

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 103646 / August 6, 2025

ADMINISTRATIVE PROCEEDING
File No. 3-22504

In the Matter of

**MUFG Securities EMEA
plc**

Respondent.

**ORDER INSTITUTING
ADMINISTRATIVE AND CEASE-AND-
DESIST PROCEEDINGS, PURSUANT TO
SECTIONS 15F(1)(2) AND 21C OF THE
SECURITIES EXCHANGE ACT OF 1934,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS AND A CEASE-
AND-DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 15F(1)(2) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against MUFG Securities EMEA plc (“MUFG Securities EMEA” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Sections 15F(1)(2) and 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds¹ that

Summary

1. These proceedings arise out of violations of the Exchange Act by MUFG Securities EMEA, a security-based swap dealer ("SBSD") located in the United Kingdom and registered with the Commission as an SBSD. When registering with the Commission, MUFG Securities EMEA elected to comply with certain provisions of the Exchange Act and certain rules thereunder by applying substituted compliance. For nearly three years after registration, however, while MUFG Securities EMEA was dealing in security-based swaps in the U.S. security-based swap market, it did not comply with certain requirements under the Exchange Act directly or through substituted compliance. MUFG Securities EMEA repeatedly violated certain SBSD capital recordkeeping, financial reporting, compliance, internal supervision and internal risk management requirements of the Exchange Act and rules thereunder. Moreover, in its application for registration as an SBSD filed with the Commission, MUFG Securities EMEA made untrue statements, including in certifications, regarding its development and implementation of policies and procedures to prevent these failures.

2. Every SBSD operating in U.S. markets, including non-U.S. SBSDs, must register with the Commission and comply with the Exchange Act's provisions for SBSDs and the applicable rules. Recognizing that many non-U.S. SBSDs also must comply with comparable foreign requirements, in 2021 the Commission issued a series of orders granting covered non-U.S. SBSDs the option to elect to apply substituted compliance. As discussed below, under an order of substituted compliance, covered SBSDs could choose to satisfy certain requirements under Exchange Act Section 15F and certain rules thereunder by complying with comparable foreign requirements plus satisfying additional conditions that the Commission imposed in the applicable order. To elect to apply substituted compliance, an SBSD must, among other things, notify the Commission in writing of its intent to do so.

3. The substituted compliance framework is intended to promote efficiency and competition by helping to address potential duplication and inconsistency between relevant U.S. and foreign regulatory requirements. Substituted compliance is not exemptive relief but is instead an alternative method by which non-U.S. SBSDs may comply with some applicable requirements of the Exchange Act and the rules thereunder.

4. From its November 1, 2021, conditional registration as an SBSD until October 4, 2024 (the "Relevant Period"), MUFG Securities EMEA failed to satisfy required substituted compliance conditions consistent with its notice to the Commission of its intent to apply substituted compliance to satisfy certain requirements of Exchange Act Section 15F and certain rules

¹ The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

thereunder. Consequently, MUFG Securities EMEA was required to comply directly with the SBSB capital recordkeeping, financial reporting, compliance, internal supervision, and internal risk management requirements of the Exchange Act and rules thereunder. MUFG Securities EMEA did not.

5. MUFG Securities EMEA's violations were attributable to its failure to develop and implement policies and procedures to ensure satisfaction of all applicable substituted compliance conditions, despite representations in its application for registration with the Commission as an SBSB that it had done so. These failures and resulting violations lasted nearly three years and involved failures to comply with multiple requirements of the Exchange Act.

Respondent

6. **MUFG Securities EMEA plc ("MUFG Securities EMEA")** is an SBSB conditionally registered with the Commission and is located in the United Kingdom ("UK"). Since its conditional registration on November 1, 2021, MUFG Securities EMEA had total revenues of approximately \$2 billion and net income of approximately \$268 million. MUFG Securities EMEA also is regulated as a designated investment firm by the UK's Prudential Regulation Authority ("PRA") and Financial Conduct Authority ("FCA").

Background

7. Exchange Act Rule 3a71-6 permits a registered SBSB that is not a U.S. person to elect to satisfy certain requirements under Exchange Act Section 15F and certain rules thereunder by complying with an applicable substituted compliance order issued by the Commission. The rule requires any SBSB electing to apply substituted compliance both to comply with comparable foreign requirements and to satisfy any additional conditions that the Commission imposes in the applicable order.

8. In 2021, the Commission issued a substituted compliance order with respect to certain UK-regulated SBSBs and entered an arrangement addressing substituted compliance supervisory and enforcement cooperation with certain UK authorities. *See* Order Granting Conditional Substituted Compliance in Connection with Certain Requirements Applicable to Non-U.S. Security-Based Swap Dealers and Major Security-Based Swap Participants Subject to Regulation in the United Kingdom, Release No. 34-92529, dated July 31, 2021, amended by Release No. 34-93411, dated October 22, 2021 (the "SEC UK Entities Order"). The SEC UK Entities Order specifies in detail the comparable UK requirements and additional conditions that an SBSB must satisfy to apply substituted compliance.

