

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT of 1933
Release No. 9276 / November 10, 2011

Administrative Proceeding
File No.3-14620

In the Matter of

UBS Securities LLC

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 Securities LLC (“UBS” or “Respondent”) has submitted a letter, dated October 18, 2011, requesting a waiver of the Rule 603(c)(3) disqualification from the exemption from registration under Regulation E arising from UBS’s settlement of an administrative proceeding commenced by the Commission.

II.

On November 10, 2011, pursuant to UBS’s Offer of Settlement, the Commission issued an Order Instituting Proceedings Pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order against UBS. Under the Order, the Commission found that UBS violated Section 17(a) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 203(b) of Regulation SHO thereunder by inaccurately documenting the basis upon which locates had been granted to customers for the purpose of engaging in short sales. A “locate” represents a determination by a broker-dealer that it has borrowed or has entered into a bona fide arrangement to borrow particular securities, or has reasonable grounds to believe that particular securities can be borrowed for delivery when due. According to the Order, UBS’s locate practices caused locates to be granted without UBS documenting a reasonable basis for the locates, and created a risk of locates being granted based on sources that could not be relied upon if shares were needed for UBS’s or another executing broker’s settlement obligations. In the Order, the Commission ordered UBS to pay a civil money penalty in the amount of \$8 million; to cease and desist from committing or causing any violations and any future violations of Section 17(a) of the

Exchange Act and Rule 203 thereunder; and to comply with certain specified undertakings, including retention of a qualified independent consultant.

III.

The Regulation E exemption is unavailable for the securities of small business investment company issuers or business development company issuers if, among other things, any investment adviser or underwriter for 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) of the Securities Act of 1933 (“Securities Act”) 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 be denied.” 17 C.F.R. § 230.602(e).

IV.

Based upon the representations set forth in UBS’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 entry of the Order is hereby granted.

By the Commission.

Elizabeth M. Murphy
Secretary