

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

Securities Act of 1933
Release No. 8992 / December 23, 2008

In the Matter of

UBS Securities LLC and
UBS Financial Services, Inc.

Respondents.

ORDER UNDER RULE 602(e) OF THE
SECURITIES ACT OF 1933 GRANTING A
WAIVER OF THE RULE 602(b)(4) and
602(c)(2) DISQUALIFICATION PROVISIONS.

I.

Respondents UBS Securities LLC and UBS Financial Services, Inc. (the “UBS Firms”) have submitted a letter, dated November 6, 2008, requesting a waiver of the Rule 602(b)(4) and 602(c)(2) disqualifications from the exemption from registration under Regulation E arising from the UBS Firms’ settlement of an injunctive action commenced by the Commission.

II.

On December 11, 2008, the Commission filed a civil injunctive action in the United States District Court for the Southern District of New York, charging the UBS Firms, both registered broker-dealers, with violations of the broker-dealer anti-fraud provisions of the Securities Exchange Act of 1934 (“Exchange Act”). In its complaint, the Commission alleged that the UBS Firms misled tens of thousands of their customers regarding the fundamental nature and increasing risks associated with auction rate securities that the UBS Firms underwrote, marketed and sold. On December 23, 2008, pursuant to the UBS Firms’ consent, the Court entered a Judgment permanently enjoining the UBS Firms from violating Section 15(c) of the Exchange Act.

III.

The Regulation E exemption is unavailable for the securities of small business investment company issuers or business development company issuers if the issuer or any of its affiliates is subject to any order, judgment, or decree of a court “temporarily or permanently restraining or enjoining such person from engaging in or continuing any conduct or practice in connection with the purchase or sale of securities.” *See* Rule 602(b)(4) of the Securities Act of 1933 (“Securities Act”). The Regulation E exemption is also not available for the securities of an issuer if an investment adviser or underwriter

of the securities to be offered is “temporarily or permanently restrained or enjoined by any court from engaging in or continuing any conduct or practice in connection with the purchase or sale of any security or arising out of such person’s conduct as an underwriter, broker, dealer or investment adviser.” *See* Rule 602(c)(2). Rule 602(e) of the 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 Respondents’ 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 Judgment.

Accordingly, **IT IS ORDERED**, pursuant to Rule 602(e) under the Securities Act, that a waiver from the application of the disqualification provisions of Rule 602(b)(4) and 602(c)(2) under the Securities Act resulting from the entry of the Judgment is hereby granted.

By the Commission.

Florence E. Harmon
Acting Secretary