9. On October 27, 2021, MUFG Securities EMEA submitted a notice in writing to the Commission of its election to apply substituted compliance pursuant to the SEC UK Entities Order.

10. On November 10, 2021, MUFG Securities EMEA submitted a corrected notice to the Commission of its election to apply substituted compliance pursuant to the SEC UK Entities

Order to satisfy, among other requirements: the capital requirements of Exchange Act Section 15F(e) and Exchange Act Rules 18a-1 and 18a-1a through 18a-1d; certain recordkeeping and financial reporting requirements of Exchange Act Rules 18a-5 through 18a-9; the compliance requirements of Exchange Act Section 15F(k) and Exchange Act Rule 15Fk-1; the internal supervision requirements of Exchange Act Sections 15F(j)(4)(A) and Exchange Act Rule 15Fh-3(h); and the internal risk management requirements of Exchange Act Section 15F(j)(2) and Exchange Act Rule 15Fh-3(h)(2)(iii)(I).

11. The SEC UK Entities Order conditions substituted compliance for the capital requirements of Exchange Act Section 15F(e) and Exchange Act Rules 18a-1 and 18a-1a through 18a-1d on the SBSB being subject to and complying with both comparable UK capital requirements and the Commission's additional conditions, including that, beginning no later than January 1, 2022, the SBSB (1) maintains certain levels of net liquid assets as defined in the SEC UK Entities Order, and (2) makes and preserves a quarterly record of its satisfaction of that condition. By electing substituted compliance for these capital requirements, MUFG Securities EMEA elected to satisfy these conditions.

12. On November 1, 2023, Commission staff responsible for monitoring SBSB financial reporting contacted MUFG Securities EMEA and requested MUFG Securities EMEA's quarterly records for the second and third quarters of 2023 of net liquid assets calculated in accordance with the net liquid assets condition set forth in the SEC UK Entities Order. Approximately six weeks later, on December 14, 2023, MUFG Securities EMEA informed the staff that it had not calculated its net liquid assets under that test since it registered with the Commission, had not made any quarterly records of its net liquid assets, and was not aware of the obligation to perform such calculations and make such records on an ongoing basis after registration.

13. In response, Commission staff directed MUFG Securities EMEA to the relevant provisions of the SEC UK Entities Order and asked MUFG Securities to perform *post hoc* tests of its net liquid assets.

14. On January 9, 2024, more than two months after staff's initial request, MUFG Securities EMEA provided a single spreadsheet-based record of its net liquid assets as of June 30, 2023. The test record provided, however, was inaccurate because it contained a calculation error that overstated MUFG Securities EMEA's net liquid assets by approximately eighty percent. After correcting the error, MUFG Securities EMEA reported sufficient net liquid assets to meet the SEC UK Entities Order's net liquid assets test on June 30, 2023.

15. To apply substituted compliance for the Commission's capital requirements, however, MUFG Securities EMEA was obligated under the SEC UK Entities Order to have made and preserved quarterly records of its satisfaction of the net liquid assets condition since January 1, 2022, which it did not do.

16. On July 29, 2024, nearly nine months after Commission staff requested the required quarterly records of MUFG Securities EMEA's satisfaction of the net liquid assets condition, and

with additional records not having been received, staff informed MUFG Securities EMEA of the opening of an enforcement investigation. MUFG Securities EMEA then commenced an internal investigation to identify the cause of its failure to make the required quarterly records, as well as any other failures with respect to satisfying conditions of the SEC UK Entities Order.

17. Three weeks later, on August 21, 2024, MUFG Securities EMEA produced records of additional *post hoc* net liquid assets tests that covered the eleven quarter-ends between December 2021 and June 2024. Based on these records, MUFG Securities EMEA reported to the Commission that it had sufficient net liquid assets to satisfy the SEC UK Entities Order's net liquid assets condition on the eleven quarter-end dates. Although MUFG Securities EMEA's *post hoc* records stated that MUFG Securities EMEA maintained sufficient net liquid assets to meet the SEC UK Entities Order test on each quarter-end date, MUFG Securities EMEA did not timely make those records on a quarterly basis as required by the SEC UK Entities Order.

18. MUFG Securities EMEA's *post hoc* creation of the records did not retroactively meet its quarterly recordkeeping obligations. As a result, MUFG Securities EMEA did not apply substituted compliance for the capital requirements of Exchange Act Section 15F(e) and Exchange Act Rules 18a-1 and 18a-1a through 18a-1d during the Relevant Period.

**MUFG Securities EMEA Failed to Satisfy the Conditions to Apply Substituted Compliance for Certain SBSB Capital Recordkeeping Requirements and
Failed to Comply Directly with the Exchange Act**

19. MUFG Securities EMEA elected to apply substituted compliance to satisfy the recordkeeping requirements of Exchange Act Rule 18a-5(a)(9). A firm may apply substituted compliance for these recordkeeping requirements only on the condition that it also applies substituted compliance for the capital requirements of Exchange Act Section 15F(e) and Exchange Act Rules 18a-1 and 18a-1a through 18a-1d. MUFG Securities EMEA did not apply substituted compliance for those capital requirements during the Relevant Period. As a result, MUFG Securities EMEA did not satisfy this condition and therefore did not apply substituted compliance for the recordkeeping requirements of Exchange Act Rule 18a-5(a)(9). It was, therefore, required to comply directly with Exchange Act Rule 18a-5(a)(9).

