial Services Inc. of Puerto Rico has submitted a letter, dated April 23, 2012, requesting a waiver of the Rule 602(c)(3) disqualification from the exemption from registration under Regulation E arising from UBS Financial Services Inc. of Puerto Rico's settlement of an administrative and cease-and-desist proceeding instituted by the Commission.

II.

On May 1, 2012, the Commission issued an Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Section 8A of the Securities Act of 1933 and Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order ("Order") against UBS Financial Services Inc. of Puerto Rico. Under the Order, the Commission found that UBS Financial Services Inc. of Puerto Rico, a registered broker-dealer, violated the antifraud provisions of the Securities Act of 1933 ("Securities Act") and the Securities Exchange Act of 1934 ("Exchange Act"). The Commission further found that UBS Financial Services Inc. of Puerto Rico made misrepresentations and omissions to investors involving secondary market prices and liquidity concerning 23 affiliated, non-exchange-traded closed-end funds in Puerto Rico. Without admitting or denying the findings in the Order, except as to the Commission's jurisdiction over it and the subject matter of the proceedings, UBS Financial Services Inc. of Puerto Rico consented to the Order which, among other things, censures UBS Financial Services Inc. of Puerto Rico and requires it to cease and desist from committing or causing any violations and any future violations of Sections 17(a) of the Securities

Act, Sections 10(b) and 15(c) of the Exchange Act, and Rules 10b-5 of the Exchange Act, and pay a \$11,500,000.00 million in disgorgement, \$1.1 million in prejudgment interest and a \$14,000,000.00 civil penalty.

III.

Regulation E provides an exemption from registration under the Securities Act, subject to certain conditions, for securities issued by certain small business investment companies and business development companies. Rule 602(c)(3) makes this exemption unavailable for the securities of any issuer if, among other things, any investment adviser or underwriter of the securities to be offered is “subject to an order of the Commission entered pursuant to Section 15(b)” of the Exchange Act. Rule 602(e) provides, however, that the disqualification “. . . shall not apply . . . if the Commission determines, upon a showing of good cause, that it is not necessary under the circumstances that the exemption [from registration pursuant to Regulation E] be denied.” 17 C.F.R. § 230.602(e).

IV.

Based upon the representations set forth in UBS Financial Services Inc. of Puerto Rico’s request, the Commission has determined that pursuant to Rule 602(e) under the Securities Act, a showing of good cause has been made that it is not necessary under the circumstances that the exemption be denied as a result of the Order.

Accordingly, **IT IS ORDERED**, pursuant to Rule 602(e) under the Securities Act, that a waiver from the application of the disqualification provision of Rule 602(c)(3) under the Securities Act resulting from the Commission’s Order is hereby granted.

By the Commission.

Elizabeth M. Murphy
Secretary