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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER
8-49596

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING January 1, 2009 AND ENDING December 31, 2009  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: UBS Fund Services (USA) LLC  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY
FIRM I.D. NO.

242 Trumbull Street  
(No. and Street)

Hartford Connecticut 06103  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Trevor Chambers 312-525-7728  
(Area Code) (Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
Ernst & Young LLP  
(Name - if individual, state last, first, middle name)

MAR 01 2010  
Washington, DC  
110

233 S. Wacker Drive, Willis Tower Chicago Illinois 60606  
(Address) (City) (State) (Zip Code)

**CHECK ONE:**

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions

<b>FOR OFFICIAL USE ONLY</b>

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

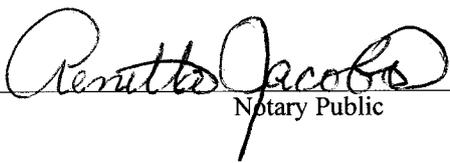
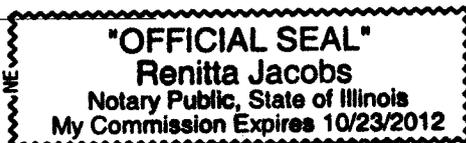
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## OATH OR AFFIRMATION

I, Trevor Chambers, affirm that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of UBS Fund Services (USA) LLC, as of December 31, 2009, are true and correct. I further affirm that neither the company nor any partner, proprietor, principal officer or director had any proprietary interest in any account classified solely as that of a customer.



Trevor Chambers  
Controller

  
Notary Public

This report\*\* contains (check all applicable boxes):

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Operations.
- (d) Statement of Cash Flows.
- (e) Statement of Changes in Stockholder's Equity.
- (f) Statement of Changes in Subordinated Borrowings.
- (g) Computation of Net Capital.
- (h) Statement Regarding Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- (o) Supplementary Report of Independent Registered Public Accounting Firm on Internal Control.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

UBS Fund Services (USA) LLC

Financial Statements and Supplemental Information

Year Ended December 31, 2009

**Contents**

Report of Independent Registered Public Accounting Firm .....	1
Financial Statements	
Statement of Financial Condition .....	2
Statement of Operations .....	3
Statement of Changes in Members' Capital .....	4
Statement of Cash Flows .....	5
Notes to Financial Statements .....	6
Supplemental Information	
Computation of Net Capital .....	8
Detail of Nonallowable Assets .....	9
Statement Regarding Rule 15c3-3 and Possession and Control.....	10
Supplementary Report of Independent Registered Public Accounting Firm on Internal Control Required by SEC Rule 17a-5(g)(1).....	11

## Report of Independent Registered Public Accounting Firm

The Members  
UBS Fund Services (USA) LLC

We have audited the accompanying statement of financial condition of UBS Fund Services (USA) LLC (Fund Services) as of December 31, 2009, and the related statements of operations, changes in members' capital, and cash flows for the year then ended. These financial statements are the responsibility of Fund Services' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of Fund Services' internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fund Services' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of UBS Fund Services (USA) LLC at December 31, 2009, and the results of its operations and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Chicago, Illinois  
February 26, 2010

UBS Fund Services (USA) LLC

Statement of Financial Condition

December 31, 2009

**Assets**

Cash	\$ 130,687
Prepaid expenses	39,997
FINRA deposits	2,177
Total assets	<u>\$ 172,861</u>

**Liabilities and members' capital**

**Liabilities:**

Accrued expenses	\$ —
Total liabilities	—
Members' capital	172,861
Total liabilities and members' capital	<u>\$ 172,861</u>

*See accompanying notes.*

UBS Fund Services (USA) LLC

Statement of Operations

Year Ended December 31, 2009

**Revenues**

Allocated registered representatives revenue – Realty	\$ 644,788
Service fee income – Realty	96,000
Interest income	<u>261</u>
Total revenues	<u>741,049</u>

**Expenses**

Allocated registered representatives costs – Realty	644,788
Registration fees	39,912
Professional fees	32,026
General and administrative expenses	<u>1,462</u>
Total expenses	<u>718,188</u>
Net income	<u><u>\$ 22,861</u></u>

*See accompanying notes.*

UBS Fund Services (USA) LLC

Statement of Changes in Members' Capital

Year Ended December 31, 2009

	<u>Member's Capital – Realty</u>	<u>Member's Capital – ARI</u>	<u>Total</u>
Balance at December 31, 2008	\$ 165,262	\$ 1,670	\$ 166,932
Net income	22,632	229	22,861
Dividend	(16,763)	(169)	(16,932)
Balance at December 31, 2009	<u>\$ 171,131</u>	<u>\$ 1,730</u>	<u>\$ 172,861</u>

