THE NASDAQ STOCK MARKET LLC
NOTICE OF ACCEPTANCE OF AWC

Certified, Return Receipt Requested

TO: **UBS Securities LLC**
Ms. Suzanne R. Elovic
Executive Director
153 West 51st Street
New York, NY 10019

FROM: The NASDAQ Stock Market LLC ("Nasdaq")
c/o Financial Industry Regulatory Authority ("FINRA")
Department of Market Regulation
9509 Key West Avenue
Rockville, MD 20850

DATE: December 29, 2015

RE: Notice of Acceptance of Letter of Acceptance, Waiver and Consent No. **20120323306-02**

Please be advised that your above-referenced Letter of Acceptance, Waiver and Consent ("AWC") has been accepted on **December 29, 2015** by the Nasdaq Review Council's Review Subcommittee, or by the Office of Disciplinary Affairs on behalf of the Nasdaq Review Council, pursuant to Nasdaq Rule 9216. A copy of the AWC is enclosed herewith.

You are again reminded of your obligation, if currently registered, immediately to update your Uniform Application for Broker-Dealer Registration ("Form BD") to reflect the conclusion of this disciplinary action. Additionally, you must also notify FINRA (or NASDAQ if you are not a member of FINRA) in writing of any change of address or other changes required to be made to your Form BD.

You are reminded that Section I of the attached Letter of Acceptance, Waiver, and Consent includes an undertaking. In accordance with the terms of the AWC, a registered principal of the firm is required to notify the Compliance Assistant, Legal Section, Market Regulation Department, 9509 Key West Avenue, Rockville, MD 20850, of completion of the undertaking.

You will be notified by the Registration and Disclosure Department regarding sanctions if a suspension has been imposed and by NASDAQ's Finance Department regarding the payment of any fine if a fine has been imposed.

If you have any questions concerning this matter, please contact Lara Posner, Chief Counsel, at (646) 430-7056.

Robert A. Marchman
Executive Vice President, Legal Section
FINRA Department of Market Regulation

Signed on behalf of NASDAQ

Enclosure

FINRA District 10 – New York
Michael Solomon
Senior Vice President and Regional Director
(Via email)

Elizabeth Mitchell, Esq.
Wilmer Cutler Pickering Hale and Dorr LLP
1875 Pennsylvania Avenue, NW
Washington, D.C. 20006

THE NASDAQ STOCK MARKET LLC
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2012032330 6 - 02

TO: The NASDAQ Stock Market LLC
c/o Department of Market Regulation
Financial Industry Regulatory Authority ("FINRA")

RE: UBS Securities LLC, Respondent
Broker-Dealer
CRD No. 7654

Pursuant to Rule 9216 of The NASDAQ Stock Market LLC ("Nasdaq") Code of Procedure, UBS Securities LLC ("UBS" or the "Firm") submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, Nasdaq will not bring any future actions against the Firm alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

A. The Firm hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of Nasdaq, or to which Nasdaq is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by Nasdaq:

BACKGROUND

UBS has been a member of FINRA since 1978 and a member of Nasdaq since 2006, and both registrations remain in effect. UBS is headquartered in New York, New York and is a wholly owned subsidiary of UBS AG, a publicly owned Swiss banking company. The Firm employs approximately 1,800 registered persons operating out of 14 branch office locations, and provides investment banking, research, and sales and trading services mainly to corporate and institutional clients. At the time of these findings, UBS' equities trading business was conducted through approximately ten trading desks, providing, among other things, retail market making and direct execution services to investors.

RELEVANT PRIOR DISCIPLINARY HISTORY

UBS does not have any relevant disciplinary history.

