



## MEMORANDUM

TO: ARKANSAS

FROM: Ronak V. Patel, Chair, NASAA Sales Assistant Registrations Working Group  
Joseph Brady, General Counsel, NASAA

DATE: July 12, 2013

RE: UBS Client Service Associate Registration Settlement

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Accompanying this memorandum is the settlement template negotiated between the NASAA Sales Assistant Registrations Working Group and UBS Financial Services, Inc. ("UBS"). This settlement is in connection with a multi-state task force investigation related to UBS's failure to register its Client Service Associates ("CSAs") in necessary jurisdictions. The lead state on the investigation was New Jersey.

As mentioned above, the accompanying template Order was negotiated with UBS. If your jurisdiction seeks to enter into a settlement with UBS pursuant to the terms described in the template Order, please utilize the template in preparing an order to be entered against UBS in your jurisdiction.

### General terms

- The order is based on UBS's failure to properly register its CSAs as broker-dealer registered representatives as well as its failure to develop a supervisory system reasonably designed to prevent CSAs from accepting client orders from jurisdictions where the CSAs were not registered.
- UBS CSAs function as sales assistants. As a general matter, CSAs may be either registered (i.e. licensed) or unregistered. Registered CSAs are authorized to accept unsolicited orders from clients.
- The investigation concluded that certain CSAs had in fact accepted trade orders from customers in states where the CSA was not registered.
- In addition to the registration related issues, the investigation found that UBS's trade entry system either failed to record or incorrectly recorded the identity of the person who accepted client orders. As a result, UBS violated the books & records requirements by maintaining order tickets that failed to accurately identify the acceptor of client orders.
- As part of the settlement, UBS has made enhancements to its trade entry system to address both the registration and books & records issues.
- UBS has agreed to pay **\$4,586,555** to be distributed among the 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands.

## **Memorandum**

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### **Jurisdiction Specific Settlement Amount**

The settlement amount for ARKANSAS is **\$70,605.36**. This amount includes a \$50,000 base for each jurisdiction plus an additional sum representing an assessment of registration fees UBS may have avoided paying your specific jurisdiction during the period 2004 through 2010.

### **Jurisdiction-specific changes to template**

The template states that a multi-state task force conducted and coordinated investigations. You may wish to include that your jurisdiction participated in the multi-state task force investigation.

### **Contacts**

For any jurisdiction-specific issues you wish to negotiate directly with UBS or to complete your action, contact:

Eric Bernstein  
UBS Financial Services, Inc.  
(201) 352-3406  
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If you have any questions about the template, you can contact:

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