



DIVISION OF
CORPORATION FINANCE

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

October 31, 2003

Mitchell A. Lowenthal, Esq.
Cleary, Gottlieb, Steen & Hamilton
One Liberty Plaza
New York, New York 10006-1470

**Re: UBS Securities LLC, f/k/a UBS Warburg LLC – Waiver Request under
Regulation A and Rule 505 of Regulation D**

Dear Mr. Lowenthal:

This is in response to your letter dated October 31, 2003, written on behalf of UBS Securities LLC, f/k/a UBS Warburg LLC (the "Firm") 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 of Regulation D that arise by virtue of the entry today of the injunction included in the Final Judgment in *Securities and Exchange Commission v. UBS Securities LLC, f/k/a UBS Warburg LLC* (S.D.N.Y.) (the "Final Judgment"). You also requested relief under those provisions from disqualifications that arise by virtue of the entry of an order, judgment or decree of a U.S. state or territorial court addressing the same conduct and based on the same facts as the conduct and facts addressed in the complaint that resulted in the entry of the Final Judgment.

For purposes of this letter, we have assumed as facts the representations set forth in your letter. We also have assumed that the Firm will comply with the Final Judgment and any such state or territorial court order, judgment or decree.

On the basis of your letter, the Commission, pursuant to delegated authority, has determined that you have made a showing of good cause under Rule 262 and Rule 505(b)(2)(iii)(C) that it is not necessary under the circumstances to deny the exemptions available under Regulation A and Rule 505 of Regulation D by reason of the entry of the Final Judgment or any state or territorial court injunction of the nature described above. Accordingly, the relief described above from the disqualifying provisions of Regulation A and Rule 505 of Regulation D is hereby granted.

Sincerely,

A handwritten signature in cursive script, appearing to read "Mauri Osheroff".

Mauri Osheroff
Associate Director, Regulatory Policy

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October 31, 2003

Mr. Gerald J. Laporte
Chief, Office of Small Business Policy
Division of Corporation Finance
U.S. Securities and Exchange Commission
450 Fifth Street, N.W., Room 3501
Washington, D.C. 20549-0310

Re: In re Certain Analyst Conflicts of Interest / HO-09479

Dear Mr. Laporte:

We submit this letter on behalf of our client, UBS Securities LLC (formerly known as UBS Warburg LLC) ("UBS Securities"), in connection with a settlement agreement (the "Settlement") arising out of a joint investigation by the Securities and Exchange Commission (the "Commission"), the New York Stock Exchange, Inc. ("NYSE"), NASD Regulation, Inc. ("NASDR") and various state and territory regulatory agencies (the "States") into research analyst conflicts of interest at UBS Securities and several other large investment banking firms.

UBSW hereby requests, pursuant to Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D of the Commission promulgated under the Securities Act of 1933 (the "Securities Act"), a waiver of any disqualification from exemptions under Regulation A and Rule 505 of Regulation D that may be applicable to UBS Securities or its affiliates (including, without limitation, UBS Financial Services Inc.) as a result of the entry of the Final Judgment (as defined below) or as a result of any related state or territory court injunction addressing the same conduct. UBS Securities further requests that these waivers be deemed effective as of the date of entry of the Final Judgment or such state or territory court injunction.

It is our understanding that the Division of Enforcement does not object to the grant of the requested waivers by the Division of Corporate Finance.

BACKGROUND

The Commission, the NYSE, the NASDR and the States have concluded settlement discussions with UBS Securities in connection with the joint investigation described above. As a result of these discussions, the Commission has filed a complaint (the "Complaint") against UBS Securities in the United States District Court for the Southern District of New York (the "District Court") in a civil action captioned Securities and Exchange Commission v. UBS Warburg LLC. UBS Securities has executed a consent and undertaking (the "Consent") in which it neither admits nor denies any of the allegations in the Complaint, except as to jurisdiction, but consents to the entry of a final judgment against UBS Securities by the District Court (the "Final Judgment"). The Final Judgment was entered in part by the District Court on October 31, 2003, and, among other things, enjoins UBS Securities, directly or through its officers, directors, agents and employees, from violating the rules cited in the Final Judgment. Additionally, the Final Judgment orders UBS Securities to make payments aggregating \$80 million in resolution of the matters addressed in the Final Judgment, and to comply with the undertakings set forth in the Final Judgment.¹

DISCUSSION

UBS Securities understands that entry of the Final Judgment could disqualify it and its affiliated entities from participating in certain offerings otherwise exempt under Regulation A and Rule 505 of Regulation D promulgated under the Securities Act, insofar as the Final Judgment may be deemed to cause UBS Securities to be subject to an order, judgment or decree of a court of competent jurisdiction enjoining UBS Securities from engaging in or continuing to engage in any conduct or practice in connection with the purchase or sale of a security, or arising out of the conduct of the business of an underwriter, broker, dealer, or investment adviser. The Commission has the authority to waive the Regulation A and Rule 505 of Regulation 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).

