



## Notice of Disciplinary Action against UBS Securities LLC, a Member Organization

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**To:** Members, Member Organizations, Participants and Participant Organizations

**From:** John C. Pickford, Assistant General Counsel, NASDAQ OMX PHLX<sup>SM</sup>

**DATE:** December 29, 2015

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### **FINRA Matter No. 20120323306-03 Enforcement No. 2015-12**

On December 2, 2015, the Business Conduct Committee (the "Committee") issued a disciplinary decision against UBS Securities LLC ("UBS" or the "Firm"), a member organization of the Exchange. In response to a Statement of Charges issued in this action, UBS submitted an Offer of Settlement, Stipulation to Findings and Consent to Sanctions ("Offer"). Solely to settle this proceeding, and without admitting or denying the charges, UBS stipulated to findings that during the review period of July 2011 through at least July 2015, UBS violated certain federal securities laws and regulations and Exchange rules.

Specifically, during the Review Period, UBS violated Rule SEC 15c3-5(c) and Exchange Rules 707 and 748, 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. During the Review Period, UBS also violated Rule 15c3-5(b) and Exchange Rules 707 and 748, 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. Additionally, from November 30, 2011 through March 2015, UBS violated Rule 15c3-5(c)(1)(i) and Exchange Rules 707 and 748, 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.

The Offer submitted by UBS was accepted by the Committee and was the basis of its Decision. The Committee found that UBS had violated Rule 15c3-5 of the Securities Exchange Act of 1934, and PHLX Rules 707 and 748. The Committee concurred in the sanctions consented to by UBS, and ordered the imposition of the following sanctions: (i) a censure; (ii) a fine of \$1,250,000, of which \$62,500 shall be paid to the Exchange; and (iii) 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 in the decision. UBS will pay the balance of its fine to The NASDAQ Stock Market 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.

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For more information, contact:

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