20. MUFG Securities EMEA failed to comply directly with Exchange Act Section 15F(f) and Exchange Act Rule 18a-5(a)(9). Direct compliance required MUFG Securities EMEA to make a record—at least monthly—of the computation of net capital under Exchange Act Rule 18a-1. Since registering with the Commission, MUFG Securities EMEA did not compute its net capital in accordance with Exchange Act Rule 18a-1 or create the records required by Exchange Act Section 15F(f) and Exchange Act Rule 18a-5(a)(9) documenting those net capital computations.

**MUFG Securities EMEA Failed to Satisfy the Conditions to Apply
Substituted Compliance for Certain SBSD Financial Reporting Requirements and
Failed to Comply Directly with the Exchange Act**

21. MUFG Securities EMEA also elected to apply substituted compliance to satisfy the financial reporting requirements of certain provisions of Exchange Act Rule 18a-7. A firm may apply substituted compliance for Exchange Act Rule 18a-7(a)(1) and (c) only on the condition that it also applies substituted compliance for the capital requirements of Exchange Act Section 15F(e) and Exchange Act Rules 18a-1 and 18a-1a through 18a-1d. Because MUFG Securities EMEA did not apply substituted compliance for these capital requirements during the Relevant Period, it did not satisfy the conditions to apply, and thus did not apply, substituted compliance for the financial reporting requirements of Exchange Act Rule 18a-7(a)(1) and (c) during that time.

22. MUFG Securities EMEA also elected to apply substituted compliance to satisfy the public disclosure requirements of Exchange Act Rule 18a-7(b). A firm may apply substituted compliance for Exchange Act Rule 18a-7(b) only on the condition that it also applies substituted compliance for the recordkeeping requirements of Exchange Act Rule 18a-6(b)(1)(viii). A firm may, in turn, apply substituted compliance for Exchange Act Rule 18a-6(b)(1)(viii) only on the condition that it also applies substituted compliance for the capital requirements of Exchange Act Section 15F(e) and Exchange Act Rules 18a-1 and 18a-1a through 18a-1d. Because MUFG Securities EMEA did not apply substituted compliance for those capital requirements during the Relevant Period, MUFG Securities EMEA did not satisfy the conditions to apply, and therefore, did not apply, substituted compliance for the recordkeeping requirements of Exchange Act Rule 18a-6(b)(1)(viii). As a result, MUFG Securities EMEA also did not apply substituted compliance for the public disclosure requirements of Exchange Act Rule 18a-7(b) during that time.

23. To apply substituted compliance for Exchange Act Rule 18a-7(c), a firm must send the Commission a copy of its UK annual audited financial reports simultaneously with the firm's filing of those reports with the PRA. MUFG Securities EMEA has never sent the Commission copies of its UK annual audited financial reports for the fiscal year ended December 31, 2021. MUFG Securities EMEA sent the Commission late copies of its UK annual audited financial reports for the fiscal year ended December 31, 2023, on July 18, 2024, eighteen days after those reports were filed with the PRA, and only after Commission staff requested them. MUFG Securities EMEA sent the Commission copies of its UK annual audited financial reports for the fiscal year ended December 31, 2022, on October 9, 2024, more than fifteen months after those reports were filed with the PRA, and again only after Commission staff requested them. As a result, MUFG Securities EMEA did not apply substituted compliance for Exchange Act Rule 18a-7(c) during the Relevant Period.

24. To apply substituted compliance for Exchange Act Rule 18a-7(c), a firm also must send to the Commission the annual reports required by Exchange Act Rule 18a-7(c)(1)(i)(B) and (C) addressing the firm's compliance with or exemption from the segregation requirements of Exchange Act Rule 18a-4. MUFG Securities EMEA has not sent these reports to the Commission

for the fiscal years that ended within the Relevant Period. As a result, MUFG Securities EMEA did not apply substituted compliance for Exchange Act Rule 18a-7(c) during the Relevant Period.

25. Because MUFG Securities EMEA did not apply substituted compliance for Exchange Act Rules 18a-7(a)(1), 18a-7(b), and 18a-7(c), it was required to comply directly with those rules.

26. MUFG Securities EMEA failed to comply directly with Exchange Act Section 15F(f) and Exchange Act Rule 18a-7(a)(1). Direct compliance required MUFG Securities EMEA to file complete monthly Financial and Operational Combined Uniform Single (“FOCUS”) reports with its full net capital computations under Exchange Act Rule 18a-1. Instead, in an effort to satisfy a condition to apply substituted compliance, MUFG Securities EMEA filed simplified FOCUS Reports presenting capital metrics only pursuant to its UK capital requirements.

