

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 80070 / February 21, 2017

ADMINISTRATIVE PROCEEDING
File No. 3-14863

In the Matter of

**UBS FINANCIAL SERVICES
INC. OF PUERTO RICO**

Respondent.

**ORDER APPROVING PLAN
OF DISTRIBUTION**

On May 1, 2012, The Commission issued an Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Sections 15(b) and 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”)¹ against UBS Financial Services Inc. of Puerto Rico (“UBS PR” or “Respondent”). The Order found that from May 15, 2008 through September 30, 2009, Respondent made misrepresentations and omissions of material facts to investors in Puerto Rico regarding the secondary market liquidity and pricing of 23 UBS PR affiliated, closed-end funds (collectively, the “Funds”). In addition, the Commission found from March 2009 through September 2009, Respondent effectively prevented investors from selling their Fund shares by failing to execute sell orders placed by the investors. The Order required Respondent to pay \$11,500,000.00 in disgorgement, \$1,109,739.14 in prejudgment interest, and a \$14,000,000.00 civil money penalty and created a Fair Fund for the distribution to harmed investor pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended.

On January 6, 2017, the Commission published a Notice of Proposed Plan of Distribution and Opportunity for Comment (“Notice”)² pursuant to Rule 1103 of the Commission’s Rules on Fair Fund and Disgorgement Plans, 17 C.F.R. § 201.1103. The Notice advised interested persons that they could obtain a copy of the proposed plan of distribution (“Plan”) from the Commission’s public website at <http://www.sec.gov/litigation/fairfundlist.htm> or by submitting a written request to Susan Pecaro, United States Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-5876.

The Notice also advised that all persons desiring to comment on the Plan could submit their comments, in writing, no later than thirty (30) days from the date of the Notice (1) to the Office of the Secretary, United States Securities and Exchange Commission, 100 F Street, NE,

¹ Securities Act Rel. No. 9318 (May 1, 2012).

² Exchange Act Rel. No. 79754 (Jan. 6, 2017).

Washington, DC 20549-1090; (2) by using the Commission's Internet comment form (<http://www.sec.gov/litigation/admin.shtml>); or (3) by sending an e-mail to rule-comments@sec.gov. The Commission received no comments on the Plan.

The Net Fair Fund³ is comprised of the \$26,609,739.94 in disgorgement, prejudgment interest, and civil money penalty paid by Respondent, plus accumulated interest and earnings thereon, minus all taxes, fees, and other expenses of distributing the Fair Fund to investors who were harmed by Respondent's misconduct described in the Order. The Plan contains two methodologies for calculating investors' harm. The first methodology compensates investors who were harmed from May 15, 2008 through September 30, 2009, by the misrepresentations and omissions of material facts by Respondent regarding the secondary market liquidity and pricing of the Funds, causing investors to purchase Fund shares at inflated prices and/or to sell Fund shares at depressed prices. In the Plan, these purchases and sales of Fund shares are referred to as "Mispriced Transactions." The second methodology compensates investors who placed marketable orders to sell Fund shares between March 1, 2009 and September 30, 2009, which were not executed by Respondent, in part or in full, and were harmed when selling their Fund shares at a later date. These unexecuted marketable sale orders are referred to as "Delayed Sale Transactions" in the Plan. Potentially Eligible Claimants may submit a claim for Mispriced Transactions and/or Delayed Sale Transactions, as long as the appropriate documentation is submitted with their Claim Form.

If the total Net Harm exceeds the amount of the Net Fair Fund, there will not be enough money in the Net Fair Fund to pay Eligible Claimants their full Net Harm. In that event, the Plan's methodology provides for the Fund Administrator to divide the Net Fair Fund amount by the total dollar value of Net Harm for all valid claims to obtain the *Pro-Rata* Percentage. The Fund Administrator will multiply each Eligible Claimant's Net Harm by the *Pro-Rata* Percentage to determine each Eligible Claimant's distribution amount.

The Division of Enforcement now requests that the Commission approve the Plan.

Accordingly, it is hereby ORDERED, that pursuant to Rule 1104 of the Commission's Rules on Fair Fund and Disgorgement Plans, 17 C.F.R. § 201.1104, the Plan is approved.

For the Commission, by its Secretary, pursuant to delegated authority.

Brent J. Fields
Secretary

³ All capitalized terms used herein but not defined shall have the same meanings ascribed to them in the Plan.