¹ UBS Securities has entered into 36 settlement agreements relating to the activities referred to in the Complaint with relevant state and territory agencies (the "State Settlement Agreements"), and anticipates entering into similar agreements with the remaining state and territorial agencies shortly. None of the completed State Settlement Agreements result in an injunction by a court of competent jurisdiction, and none of the remaining settlements are expected to do so. To the extent that any such State Settlement Agreement results in an injunction by a court of competent jurisdiction, UBS Securities intends this request to cover any resulting disqualifications under Regulation A and Rule 505 of Regulation D.

UBS Securities requests that the Commission waive any disqualifying effects that the Final Judgment may have under Regulation A and Rule 505 of Regulation D with respect to UBS Securities or its affiliates on the following grounds:

1. The conduct addressed in the Final Judgment and alleged in the Complaint does not relate to offerings under Regulations A or D.

2. UBS Securities will undertake or has undertaken to improve and enhance its compliance and surveillance policies and procedures in a manner reasonably designed to ensure compliance with the provisions of the Final Judgment as outlined in the term sheet attached to the Final Judgment (the "Term Sheet").

3. The disqualification of UBS Securities or its affiliates from the exemptions available under Regulation A and Rule 505 of Regulation D would, we believe, have an adverse impact on third parties that have retained UBSW or its affiliates in connection with transactions that rely on these exemptions.

4. The disqualification of UBS Securities or its affiliates from the exemptions available under Regulation A and Rule 505 of Regulation D would be unduly and disproportionately severe given that: (i) the Final Judgment relates to activity that has already been addressed pursuant to recently adopted rules of the Commission, NYSE and NASDR and pursuant to the Term Sheet; and (ii) the Commission staff has negotiated a settlement with UBS Securities and reached a satisfactory conclusion to this matter that will require UBS Securities to make payments aggregating \$80 million in resolution of the matters addressed in the Final Judgment and will require UBS Securities to make certain structural changes pursuant to the Term Sheet, as well as to make available to UBS Securities' customers certain research prepared by third party research providers.

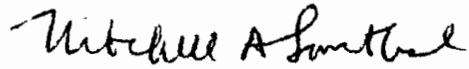
In light of the foregoing, we believe that disqualification is not necessary in the public interest or for the protection of investors, and that UBS Securities has shown good cause that the requested relief should be granted. Accordingly, we respectfully request the Commission, pursuant to Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D, to waive, effective upon entry of the Final Judgment or such state or territory court injunction, the disqualification provisions in Regulation A and Rule 505 of Regulation D to the extent they may be applicable to UBSW or its affiliates as a result of the entry of the Final Judgment or any related state or territory court injunction addressing the same conduct.²

² We note in support of this request that the Commission has in other instances granted relief under Regulations A and D for similar reasons. *See, e.g.,* Credit Suisse First Boston Corporation, S.E.C. No-Action Letter (pub. avail. Jan. 29, 2002); Dain Rauscher, Incorporated, S.E.C. No-Action Letter (pub. avail. Sept. 27, 2001); Legg Mason Wood Walker, Incorporated, S.E.C. No-Action Letter (pub. avail. June 11, 2001); In the Matter of Certain Market-Making Activities, S.E.C. No-Action Letter (pub. avail. Jan. 11, 1999); Stephens Incorporated, S.E.C. No-Action Letter (pub. avail. Nov. 23, 1998).

Gerald J. Laporte, p. 4

Please do not hesitate to contact the undersigned at (212) 225-2760 regarding this request.

Very truly yours,

A handwritten signature in black ink that reads "Mitchell A. Lowenthal". The signature is written in a cursive style with a prominent initial "M".

Mitchell A. Lowenthal

cc: Robert C. Dinerstein
UBS Warburg LLC