27. MUFG Securities EMEA failed to comply directly with Exchange Act Section 15F(f) and Exchange Act Rule 18a-7(b). Direct compliance required MUFG Securities EMEA to make certain financial disclosures publicly available on its website, including a statement of financial condition prepared in accordance with U.S. generally accepted accounting principles and a statement of the SBSB’s net capital computed in accordance with Exchange Act Rule 18a-1, within 10 business days after the firm is required to file annual reports with the Commission. In addition, pursuant to this rule, an SBSB is also required to post half-year unaudited statements. MUFG Securities EMEA has not made any of these public disclosures.

28. MUFG Securities EMEA failed to comply directly with Exchange Act Section 15F(f) and Exchange Act Rule 18a-7(c). Direct compliance required MUFG Securities EMEA to file with the Commission annual financial reports prepared in accordance with U.S. generally accepted accounting principles and that include a supporting schedule of its computation of net capital under Exchange Act Rule 18a-1, annual reports of its exemption from the segregation requirements of Exchange Act Rule 18a-4, and independent public accountants’ reports for each prepared in accordance with U.S. generally accepted auditing standards. MUFG Securities EMEA instead sent to the Commission some, but not all, of the comparable annual reports described in the relevant conditions of the SEC UK Entities Order, and even those reports arrived late after prompting from Commission staff. The submission of these UK financial reports did not satisfy the requirements of Exchange Act Rule 18a-7(c).

**MUFG Securities EMEA Failed to Satisfy the Conditions to Apply
Substituted Compliance for SBSB Compliance Requirements and
Failed to Comply Directly with the Exchange Act**

29. MUFG Securities EMEA also elected to apply substituted compliance to satisfy the SBSB compliance requirements of Exchange Act Section 15F(k) and Exchange Act Rule 15Fk-1. These provisions contain requirements related to the submission and content of annual compliance reports and reasonable steps to address non-compliance issues.

30. A firm may apply substituted compliance for these requirements only on the condition that all the firm's comparable UK compliance reports be provided to the Commission within fifteen days of the earlier of submission to the firm's management body or the time the report is required to be submitted to the management body. Where a firm submits multiple compliance reports to its management body, each of those reports is required to be provided to the Commission within the 15-day deadline. MUFG Securities EMEA failed to provide the required compliance reports consistent with the substituted compliance 15-day deadline during the Relevant Period.

31. MUFG Securities EMEA has not provided the Commission any of its UK compliance reports submitted to its management body in 2021.

32. MUFG Securities EMEA provided the Commission its 2022 UK compliance reports in bulk on November 8, 2023. These reports were provided to the Commission between eleven and twenty-one months after they were provided to MUFG Securities EMEA's management body.

33. MUFG Securities EMEA provided the Commission its 2023 UK compliance reports in bulk on April 12, 2024. These reports were provided to the Commission between four and fourteen months after they were provided to MUFG Securities EMEA's management body.

34. MUFG Securities EMEA provided the Commission its UK compliance reports for the first three quarters of 2024 in bulk on October 4, 2024. Two of these reports, dated September 19, 2024, were provided to the Commission within the SEC UK Entities Order's 15-day deadline, but the remainder were provided up to eight months after they were provided to MUFG Securities EMEA's management body.

35. As a result of these failings, MUFG Securities EMEA failed to apply substituted compliance for any of the SBSD compliance requirements of Exchange Act Section 15F(k) and Exchange Act Rule 15Fk-1 during the Relevant Period and, therefore, was required to comply directly with all of those requirements, including requirements related to the submission and required content of annual compliance reports and reasonable steps to address non-compliance issues.

36. MUFG Securities EMEA failed to comply directly with Exchange Act Rule 15Fk-1(c)(2)(i)(C)-(D), which requires MUFG Securities EMEA to submit to the Commission an annual compliance report containing a description of any areas for improvement to its compliance program, as well as any material non-compliance matters identified, which includes weaknesses in the design or implementation of the policies and procedures relating to its business as an SBSD. The annual compliance report is due within thirty days following the deadline for filing the firm's annual financial report with the Commission. During the Relevant Period, this annual compliance report was due on March 31, 2023, and March 30, 2024.

37. On March 31, 2023, MUFG Securities EMEA submitted to the Commission a compliance report for the period from November 1, 2021, through December 31, 2022. In the report, MUFG Securities EMEA did not identify all known areas for improvement to its SBSD

compliance program, nor did it describe matters identified in its internal audit reports that constituted material non-compliance. For example, MUFG Securities EMEA's October 2022 internal audit report stated that its compliance program for complete, accurate and timely submission of required reports to the firm's regulatory authorities needed "significant improvement." MUFG Securities EMEA's compliance report did not describe this material non-compliance matter and area for improvement, however.