STAR No. 20120323306 (incl. 20140404286; 20120341834; 20120353922; 20120325902; 20120333433; 20120346233; 20120351876; 20130372124; 20130372364; 20130376497; 20130378883; 20130369376; 20140410836; 20120320739; 20140404671; 20130358683; 20130362922; 20110297873; 20140418739; 20140421110; 20150464512; 20150469918, 20130383413) (LMP)

SUMMARY

1. FINRA's Department of Market Regulation (the "Staff"), on behalf of Nasdaq as well as FINRA and various other securities exchanges, conducted a review of the Firm's compliance with Rule 15c3-5 of the Securities Exchange Act of 1934 ("Rule 15c3-5" or the "Market Access Rule"), and Nasdaq Rules 3010, 2110 (for conduct occurring prior to November 21, 2012) and 2010A (for conduct occurring on or after November 21, 2012) during the period between July 14, 2011 and continuing through at least July 2015 (the "Review Period").

2. This matter is part of an investigation that initially focused on the Firm's failure across multiple desks within the Review Period to reasonably prevent the entry of certain erroneous equity or options orders sent to Nasdaq, NASDAQ OMX PHLX LLC ("PHLX"), BATS Exchange, Inc. ("BZX"), BATS Y-Exchange, Inc. ("BYX"), EDGX Exchange, Inc. ("EDGX"), the New York Stock Exchange LLC ("NYSE"), NYSE Arca, Inc. ("NYSE Arca Equities"), and NYSE MKT LLC ("NYSE MKT") (collectively the "Exchanges").

3. As a result of the investigation, the Staff determined that the Firm failed to have financial risk management controls reasonably designed to prevent the transmission of numerous erroneous equity or options orders, and orders that exceeded appropriate pre-set credit thresholds in the aggregate for its customers. Additionally, the Firm failed to have adequate supervisory procedures designed to manage the financial, regulatory, and other risks of market access.

4. Specifically, during the Review Period, UBS violated Rule 15c3-5(c), and Nasdaq Rules 3010, 2110 (for conduct occurring prior to November 21, 2012) and 2010A (for conduct occurring on or after November 21, 2012) when it failed to establish, maintain and enforce a system of risk management controls and supervisory procedures reasonably designed to prevent the entry of erroneous equity or options orders, by rejecting orders that exceeded appropriate price or size parameters, on an order-by-order basis or over a short period of time, or that indicated duplicative orders.

5. Additionally, from November 30, 2011 through March 2015, UBS violated Rule 15c3-5(c)(1)(i), and Nasdaq Rules 3010, 2110 (for conduct occurring prior to November 21, 2012) and 2010A (for conduct occurring on or after November 21, 2012) when it failed to establish, maintain and enforce a system of risk management controls and supervisory procedures reasonably designed to prevent the entry of orders that exceeded appropriate pre-set credit thresholds in the aggregate for its customers.

6. Furthermore, from February 2014 to July 2015, UBS violated Rule 15c3-5(d), and Nasdaq Rules 3010 and 2010A when it applied controls to two sponsored access client flows that were not developed independently of such clients.

7. Finally, during the Review Period, UBS violated Rule 15c3-5(b), and Nasdaq Rules 3010, 2110 (for conduct occurring prior to November 21, 2012) and 2010A (for conduct occurring on or after November 21, 2012) when it failed to establish, maintain and preserve an adequate written description of its risk management controls and supervisory procedures in connection with equity and option erroneous order controls, and pre-set credit thresholds for equities and options clientele.

FACTS AND VIOLATIVE CONDUCT

8. UBS conducts a large majority of its equities and options trading business through approximately ten equity trading desks, three of which were the subject of the initial review of erroneous order entry—Retail Market Making, Direct Execution Services (which includes the Firm's sponsored access business), and Options Market Making.

UBS' Retail Equity Market Making Desk

9. Rule 15c3-5(c)(1)(ii) requires broker-dealers with market access to establish, document and maintain financial risk management controls reasonably designed to "[p]revent the entry of erroneous orders by rejecting orders that exceed appropriate price or size parameters, on an order-by-order basis or over a short period of time, or that indicate duplicative orders." 17 C.F.R. § 240.15c3-5(c)(1)(ii).