*See accompanying notes.*

UBS Fund Services (USA) LLC

Statement of Cash Flows

Year Ended December 31, 2009

<b>Operating activities</b>	
Net income	\$ 22,861
Adjustments to reconcile net income to net cash provided by operating activities:	
Increase (decrease) in operating assets and liabilities:	
FINRA deposits	(1,080)
Prepaid expenses	(2,337)
Accrued expenses	<u>(17,783)</u>
Net cash provided by operating activities	1,661
<b>Financing activities</b>	
Dividends paid	<u>(16,932)</u>
Decrease in cash	(15,271)
Cash at beginning of year	<u>145,958</u>
Cash at end of year	<u><u>\$ 130,687</u></u>

*See accompanying notes.*

# UBS Fund Services (USA) LLC

## Notes to Financial Statements

December 31, 2009

### 1. Organization and Nature of the Business

UBS Fund Services (USA) LLC (Fund Services) is organized as a Delaware limited liability company and is primarily engaged in the distribution of private investment offerings to institutional investors. Fund Services is a broker-dealer registered under the Securities and Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority (FINRA).

UBS Realty Investors LLC (Realty), a Massachusetts limited liability company, holds a 99% member interest in Fund Services. ARI Acquisition Corporation (ARI), a Massachusetts corporation, holds the remaining 1% member interest. Net income is allocated to the members pro rata based on their percentage interest in Fund Services. Realty and ARI are both indirect, wholly owned subsidiaries of UBS AG. Fund Services has transactions and relationships with Realty that materially impact its operating results and financial position (see Note 3).

### 2. Summary of Significant Accounting Policies

#### Cash

Cash includes an interest-bearing deposit account at a non-affiliated bank and a demand deposit account with an affiliate of Fund Services.

#### Revenue Recognition

Service fee income is recognized as revenue when services are performed.

#### Income Taxes

Fund Services is taxed as a partnership for federal and state income tax purposes. As such, Fund Services is not subject to federal or state income taxes. Each member of Fund Services is required to report on its federal and state income tax returns its distributive share of Fund Services' income, gains, losses, deductions, and credits. Fund Services applies the provisions of Financial Accounting Standards Board Accounting Standards Codification 740 (FASB ASC 740), *Income Taxes*, which provides guidance for how uncertain tax positions should be recognized, measured, and presented. As of December 31, 2009, Fund Services has determined that it has no uncertain tax positions, interest, or penalties as defined with FASB ASC 740, and accordingly, Fund Services has concluded that no additional disclosures are required.

## UBS Fund Services (USA) LLC

### Notes to Financial Statements (continued)

#### **2. Summary of Significant Accounting Policies (continued)**

##### **Use of Estimates**

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

##### **Subsequent Events**

Subsequent events have been evaluated through February 26, 2010, which is the date the financial statements were issued.

#### **3. Related-Party Transactions**

The Company has entered into a Services Agreement (the Agreement) with Realty to provide certain administrative, operating, and other support services to Realty as needed for the distribution of private investment offerings to institutional investors for a fixed fee. All service fees included in the accompanying statement of operations were earned from Realty under the Agreement.

In addition, the registered representatives of Fund Services (Representatives) are supervised persons of Realty. Although the primary business activities of such individuals relate to the investment advisory activities of Realty, Realty and Fund Services have agreed that certain costs associated with these Representatives will be allocated to Fund Services. Realty has also agreed to allocate revenues to Fund Services in an amount equal to these costs. The costs include facilities and other occupancy and information technology expenses, salary and employee benefit expenses, and other general and administrative expenses.

#### **4. Net Capital Requirements**

Fund Services is a limited broker-dealer pursuant to Securities and Exchange Commission (SEC) Rule 15c3-1(a)(2)(vi). This rule requires the maintenance of minimum net capital of the greater of \$5,000 or 6 2/3% of aggregate indebtedness, as defined in the rule. Net capital totaled \$130,687 at December 31, 2009, which was \$125,687 in excess of required net capital. Dividend payments, equity withdrawals, and advances are subject to certain notification and other provisions of the net capital rules of the SEC and other regulatory bodies.

## Supplemental Information

UBS Fund Services (USA) LLC

Computation of Net Capital

December 31, 2009

Members' capital	\$ 172,861
Less nonallowable assets (see schedule on following page)	<u>(42,174)</u>
Net capital	<u>\$ 130,687</u>
Aggregate indebtedness	<u>\$ —</u>
Net capital requirement (greater of \$5,000 or 6 2/3% of aggregate indebtedness of \$0)	<u>\$ 5,000</u>
Excess net capital	<u>\$ 125,687</u>

There are no material differences between the amounts presented above and the amounts presented in Fund Services' December 31, 2009, unaudited FOCUS Part IIA filing.

