UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 99579 / February 21, 2024

ADMINISTRATIVE PROCEEDING
File No. 3-20401

In the Matter of **UBS Financial Services Inc.** **Respondent.**	: : : : : : :	**ORDER AUTHORIZING THE TRANSFER TO THE U.S. TREASURY OF THE REMAINING FUNDS AND ANY FUNDS RETURNED TO THE FAIR FUND IN THE FUTURE AND TERMINATING THE FAIR FUND**

On July 19, 2021, the Commission issued an Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (the "Order")[1] against UBS Financial Services Inc. (the "Respondent"). In the Order, the Commission found that the Respondent violated federal securities laws arising from Respondent's failure to adopt and implement written policies and procedures reasonably designed to prevent unsuitable investments in volatility-linked-exchange-traded products ("ETPs") between January 2016 and January 2018. As a result, financial advisers in Respondent's discretionary Portfolio Management Program ("PMP") purchased and held one such ETP for their advisory clients for durations that were inconsistent with the purpose of the product, as described in its offering documents, and as described to Respondent in a meeting with representatives of the issuer of that ETP. Respondent failed to adopt and implement written policies and procedures that were reasonably designed to prevent the unsuitable use of a certain ETP as a buy-and-hold investment for its PMP advisory clients. UBS violated Section 206(4) of the Investment Advisers Act of 1940 ("Advisers Act") and Advisers Act Rule 206(4)-7.

The Order required the Respondent to pay disgorgement of $96,344, prejudgment interest of $15,930, and a civil monetary penalty of $8,000,000, for a total of $8,112,274. The Order created the Fair Fund, pursuant to the Section 308(a) of the Sarbanes-Oxley Act of 2002, so the penalty, along with the disgorgement and prejudgment interest, could be distributed to harmed investors to compensate them for investment losses incurred in the ETP.

Pursuant to the Order, the Respondent was responsible for administering the Fair Fund at its own expense pursuant to a calculation specified in the Order. In accordance with the

[1] Advisers Act Rel. No. 5781 (July 19, 2021).

distribution calculation approved by the staff and conditions set forth in the Order, the Respondent compensated 53.9% of the harm sustained by advisory clients for their losses. A $10 *de minimis* was applied. The Respondent issued 1,255 credits to customer accounts and 627 checks, totaling $8,112,274, of which $ 8,091,786.50 was successfully disbursed (99.74%) to recipients. Distribution payments ranged from $10 to $304,496. The Respondent made additional efforts to reach investors who did not cash checks including refreshing addresses and reissuing checks when needed. The remaining $20,487.50 in the Fair Fund has been returned to the Commission, which consist of uncashed checks, returned funds, funds that would have gone to affiliates of the Respondent which the Order prohibits, and other residual amounts (e.g. amounts resulting from rounding).

The Order further requires the Respondent to provide a final accounting to the Commission staff for submission to the Commission for approval. Upon approval of the final accounting, all remaining amounts in the Fair Fund that are infeasible to return to investors, and any funds returned in the future that are infeasible to return to investors, are to be sent to the U.S. Treasury. The final accounting has been submitted to the Commission for approval, as required by the Order, and has been approved.

Accordingly, it is ORDERED that:

A. the remaining funds in the amount of $20,487.50 that are infeasible to return to investors, and any funds returned to the Fair Fund in the future that are infeasible to return to investors, shall be transferred to the U.S. Treasury, subject to Section 21F(g)(3) of the Securities Exchange Act of 1934 [15 U.S. Code § 78u-6(g)(3)]; and

B. the Fair Fund is terminated.

By the Commission.

Vanessa A. Countryman
Secretary