10. During the period from July 2011 through April 2013, UBS, through its Retail Equity Market Making ("RMM") desk, was a registered market maker in over 7,500 exchange-listed equity securities and made markets in over 3,000 over-the-counter equity securities. RMM handled orders from approximately 125 broker-dealer clients that route orders from their retail customers to the Firm for execution. RMM also handled retail equity options order flow.

11. In multiple instances between July 14, 2011 and April 2013, the Firm's RMM desk failed to prevent the transmission of numerous erroneous customer equity orders to the Exchanges due to inadequate erroneous order controls and that resulted in 26 clearly erroneous execution ("CEE") petitions[1]; eight volatility trading pauses ("VTP")[2]; and four gapped quotes.[3]

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[1] Orders that were erroneously entered and for which executions exceed a certain percentage away from the consolidated last sale immediately prior to order entry are eligible to be reviewed as a CEE. CEE percentages are based on the security's price range and are as follows: >$0.00 up to and including $25.00=10%, >$25.00 up to and including $50.00=5%, and >$50.00=3%. Note that there are separate percentage requirements for multi-stock events.

[2] A volatility trading pause occurs when trading in a security is temporarily paused due to extraordinary (*e.g.*, price dislocation) market conditions in a security.

12. Prior to April 2013, the Firm had implemented two types of erroneous order controls applicable to RMM equities flow received from clients: (1) a single order notional value control ("NVC"); and (2) a control designed to estimate the amount by which a given order is likely to impact the market price of the security ("estimated market impact control").

13. The NVC will systemically reject orders RMM receives with a notional value over a certain pre-determined threshold set by the Firm.

14. The NVC threshold implemented by the Firm, however, was set at a level too high to be reasonably expected to prevent erroneous orders without additional pre-trade erroneous order controls in place.

15. The estimated market impact control (1) uses a predictive model to estimate an order's execution price, assuming the order is routed to the market in full and is fully executed; and (2) multiplies the order's share quantity by the national best bid ("NBB") or national best offer ("NBO") upon receipt, as applicable (or limit price, where applicable). The control calculates the difference between the values generated by (1) and (2) and pauses orders for which the difference (*i.e.*, the estimated market impact) exceeds a pre-determined threshold.

16. However, the estimated market price threshold implemented by the Firm was set at a level too high to be reasonably expected to prevent erroneous orders without additional pre-trade erroneous order controls in place. For example, given that this control employed a static dollar value applicable to all orders, it failed to prevent the entry of erroneous orders in *thinly traded, low-priced securities.*

17. Additionally, in limited circumstances, order flow was routed in such a way that the estimated market impact control did not apply and the only applicable pre-trade erroneous order control was the NVC discussed above.

18. UBS knew or should have known that corrective action to its RMM market access controls was necessary prior to the Firm's implementation of new RMM market access controls in April 2013. For example, the Firm lacked processes to review existing data, including CEE filings, that should have alerted it to deficiencies with its erroneous order controls.

19. In April 2013, the Firm implemented additional RMM market access controls for erroneous equity orders, including an ADTV-based single order quantity control. Subsequent to April 2013, the Firm has continued to enhance and refine the market access controls applicable to this flow.

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[3] During the Review Period, certain Exchanges had procedures that provided for quotes in a stock to be widened temporarily in response to a market impactful order that would have likely caused a significant price dislocation in the price of a stock. The widened quote was published in an attempt to attract contra-side interest to minimize the stock's price dislocation.

20. The acts, practices and conduct described above in paragraphs 11 to 18 constitute a violation of Rule 15c3-5(c)(1)(ii), and Nasdaq Rules 3010, 2110 (for conduct occurring prior to November 21, 2012) and 2010A (for conduct occurring on or after November 21, 2012).

UBS' Direct Execution Services Desk

21. UBS, through its Direct Execution Services ("DES") desk, provides clients with direct market access and access to various UBS trading and routing algorithms.