UBS Fund Services (USA) LLC

Detail of Nonallowable Assets

December 31, 2009

Nonallowable assets:

Prepaid expenses	\$ 39,997
FINRA deposit	<u>2,177</u>
Total	<u>\$ 42,174</u>

**UBS Fund Services (USA) LLC**

**Statement Regarding Rule 15c3-3 and Possession and Control**

**December 31, 2009**

**The activities of Fund Services are limited to those prescribed in subparagraph (k) of the Securities Exchange Act of 1934 Rule 15c3-3, which provides exemption from such rule.**

## Supplementary Report of Independent Registered Public Accounting Firm on Internal Control Required by SEC Rule 17a-5(g)(1)

The Board of Directors  
UBS Fund Services (USA) LLC

In planning and performing our audit of the financial statements of UBS Fund Services (USA) LLC (the Company), as of and for the year ended December 31, 2009, in accordance with auditing standards generally accepted in the United States, we considered its internal control over financial reporting (internal control), as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. The study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company, including any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2009, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, FINRA, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers and is not intended to be and should not be used by anyone other than these specified parties.

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Chicago, Illinois  
February 26, 2010

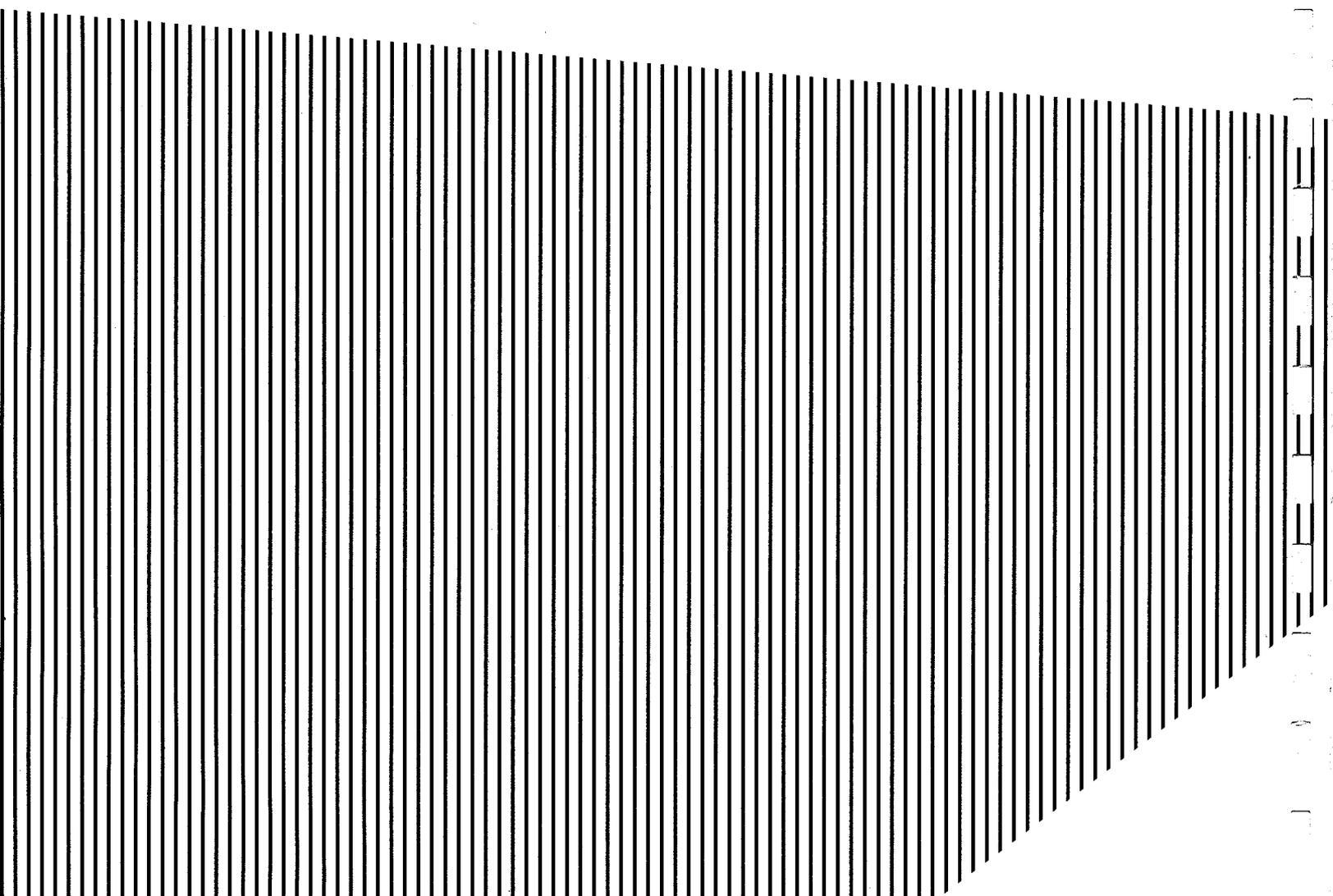
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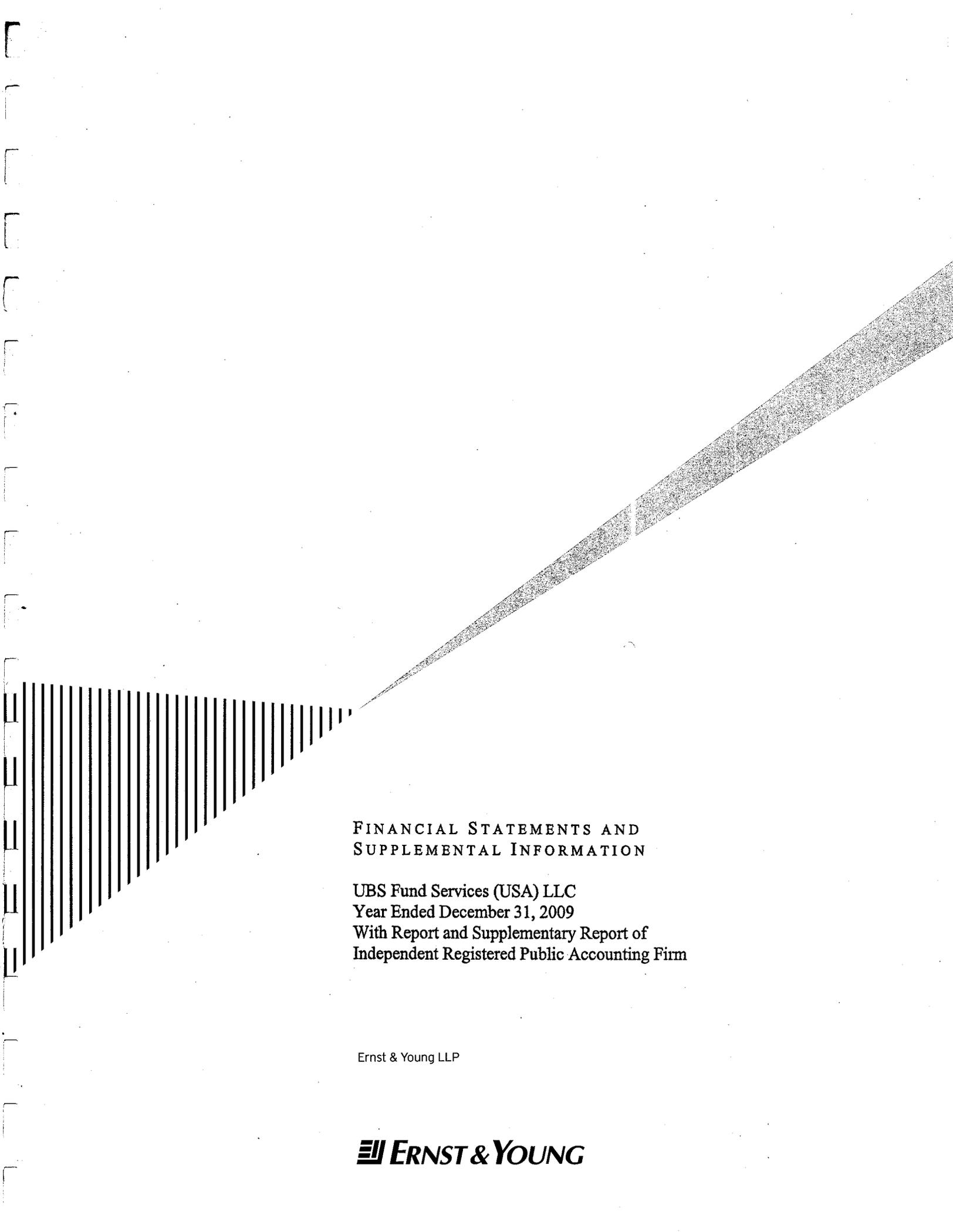
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FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION

UBS Fund Services (USA) LLC  
Year Ended December 31, 2009  
With Report and Supplementary Report of  
Independent Registered Public Accounting Firm

Ernst & Young LLP

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