38. On April 12, 2024, MUFG Securities EMEA provided the Commission its 2023 UK compliance reports in bulk, as described above. None of these reports, including at least four dated after MUFG Securities EMEA's correspondence with Commission staff on November 1, 2023, contained any description of areas for improvement in the firm's substituted compliance program or the firm's known, material non-compliance matters in the area of substituted compliance, such as failing to make the required net liquid assets quarterly records. One such report, dated November 29, 2023, stated generally, under Areas for Improvement, that the firm's SBSB manual needed to be reviewed and updated "where necessary," but it identified no needed updates and described no weaknesses in the design or implementation of the substituted compliance policies and procedures. It also inaccurately stated that no material non-compliance matters had been identified from January 1, 2023, through November 22, 2023, even though MUFG Securities EMEA was aware at that time of material non-compliance issues.

39. MUFG Securities EMEA also failed to comply directly with Exchange Act Rule 15Fk-1(b)(2)(ii)-(iii), which requires an SBSB, through its chief compliance officer, to take reasonable steps to ensure that the SBSB establishes, maintains and reviews policies and procedures reasonably designed to remediate identified non-compliance issues and establishes and follows procedures reasonably designed for the handling, management response, remediation, retesting and resolution of non-compliance issues.

40. MUFG Securities EMEA and its chief compliance officer knew as of October 2022, based on information in an internal audit report, that the overall control environment for its regulatory reporting submission framework required "significant improvement." The report concluded that MUFG Securities EMEA had not established key elements in the regulatory reporting submission framework, including clarification of accountabilities and delegations, setting common standards, risk assessment frameworks and quality assurance standards. It also concluded that the absence of a robust regulatory reporting submission framework with clearly defined requirements and standards could result in an ineffective level of oversight.

41. Nevertheless, MUFG Securities EMEA waited until after July 29, 2024—when Commission staff informed MUFG Securities EMEA that it was opening an enforcement investigation—to begin testing the firm's policies and procedures for errors and gaps in relation to applicable conditions of the SEC UK Entities Order. On September 10, 2024, weeks later, MUFG Securities EMEA amended its application for registration as an SBSB to report that it had begun to review its policies and procedures to ensure they are reasonably designed to satisfy applicable conditions to the SEC UK Entities Order. The nearly two-year delay in remediation was not a reasonable step toward ensuring that MUFG Securities EMEA established, maintained, and

reviewed policies and procedures reasonably designed to remediate non-compliance issues, nor was it a reasonable step toward ensuring that MUFG Securities EMEA established and followed procedures reasonably designed for the handling, management response, remediation, retesting, and resolution of non-compliance issues.

**MUFG Securities EMEA Failed to Satisfy the Conditions to Apply
Substituted Compliance for SBSB Internal Supervision Requirements and
Failed to Comply Directly with the Exchange Act**

42. MUFG Securities EMEA elected to apply substituted compliance to satisfy the internal supervision requirements of Exchange Act Sections 15F(j)(4)(A) and Exchange Act Rule 15Fh-3(h). The SEC UK Entities Order provides that a firm may apply substituted compliance for these internal supervision requirements only on the condition that it complies with comparable UK internal supervision requirements as if those UK requirements also require compliance with applicable conditions of the SEC UK Entities Order, such as, in MUFG Securities EMEA's case, the conditions related to net liquid assets and the provision of UK compliance reports to the Commission. Because the comparable UK internal supervision requirements do not require internal supervision of the applicable conditions of the SEC UK Entities Order, this "as-if" condition requires a firm to add supervision of those conditions to its UK-mandated internal supervision program.

43. During the Relevant Period, MUFG Securities EMEA failed to comply with comparable UK internal supervision requirements as if they required compliance with the SEC UK Entities Order's conditions related to net liquid assets and the provision of UK compliance reports to the Commission. MUFG Securities EMEA did not include these conditions of the SEC UK Entities Order in its internal supervision program. As a result, MUFG Securities EMEA did not apply substituted compliance for any of the internal supervision requirements of Exchange Act Sections 15F(j)(4)(A) and Exchange Act Rule 15Fh-3(h) during the Relevant Period, and, therefore, was required to comply directly with all of those requirements.

44. MUFG Securities EMEA did not comply directly with Exchange Act Rule 15Fh-3(h)(1)-(2), which required MUFG Securities EMEA to establish and maintain a supervisory system reasonably designed to prevent violations of the applicable federal securities laws and rules thereunder relating to its business as an SBSB. This system must, among other things, provide for the establishment, maintenance, and enforcement of written policies and procedures addressing the supervision of the security-based swap business and the activities of its associated persons that are reasonably designed to prevent such violations. Among other things, these written policies and procedures must include, at a minimum, procedures for a periodic review, at least annually, of the security-based swap business that is reasonably designed to assist in detecting and preventing such violations.

45. During the Relevant Period, MUFG Securities EMEA did not establish, maintain and enforce written policies and procedures that were reasonably designed to prevent MUFG Securities EMEA from failing to satisfy the SEC UK Entities Order's conditions related to net

liquid assets and the provision of UK compliance reports to the Commission, and thereby to prevent MUFG Securities EMEA from violating the Exchange Act and rules thereunder for which it had elected to apply substituted compliance.