22. In multiple instances between July 14, 2011 and July 2014, the Firm's DES desk failed to prevent the transmission of erroneous equity orders to the Exchanges due to inadequate erroneous order controls. The orders in question were first received by a FIX[4] connection gateway[5] used for electronic receipt of certain customer orders. Subsequently, these orders were either: (1) forwarded to a system within DES which houses certain UBS trading algorithms, including the Volume-In-Line ("VIL") and Inter-listed[6] algorithm, and subsequently sent to the Firm router prior to being sent to the market; or (2) sent directly to the Firm router prior to being sent to the market.

23. The Firm's FIX connection gateway, trading algorithm systems, and router utilize independent pre-trade controls to prevent the entry of erroneous orders. The FIX gateway and trading algorithm systems employ a single order notional value control ("NVC-2") and a single order quantity control ("SQS") applicable upon receipt.

24. The NVC-2 control systemically rejects orders with a notional value greater than a pre-determined threshold set by the Firm. The SQS systemically rejects orders it receives with a quantity greater than a pre-determined threshold set by the Firm.

25. Both NVC-2 and SQS limits implemented by the Firm, however, were set at levels too high to be reasonably expected to prevent erroneous orders without additional pre-trade erroneous order controls in place.

26. Although the Firm's algorithm trading system and router had additional financial risk controls that could minimize market impact, these controls, even in combination with the NVC-2 and SQS controls described above and without

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[4] "FIX" or "Financial Information Exchange" is an electronic communications protocol initiated in 1992 for international real-time exchange of information related to the securities transactions and markets.

[5] A "gateway" is a network access point that acts as an entrance to another network.

[6] This algorithm simultaneously manages and routes orders in dually-listed securities to market centers in the U.S. and Canada.

additional pre-trade erroneous order controls in place, were not reasonably designed during the Review Period to prevent the entry of erroneous orders as required by Rule 15c3-5(c)(1)(ii).

27. Additionally, the Firm's VIL algorithm[7] failed to have a systemic cap on the percentage of volume per order that a user could designate. As a result, users could potentially benchmark an order to be 100% of the volume.

28. In July 2014, the Firm implemented a cap on the percentage of volume per order a user of the VIL algorithm could specify.

29. The Firm is in the process of adding an ADTV-based single order quantity control to the system that houses UBS' trading algorithms. Additionally, as of July 2014, the Firm added an ADTV-based single order quantity control to the Firm's router.

30. The acts, practices and conduct described above in paragraphs 22 to 27 constitute a violation of Rule 15c3-5(b) and (c), and Nasdaq Rules 3010, 2110 (for conduct occurring prior to November 21, 2012) and 2010A (for conduct occurring on or after November 21, 2012).

UBS' Messaging Activity

31. From November 2011 through April 2015, the Firm failed to have reasonable risk management controls to detect instances when the Firm's algorithms experienced unintended cancel-replace and buy-sell looping on multiple occasions that caused high levels of message traffic in equities or options on Exchanges.

32. In some instances, such looping activity caused the submission of numerous erroneous orders in equities and options, some of which resulted in executions.

33. These instances occurred in connection with: (1) RMM's principal liquidation algorithms; (2) the Firm's Inter-Listed Algorithm; (3) two separate sponsored access platforms; and (4) its Electronic Volatility Desk, a U.S. options market maker.

34. Between December 2012 and July 2013, the Firm implemented algorithmic trading code enhancements and additional controls to detect the activity described above in paragraphs 31 to 33. Additionally, the Firm discontinued the use of one of the sponsored access platforms in question in the Fall of 2013, as well as its U.S. options market making business and the second sponsored access platform in April 2015.

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[7] The VIL algorithm aims to be a certain percentage (as specified by the algorithm's user) of the consolidated market volume over the life of the order.

