



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

DIVISION OF
CORPORATION FINANCE

May 9, 2011

Kenneth J. Berman, Esq.
Debevoise & Plimpton LLP
555 13th Street, N.W.
Washington, DC 20004

**Re: SEC v. UBS Financial Services Inc., Civil Action No. 11-2539 (D.N.J.)
Waiver Request under Regulation A and Rule 505 of Regulation D**

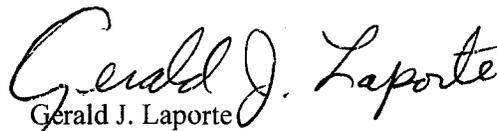
Dear Mr. Berman:

This responds to your letter dated today, written on behalf of UBS Financial Services Inc. and constituting an application for relief under Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D under the Securities Act of 1933. You requested relief from disqualifications from exemptions available under Regulation A and Rule 505 that arose by reason of the Judgment as to UBS Financial Services Inc. filed on May 6, 2011 and entered on May 9, 2011 by the United States District Court for the District of New Jersey in SEC v. UBS Financial Services Inc., Civil Action No. 11- 2539 (the "Judgment"). The Judgment permanently restrains and enjoins UBS Financial Services Inc. from violating, directly or indirectly, Section 15(c) of the Securities Exchange Act of 1934 by means of a manipulative, deceptive or other fraudulent device or contrivance, and orders it to disgorge profits gained as a result of the conduct alleged in the complaint to have violated said Section 15(c) and pay a civil penalty in the amount of \$32,500,000.

For purposes of this letter, we have assumed as facts the representations set forth in your letter and the findings supporting entry of the Judgment. We also have assumed that UBS Financial Services Inc. will comply with the Judgment.

On the basis of your letter, pursuant to delegated authority, I have determined that you have made showings of good cause under Rule 262 and Rule 505 that it is not necessary under the circumstances to deny the exemptions available under Regulation A and Rule 505 by reason of entry of the Judgment. Accordingly, UBS Financial Services Inc. is granted relief and the disqualifications from such exemptions that arose by reason of entry of the Judgment are waived.

Very truly yours,


Gerald J. Laporte
Chief, Office of Small Business Policy

May 9, 2011

VIA FIRST CLASS MAIL AND E-MAIL

Gerald J. Laporte, Esq.
Chief, Office of Small Business Policy
Division of Corporate Finance
U.S. Securities and Exchange Commission
100 F Street, N.E., 3rd Floor
Washington, D.C. 20549-3628

**Securities and Exchange Commission v. UBS Financial Services Inc.,
Case No. 11-cv-2539-WJM (D.N.J. May 6, 2011)**

Dear Mr. Laporte:

We submit this letter on behalf of our client, UBS Financial Services Inc. (the "Settling Firm"),¹ the settling defendant in the above-captioned civil proceeding, which was filed on May 4, 2011.

The Settling Firm hereby requests, pursuant to Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D of the Securities and Exchange Commission (the "Commission") promulgated under the Securities Act of 1933 (the "Securities Act"), waivers of any disqualifications from exemptions under Regulation A and Rule 505 of Regulation D that may be applicable to the Settling Firm or any other person as a result of the entry of a Judgment against the Settling Firm (the "Judgment"), which is described below. The Judgment was issued on May 6, 2011 and entered into the docket on May 9, 2011.² The Settling Firm requests that these waivers be granted effective as of the date of

¹ The Settling Firm was known as UBS PaineWebber during a large portion of the time period during which the allegations described below occurred.

² *Securities and Exchange Commission v. UBS Financial Services Inc.*, Case No. 11-cv-2539-WJM (D.N.J. May 6, 2011).

the Judgment. It is our understanding that the Staff of the Division of Enforcement (the "Staff") does not oppose the grant of the requested waivers.

BACKGROUND

The staff of the Division of Enforcement engaged in settlement discussions with the Settling Firm in connection with the above-captioned civil proceeding, which was brought alleging violations of Section 15(c) of the Securities Exchange Act of 1934 (the "Exchange Act"). As a result of these discussions, the Settling Firm submitted an executed Consent of the Defendant UBS Financial Services Inc. (the "Consent") when the Commission filed its complaint against the Settling Firm in a civil action. In the Consent, solely for the purpose of proceedings brought by or on behalf of the Commission or in which the Commission is a party, the Settling Firm agreed to consent to the entry of a final judgment as described below, without admitting or denying allegations made in the above-captioned proceeding.