46. MUFG Securities EMEA also failed to comply directly with Exchange Act Section 15F(j)(4)(A), which required MUFG Securities EMEA to establish and enforce internal systems and procedures to obtain any necessary information to perform any of the functions described in Section 15F. As described in Exchange Act Section 15F(h)(1)(B), these Section 15F functions include conforming with business conduct rules related to diligent supervision of MUFG Securities EMEA's business, such as Exchange Act Rule 15Fh-3(h). MUFG Securities EMEA did not have systems or procedures to obtain the information needed to analyze its net liquid assets for purposes of the SEC UK Entities Order before August 21, 2024, when the firm first created current records of its net liquid assets. This analysis was a necessary component of MUFG Securities EMEA's chosen method for complying with Exchange Act capital, recordkeeping, and financial reporting requirements, so information necessary to perform the analysis was also necessary to comply with Exchange Act Rule 15Fh-3(h).

47. MUFG Securities EMEA also failed to comply directly with Exchange Act Rule 15Fh-3(h)(4), which required MUFG Securities EMEA to promptly amend its written supervisory procedures as appropriate when material changes occurred in applicable securities laws or in its business or supervisory system and to promptly communicate any material amendments to its supervisory procedures to all relevant associated persons. After discussing its capital-related substituted compliance failures with Commission staff beginning on November 1, 2023, MUFG Securities EMEA failed to promptly update its written supervisory procedures to address applicable conditions of the SEC UK Entities Order and to promptly communicate those updates to its associated persons.

**MUFG Securities EMEA Failed to Satisfy the Conditions to Apply
Substituted Compliance for SBSB Internal Risk Management Requirements and
Failed to Comply Directly with the Exchange Act**

48. MUFG Securities EMEA elected to apply substituted compliance to satisfy the internal risk management requirements of Exchange Act Section 15F(j)(2) and related aspects of Exchange Act Rule 15Fh-3(h)(2)(iii)(I). A firm may apply substituted compliance for these internal risk management requirements only on the condition that it is subject to and complies with the comparable UK requirements specified in the SEC UK Entities Order. Those requirements include the requirement to have effective processes to identify, manage, monitor, and report the risks to which the firm is or might be exposed.

49. One of the risks to which MUFG Securities EMEA was or might be exposed was the risk that it did not maintain sufficient assets to satisfy the SEC UK Entities Order's net liquid assets condition. After registering with the Commission, during the Relevant Period MUFG Securities EMEA (a) never calculated its net liquid assets as required by the SEC UK Entities Order, except for one test, in response to a request from Commission staff, calculating the firm's net liquid assets

on June 30, 2023, which contained errors; (b) did not make required quarterly records of its net liquid assets; and (c) lacked responsible staff aware of the obligation to perform such calculations and make such records. Between its registration and August 21, 2024, MUFG Securities EMEA never assessed whether it maintained the requisite levels of net liquid assets to satisfy the SEC UK Entities Order. These lapses arose from ineffective processes to identify, manage, monitor, and report the risk that MUFG Securities EMEA did not maintain sufficient assets to satisfy the SEC UK Entities Order. As a result, MUFG Securities EMEA did not apply substituted compliance for the internal risk management requirements of Exchange Act Section 15F(j)(2) and related aspects of Exchange Act Rule 15Fh-3(h)(2)(iii)(I) during the Relevant Period, and, therefore, was required to comply directly with those requirements.

50. MUFG Securities EMEA failed to comply directly with Exchange Act Section 15F(j)(2). Direct compliance with that section required MUFG Securities EMEA to establish a robust and professional risk management system adequate for managing its business. During the Relevant Period, MUFG Securities EMEA's risk management system did not address the risk that it would not maintain sufficient net liquid assets to satisfy the SEC UK Entities Order and thus was not a robust and professional risk management system adequate for managing its business.

51. MUFG Securities EMEA also failed to comply directly with Exchange Act Rule 15Fh-3(h)(2)(iii)(I) in the context of its obligations under Exchange Act Section 15F(j)(2). Direct compliance required MUFG Securities EMEA to establish, maintain, and enforce written procedures reasonably designed, taking into consideration the nature of MUFG Securities EMEA's business, to comply with the internal risk management requirements of Exchange Act Section 15F(j)(2). During the Relevant Period, MUFG Securities EMEA's written compliance procedures did not address its management of the risk that it would not maintain sufficient net liquid assets to satisfy the SEC UK Entities Order and therefore were not reasonably designed to comply with Exchange Act Section 15F(j)(2) in the manner that MUFG Securities EMEA had elected to comply.

**MUFG Securities EMEA Made Untrue Statements
in Its Application for Registration Filed with the Commission**

52. MUFG Securities EMEA made untrue statements to the Commission concerning its policies and procedures. In its application for registration as an SBSD filed with the Commission, MUFG Securities EMEA included statements that it had policies and procedures to satisfy applicable provisions of the Exchange Act and applicable conditions of the SEC UK Entities Order.