35. The acts, practices and conduct described above in paragraphs 31 to 33 constitute a violation of Rule 15c3-5(b) and (c), and Nasdaq Rules 3010, 2110 (for conduct occurring prior to November 21, 2012) and 2010A (for conduct occurring on or after November 21, 2012).

Pre-Set Credit Thresholds

36. Rule 15c3-5(c)(1)(i) requires, among other things, that a broker-dealer with market access establish and maintain risk management controls and supervisory procedures reasonably designed to "[p]revent the entry of orders that exceed appropriate pre-set credit or capital thresholds in the aggregate for each customer and the broker or dealer . . . ." 17 C.F.R. § 240.15c3-5(c)(1)(i). On June 27, 2011, the SEC extended the compliance date for compliance with this provision of the rule to November 30, 2011. Exchange Act Release No. 34-64748, 76 Fed. Reg. 38293 (June 30, 2011).

37. During the course of the Staff's investigation of the Firm's erroneous order controls, several deficiencies with respect to the Firm's application of client credit limits between November 30, 2011 and March 2015, under Rule 15c3-5(c)(1)(i) were identified.

38. Prior to June 2014, the Firm assigned and applied its clients' credit limits on a desk – and third-party platform – specific basis and not in the aggregate. The Firm placed its clients in tiers based on, among other things, their client type and financial value (assessed by specific metrics, such as assets under management or net capital). The Firm then assigned each tier a default credit limit. The credit limit represented the maximum limit on an individual trading desk (when trading through UBS systems) the Firm had determined to be appropriate for any client that falls within each tier.

39. Consequently, because the Firm did not evaluate each client's trading desk and platform limits in the aggregate, a client's aggregate credit limit was arbitrarily the sum of each of its specific limits. For example, the aggregate limit that applied to a client in a designated tier with access to more than one UBS desk was higher than the limit of a similarly-situated client with access to only one desk.

40. Additionally, the Firm assigned default trading limits to a subset of clients: (1) whose financial data or client type had not been obtained and/or vetted for the purpose of placing them into a given tier; and (2) in situations where a client's trading name was not mapped in the relevant Firm systems to its corresponding client.

41. Beginning in June 2014, the Firm commenced enhancing its controls and procedures related to the deficiencies described in Paragraphs 38 to 40. This process was completed in March 2015.

42. The acts, practices and conduct described above in paragraphs 37 to 40 constitute a violation of Rule 15c3-5(c)(1)(i), and Nasdaq Rules 3010, 2110 (for conduct occurring prior to November 21, 2012) and 2010A (for conduct occurring on or after November 21, 2012).

UBS' Direct and Exclusive Control of Third-Party Sponsored Access Platforms

43. Rule 15c3-5(d) requires, *inter alia*, that a broker-dealer maintain direct and exclusive control over its financial and regulatory risk management controls and supervisory systems. Rule 15c3-5 allows broker-dealers to use risk management tools or technology developed by a third party, "so long as it has direct and exclusive control over those tools or technology and performs appropriate due diligence." Exchange Act Release No. 34-63241, 75 Fed. Reg. 69792, 69810 (Nov. 15, 2010). However, these risk management controls and technology must be developed *independently* of market access customers or their affiliates so as to "reduce the risk that effectiveness of these critical controls could be undermined by allowing market access customers to develop the tools to, in effect, police themselves." *Id.*

44. The Firm provides sponsored access to clients through sponsored access platforms operated by independent third-party vendors. From February 2014 through July 2015, the controls that were applied to the order flow of two sponsored access clients were not developed independently of those clients. Instead, the controls applied to each of those sponsored access clients, respectively, were designed by individuals or organizations who were under the common control of and/or had material business relationships with those clients.

