

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 9489 / December 3, 2013

In the Matter of

RBS SECURITIES INC.,

Respondent.

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

I.

RBS Securities Inc. (“RBS”) has submitted a letter, dated October 24, 2013, requesting a waiver of Rules 602(b)(4) and 602(c)(2) disqualifications from relying on the exemption from registration under Regulation E arising from RBS’s settlement of an injunctive action commenced by the Commission.

II.

On November 7, 2013, the Commission filed a civil injunctive action in the U.S. District Court for the District of Connecticut charging RBS with violating Sections 17(a)(2) and (3) of the Securities Act of 1933 (“Securities Act”). In its complaint, the Commission alleged that the violations resulted from certain misstatements and omissions made by RBS to the investing public in 2007 in promoting its \$2.2 billion offering of a subprime residential mortgage-backed security. RBS allegedly misled investors about the quality and safety of their investments by claiming that the subprime loans backing the multi-billion dollar offering were “generally” in compliance with the lender’s underwriting guidelines when RBS knew or should have known at the time that almost 30% of the loans backing the offering deviated so much from the lender’s underwriting guidelines that they should have been kicked out of the offering entirely. On November 25, 2013, pursuant to RBS’s consent, the U.S. District Court for the District of Connecticut entered a Final Judgment permanently enjoining RBS from violating Sections 17(a)(2) and (3) of the Securities Act, and requiring RBS to pay disgorgement, prejudgment interest and a civil penalty.

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,” or if, among other things, any 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.” 17 C.F.R. §§ 230.602 (b)(4) and 230.602(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 RBS’s 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 Final 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 Rules 602(b)(4) and 602(c)(2) under the Securities Act resulting from the entry of the Final Judgment is hereby granted.

By the Commission.

Elizabeth M. Murphy
Secretary