53. Specifically, in its October 29, 2021, and February 16, 2022, Form SBSE-A applications for registration as an SBSD, MUFG Securities EMEA stated: MUFG Securities EMEA "will be applying the SEC's UK final substituted compliance order. Where the SEC has provided conditions to the order, the Firm[']s Legal department have reviewed, and evidence of polic[i]es, procedures, and controls, in place to close out these items has been completed. Impacted functional area owners assigned the conditions and have provided sign off as to compliance." It further stated that the officer signing the Form SBSE-A "certifies that he/she has executed this form on behalf of, and with the authority of, said applicant" and that the "applicant represent[s] that the information

and statements contained herein, including schedules attached hereto, and other information filed herewith are current, true and complete.”

54. When these statements were made, as set forth above, MUFG Securities EMEA lacked a full set of policies, procedures, and controls to satisfy all of the conditions to the SEC UK Entities Order and the Exchange Act.

55. The process by which MUFG Securities EMEA prepared for registration with the Commission as an SBSB did not produce a full set of policies and procedures reasonably designed to prevent violations of all applicable federal securities laws and rules thereunder. MUFG Securities EMEA’s preparation for registration included an oral attestation process whereby personnel with expertise over specific business areas were directed to establish and implement necessary policies and procedures and then attest to the chief compliance officer and registration steering committee that they had done so, but MUFG Securities EMEA conducted no other verification that they had in fact done so, including review of policies and procedures. If it had conducted a reasonable verification process, it would have discovered that not all necessary policies and procedures existed. Additionally, MUFG Securities EMEA had no process to ensure that all the conditions to the SEC UK Entities Order were complied with on an ongoing basis because MUFG Securities EMEA did not develop or implement policies and procedures to ensure compliance over time.

56. Therefore, these statements made on behalf of MUFG Securities EMEA in its Form SBSE-A filings were not true.

Violations

57. As a result of the conduct described above, MUFG Securities EMEA willfully² violated Exchange Act Section 15F(f) and Exchange Act Rules 18a-5(a)(9), 18a-7(a)(1), 18a-7(b), and 18a-7(c), which set forth SBSB capital recordkeeping and financial reporting requirements.

58. As a result of the conduct described above, MUFG Securities EMEA willfully violated Exchange Act Section 15F(k) and Exchange Act Rules 15Fk-1(b)(2)(ii)-(iii) and 15Fk-1(c)(2)(i)(C)-(D), which set forth SBSB compliance requirements.

² “Willfully,” for purposes of imposing relief under Sections 15F and 15(b) of the Exchange Act, “means no more than that the person charged with the duty knows what he is doing.” *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor “also be aware that he is violating one of the Rules or Acts.” *Tager v. SEC*, 344 F.2d 5, 8 (2d Cir. 1965). The decision in *The Robare Group, Ltd. v. SEC*, which construed the term “willfully” for purposes of a differently structured statutory provision, does not alter that standard. 922 F.3d 468, 478-79 (D.C. Cir. 2019) (setting forth the showing required to establish that a person has “willfully omit[ted]” material information from a required disclosure in violation of Section 207 of the Advisers Act).

59. As a result of the conduct described above, MUFG Securities EMEA willfully violated Exchange Act Sections 15F(h), 15F(j)(2) and 15F(j)(4)(A) and Exchange Act Rules 15Fh-3(h)(1)-(2) and 15Fh-3(h)(4), which set forth SBSB internal supervision and internal risk management requirements.

60. As a result of the conduct described above, MUFG Securities EMEA willfully violated Exchange Act Rule 15Fb2-1, which requires SBSBs to submit to the Commission a complete application for registration, including, for applicants relying on a previously granted substituted compliance determination, a description of how the applicant satisfies any conditions the Commission may have placed on such substituted compliance determination.

MUFG Securities EMEA's Remedial Efforts and Cooperation with the Commission's Investigation

61. In determining to accept the Offer, the Commission considered remedial acts promptly undertaken by Respondent in response to the investigation and cooperation afforded the Commission staff during its investigation. Upon learning of the Commission's investigation, MUFG Securities EMEA retained counsel and began an internal investigation to understand the breadth and scope of its substituted compliance and Exchange Act failures. MUFG Securities EMEA retroactively tested its net liquid assets as of 11 quarter-end dates and did not identify any ongoing deficiencies in net liquid assets as defined in the SEC UK Entities Order. MUFG Securities EMEA representatives and counsel also met with Commission staff and accepted responsibility for certain failures to satisfy the conditions under the SEC UK Entities Order. MUFG Securities EMEA then self-reported additional failures that came to light from its internal investigation, which it remediated, and which were not charged.

62. MUFG Securities EMEA has begun remediating its deficiencies and demonstrating efforts to address any other failings it finds while it continues to produce and correct required records. As discussed below, these remedial measures included engaging a third-party consultant to assist MUFG Securities EMEA with better regulatory compliance.

IV.