45. In each of those instances, the Firm engaged an independent vendor to (1) conduct due diligence relating to those controls, including conducting a review of, and testing, the controls; and (2) maintain and control access to the specific controls applicable to each sponsored access client's order flow. Notwithstanding that due diligence was conducted and the Firm maintained direct and exclusive control, the lack of independence between the subject clients and the design and development of the controls applied to their order flow constitutes a violation of Rule 15c3-5(d), and Nasdaq Rules 3010 and 2010A.

UBS' Supervisory Procedures

46. Rule 15c3-5 requires, among other things, that a broker-dealer with market access document its system of risk management controls and supervisory procedures that are designed to manage the financial, regulatory, and other risks of market access. The broker-dealer must preserve a copy of its supervisory procedures and "*a written description of its risk management controls*" as part of its books and records for the time period required by SEC Rule 17a-4(e)(7). 17 C.F.R. §

240.15c3-5(b) (emphasis added).[8] The required written description is intended, among other things, to assist SEC and SRO staff to assess the broker-dealer's compliance with the rule. Exchange Act Release No. 34-63241, 75 Fed. Reg. 69792, 69812 (Nov. 15, 2010).

47. Nasdaq Rule 3010 requires every Member to establish and maintain a system designed to supervise the activities of its registered representatives and associated persons. Nasdaq Rule 3010 also requires, *inter alia*, each Member to establish, maintain and enforce written supervisory procedures ("WSPs") to supervise its registered representatives and associated persons' activities, which are reasonably designed to achieve compliance with applicable federal securities laws and regulations, and Nasdaq Rules.

48. During the Review Period, the Firm failed to have a complete and/or accurate description of: (1) the types of erroneous equity or option order controls that were in place during the Review Period; (2) the value or values associated with each such control; and/or (3) the order flow to which each such control applied. Additionally, the Firm's documentation failed to sufficiently describe how the Firm assigned credit limits to its clients.

49. The conduct described above in paragraph 48 constitutes a violation of Rule 15c3-5(b), and Nasdaq Rules 3010, 2110 (for conduct occurring prior to November 21, 2012) and 2010A (for conduct occurring on or after November 21, 2012).

OTHER FACTORS

In determining to resolve this matter in the manner set forth herein, Market Regulation took into consideration that, UBS, on its own accord, engaged an outside consultant to review and make recommendations to enhance controls and procedures with respect to certain aspects of the Firm's market access controls and related supervisory procedures for compliance with Rule 15c3-5.

B. The Firm also consents to the imposition of the following sanctions:

1. A censure;
2. An aggregate fine of $1,250,000, of which $350,000 shall be paid to Nasdaq[9]; and
3. An undertaking requiring the Firm to address the Market Access Rule deficiencies described above to ensure that the Firm has implemented procedures that are reasonably designed to achieve compliance with the rules and regulations cited herein.
    a. The Firm shall submit to the COMPLIANCE ASSISTANT, LEGAL

[8] Rule 17a-4(e)(7) requires a broker-dealer to maintain and preserve such description "until three years after the termination of the use of" the document. 17 C.F.R. § 240.17a-4(e)(7).

[9] The balance of the sanction will be paid to the self-regulatory organizations listed in Paragraph B.4.

SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850, a written report, certified by a senior management Firm executive, within 90 days after the date of the issuance of a Notice of Acceptance of this AWC, providing the following information:

   i. A reference to this matter;

   ii. A representation that the Firm has addressed the deficiencies described above; and

   iii. The dates that this was completed.

b. Between 90 and 120 days after the submission of the written report, the Firm shall meet with relevant FINRA Staff to provide an update on the effectiveness of the enhancements and changes as described above as well as any additional modifications made to the Firm's written supervisory procedures and risk management controls relating to the deficiencies described above.

c. The Department of Market Regulation may, upon a showing of good cause and in its sole discretion, extend the time for compliance with these provisions.