The allegations in the proceeding relate to the conduct of certain former employees of the Settling Firm with respect to the temporary investment of proceeds of municipal securities in reinvestment products such as guaranteed investment contracts, repurchase agreements, and forward purchase agreements. Beginning in 2000 and continuing through 2004, the former employees are alleged to have participated in conduct in connection with the competitive bidding for these products that involved the steering of business to the Settling Firm and the submission of purposefully non-winning bids in the Settling Firm's capacity as a reinvestment provider, and the steering of business to other firms in the Settling Firm's capacity as a bidding agent. These practices are alleged to have affected the prices for certain of the reinvestment products at issue and the certifications required under applicable Treasury regulations.

The Judgment, among other things, restrains and enjoins the Settling Firm and its agents, servants, employees, attorneys and all persons in active concert or participation with them who receive actual notice of the Judgment from violating, directly or indirectly, Section 15(c) of the Exchange Act. Additionally, pursuant to the Judgment, the Settling Firm was ordered to pay disgorgement of and prejudgment interest of \$14,707,180.00 to the Commission as well as a civil penalty of \$32,500,000.00.

DISCUSSION

The Settling Firm understands that the entry of the Judgment against it could disqualify it and other persons from participating in certain offerings otherwise exempt under Regulation A and Rule 505 of Regulation D promulgated under the Securities Act, insofar as the Settling Firm was disqualified pursuant to 17 C.F.R. §§ 230.262(a)(4) or (b)(2). The Commission has the authority to waive the Regulations A and D exemption disqualifications upon a showing of good cause that such disqualifications are not necessary under the circumstances. *See* 17 C.F.R. §§ 230.262 and 230.505(b)(2)(iii)(C).

The Settling Firm requests that the Commission waive any disqualifying effects that entry of the Judgment against it may have under Regulation A and Rule 505 of Regulation D with respect to the Settling Firm and other persons on the following grounds:

1. The Settling Firm's conduct addressed in the Judgment and alleged in the Complaint does not relate to offerings under Regulation A or Rule 505 of Regulation D. Furthermore, we note that the conduct occurred over five years ago, the personnel at the Settling Firm who were involved in the violations alleged in the Complaint are no longer employed by the Settling Firm, and the business unit in which the former employees were employed was closed by the Settling Firm in June 2008.
2. The Settling Firm has cooperated with the Division of Enforcement in the investigation of this matter and agreed to injunctive relief and monetary payments.
3. The disqualification of the Settling Firm, its affiliates or other persons from the exemptions under Regulation A and Rule 505 of Regulation D would be unduly and disproportionately severe given that the Judgment fully addresses the activity alleged in the Complaint through injunctive and other relief.
4. The disqualification may affect the business operations of the Settling Firm, its issuer affiliates, and third party issuers by impairing their ability to issue securities pursuant to these exemptions to raise new capital or for other purposes. In addition, the disqualification may place the Settling Firm or its affiliates at a competitive disadvantage with respect to third parties.

In light of the grounds for relief discussed above, we believe that disqualification is not necessary, in the public interest, or for the protection of investors, and that the Settling Firm has shown good cause that relief should be granted. Accordingly, we respectfully request the Commission to waive, effective as of the date of the Judgment, the disqualification provisions in Regulation A and Rule 505 of Regulation D to the extent that they may be applicable as a result of the entry of the Judgment.³

³ We note in support of this request that the Commission has in other instances granted relief under Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D for similar reasons. *See, e.g.*, Citigroup Inc., SEC No-Action Letter (pub. avail. Oct. 19, 2010); Evergreen Investment Management Co., LLC, SEC No-Action Letter (pub. avail. June 8, 2009); UBS AG, SEC No-Action Letter (pub. avail. Mar. 19, 2009); Citigroup Global Markets, Inc., SEC No-Action Letter (pub. avail. March 23, 2005); Morgan Stanley & Co. Incorporated, SEC No-Action Letter (pub. avail. Feb. 4, 2005); Lehman Brothers Inc., SEC No-Action Letter (pub. avail. Oct. 31, 2003); Citigroup Global Markets Inc., f/k/a/ Salomon Smith Barney Inc., SEC No. Action Letter (pub. avail. October 31, 2003); and Credit Suisse First Boston Corporation, SEC No-Action Letter (pub. avail. Jan. 29, 2002).

Please do not hesitate to call the undersigned at (202) 383-8050 regarding this request.

Very truly yours,

A handwritten signature in black ink, appearing to read 'K. Berman', with a long horizontal flourish extending to the right.

Kenneth J. Berman