Undertakings

63. Prior to this action, MUFG Securities EMEA engaged a consultant (the "Compliance Consultant") to conduct a comprehensive review of Respondent's security-based swap dealer compliance program and implementation, and effectiveness of policies and procedures designed to ensure compliance with applicable U.S. federal securities laws related to recordkeeping and reporting, supervision, internal risk, and compliance, including applicable conditions of the SEC UK Entities Order. The Compliance Consultant's engagement includes identification of areas where MUFG Securities EMEA needs additional policies and procedures plus testing after the new policies and procedures have been established to ensure they address MUFG Securities EMEA's obligations in practice. The scope of the engagement covers MUFG Securities EMEA's obligations

as a security-based swap dealer under the Exchange Act and the additional non-UK requirements set forth in the SEC UK Entities Order.

64. The engagement requires the Compliance Consultant to submit to MUFG Securities EMEA a report that describes the review performed by the Compliance Consultant, the names of the individuals who performed the review, the conclusions reached, and the Compliance Consultant's recommendations, including for changes in or improvements to Respondent's security-based swap dealer compliance program (the "Report"). As part of the remedial measures already in progress, and given the nature and scope of the Commission's claims, Respondent has undertaken to:

a. Within 240 days of the entry of this Order, (1) complete the comprehensive review, with the assistance of the Compliance Consultant, of its security-based swap dealer compliance program and the implementation and effectiveness of policies and procedures designed to ensure compliance with applicable U.S. federal securities laws related to recordkeeping and reporting, supervision, internal risk, and compliance, and (2) make all necessary changes to address the conclusions of the comprehensive review undertaken pursuant to this paragraph and to implement the recommendations of the Compliance Consultant.

b. Within 250 days of the entry of this Order, certify, in writing, compliance with the undertakings ordered pursuant to Section V.C below. The certification shall state that MUFG Securities EMEA has completed the comprehensive review set forth in paragraph 63 above; is not aware of any ongoing violations of the U.S. federal securities laws, including applicable conditions of the SEC UK Entities Order; and either (1) has made all necessary changes to address the conclusions of the comprehensive review and to implement recommendations of the Compliance Consultant, or (2) in the event Respondent does not implement all recommendations made by the Compliance Consultant, and the Compliance Consultant does not agree that an alternative implemented policy, procedure, or disclosure would achieve the same objective or purpose, the certification shall identify the consultant recommendations that Respondent did not implement. The Commission staff may make reasonable requests for further evidence of compliance, and Respondent agrees to provide such evidence. The certification and supporting material shall be submitted to Anne Blazek, Assistant Director, Complex Financial Instruments Unit, Securities and Exchange Commission, Chicago Regional Office, 175 West Jackson Boulevard, Suite 1450, Chicago, IL 60604, or such other address as the Commission may provide, with a copy to the Office of Chief Counsel of the Division of Enforcement, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549.

c. For good cause shown, the Commission may extend any of the procedural dates relating to these undertakings. Deadlines for procedural dates shall be counted in calendar days, except that if the last day falls on a weekend or federal holiday, the next business day shall be considered the last day.

V.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent's Offer.

Accordingly, pursuant to Sections 15F(l)(2) and 21C of the Exchange Act it is hereby ORDERED that:

A. Respondent cease and desist from committing or causing any violations and any future violations of Exchange Act Sections 15F(f), 15F(h), 15F(k), 15F(j)(2), and 15F(j)(4)(A) and Rules 15Fb2-1, 15Fh-3(h)(1)-(2), 15Fh-3(h)(4), 15Fk-1(b)(2)(ii)-(iii), 15Fk-1(c)(2)(i)(C)-(D), 18a-5(a)(9), 18a-7(a)(1), 18a-7(b), and 18a-7(c) promulgated thereunder.

B. Respondent is censured.

C. Respondent shall comply with the undertakings enumerated in Section IV above.

D. Respondent shall, within 10 days of the entry of this Order, pay a civil money penalty in the amount of \$9,800,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying MUFG Securities EMEA plc as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Eric Werner, Complex Financial Instruments Unit Chief, Division of Enforcement, Securities and Exchange Commission, 801 Cherry Street, Suite 1900, Unit 18, Fort Worth, TX 76102.

E. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve

the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, it shall not argue that it is entitled to, nor shall it benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that it shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

F. Respondent acknowledges that the Commission is not imposing a penalty in excess of \$9,800,000 based upon, among other things, its cooperation and remedial efforts in a Commission investigation and related enforcement action. If at any time following the entry of the Order, the Division of Enforcement ("Division") obtains information indicating that Respondent knowingly provided materially false or misleading information or materials to the Commission, or in a related proceeding, the Division may, at its sole discretion and with prior notice to the Respondent, petition the Commission to reopen this matter and seek an order directing that the Respondent pay an additional civil penalty. Respondent may contest by way of defense in any resulting administrative proceeding whether it knowingly provided materially false or misleading information, but may not: (1) contest the findings in the Order; or (2) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

By the Commission.

Vanessa A. Countryman
Secretary