4. Acceptance of this AWC is conditioned upon acceptance of similar settlement agreements in related matters between UBS and each of the following self-regulatory organizations: NASDAQ OMX PHLX LLC; BATS Exchange, Inc.; BATS Y-Exchange, Inc.; EDGX Exchange, Inc.; NYSE Regulation, Inc. on behalf of the New York Stock Exchange LLC, NYSE MKT LLC (NYSE MKT Equities and NYSE MKT Options markets), and NYSE Arca, Inc.; and FINRA. The aggregate settlement amount across all markets is $1,250,000.

The Firm agrees to pay the monetary sanction(s) in accordance with its executed Election of Payment Form.

The Firm specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

The Firm specifically and voluntarily waives the following rights granted under Nasdaq's Code of Procedure:

A. To have a Formal Complaint issued specifying the allegations against the Firm;

B. To be notified of the Formal Complaint and have the opportunity to answer the allegations in writing;

C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and

D. To appeal any such decision to the Nasdaq Review Council and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, the Firm specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Regulatory Officer, the Nasdaq Review Council, or any member of the Nasdaq Review Council, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

The Firm further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of Rule 9143 or the separation of functions prohibitions of Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

The Firm understands that:

A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by FINRA's Department of Market Regulation and the Nasdaq Review Council, the Review Subcommittee, or the Office of Disciplinary Affairs ("ODA"), pursuant to Nasdaq Rule 9216;

B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the Firm; and

C. If accepted:

1. This AWC will become part of the Firm's permanent disciplinary record and may be considered in any future actions brought by Nasdaq or any other regulator against the Firm;

2. This AWC will be made available through FINRA's public disclosure program in response to public inquiries about the Firm's disciplinary

record;

3. Nasdaq may make a public announcement concerning this agreement and the subject matter thereof in accordance with Nasdaq Rule 8310 and IM-8310-3; and

4. The Firm may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. The Firm may not take any position in any proceeding brought by or on behalf of Nasdaq, or to which Nasdaq is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the Firm's right to take legal or factual positions in litigation or other legal proceedings in which Nasdaq is not a party.

D. The Firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The Firm understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by Nasdaq, nor does it reflect the views of Nasdaq or its staff.

The undersigned, on behalf of the Firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the Firm to submit it.

October 27, 2015
Date

UBS Securities LLC
Respondent

By: Suzanne R Elovic
Name: Suzanne R. Elovic

Title: Executive Director

Reviewed by:

Elizabeth Mitchell
Counsel for Respondent
Wilmer Cutler Pickering Hale and Dorr LLP
1875 Pennsylvania Avenue, NW
Washington, DC 20006
202-663-6426

Accepted by Nasdaq:

12/29/2015
Date

Robert A. Marchman
Executive Vice President
Department of Market Regulation

Signed on behalf of Nasdaq, by delegated authority from the Director of ODA

The undersigned, on behalf of the Firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the Firm to submit it.

October 27, 2015
Date

UBS Securities LLC
Respondent

By: Suzanne R Elovic
Name: Suzanne R. Elovic

Title: Executive Director

Reviewed by:

Elizabeth Mitchell
Counsel for Respondent
Wilmer Cutler Pickering Hale and Dorr LLP
1875 Pennsylvania Avenue, NW
Washington, DC 20006
202-663-6426

Accepted by Nasdaq:

12/29/2015
Date

Robert A. Marchman
Executive Vice President
Department of Market Regulation

Signed on behalf of Nasdaq, by delegated authority from the Director of ODA

ELECTION OF PAYMENT FORM

The Firm intends to pay the fine proposed in the attached Letter of Acceptance, Waiver and Consent by the following method (check one):

- [x] A Firm check or bank check for the full amount;
- [ ] Wire transfer;
- [ ] The installment payment plan.[10]
  - o Monthly
  - o Quarterly

Respectfully submitted,

Respondent
UBS Securities LLC

October 27, 2015
Date

By: Suzanne R Elovic

Name: Suzanne R. Elovic

Title: Executive Director

[10] The installment payment plan is only available for a fine of $50,000 or more. Certain requirements apply.