

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20050001793-01

TO: Market Regulation Department
NASD

RE: Credit Suisse First Boston LLC, Respondent
CRD No. 816

Pursuant to Rule 9216 of NASD Code of Procedure, Credit Suisse First Boston LLC ("Credit Suisse" 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 in Part II below. This AWC is submitted on the condition that, if accepted, NASD will not bring any future actions against Credit Suisse alleging violations based on the same factual findings.

Credit Suisse understands that:

1. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by NASD's Department of Market Regulation and National Adjudicatory Council ("NAC") Review Subcommittee or Office of Disciplinary Affairs, pursuant to NASD Rule 9216;
2. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Credit Suisse; and
3. If accepted:
 - a. this AWC will become part of Credit Suisse's permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against Credit Suisse;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about Credit Suisse's disciplinary record;
 - c. NASD may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD Rule 8310 and IM-8310-2; and

- d. Credit Suisse 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 allegation in this AWC or create the impression that the AWC is without factual basis. Nothing in this provision affects Credit Suisse's testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

Credit Suisse also understands that its experience in the securities industry and disciplinary history may be factors that will be considered in deciding whether to accept this AWC. That experience and history are as follows:

Credit Suisse has been a member of NASD since October 16, 1936. It has the following relevant disciplinary history:

- On November 25, 2002, NASD censured Credit Suisse and fined it \$7,500 for violations of the Fixed Income Pricing System Rules.

I.

WAIVER OF PROCEDURAL RIGHTS

Credit Suisse specifically and voluntarily waives the following rights granted under NASD's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against Credit Suisse;
- 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 NAC and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Credit Suisse specifically and voluntarily waives any right to claim bias or prejudice of the General Counsel, the NAC, or any member of the NAC, 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.

Credit Suisse 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.

II.

ACCEPTANCE AND CONSENT

This matter concerns a review, 20050001793 (formerly MRD200449220) conducted by the staff of NASD's Department of Market Regulation (the "staff") for Late reporting to the Trade Reporting and Compliance Engine ("TRACE") during the period from July 1 through September 30, 2004.

A. Credit Suisse hereby accepts and consents, without admitting or denying the allegations or findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of NASD, or to which NASD 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 NASD:

1. On January 17, 2003, Credit Suisse acquired a Private Client Services business from another member firm. Pursuant to an agreement, the other member firm continued to provide, among other things, clearing, custody and TRACE reporting services to the Private Client Services business, although not to other parts of Credit Suisse. Therefore, the Private Client Services trades were reported to TRACE under a separate market participant identifier -- FBPC.¹
2. In July 2004, Credit Suisse became aware of certain TRACE reporting discrepancies involving the FBPC identifier and initiated an internal review. As a result of its internal review, Credit Suisse determined that from approximately January 2003, FBPC had not fully complied with its TRACE reporting obligations. Specifically, FBPC had not reported to TRACE principal trades with customers that resulted from offsetting trades with other dealers; FBPC had regularly reported certain intra-firm allocations, which were not TRACE-reportable, to TRACE as separate trades; and FBPC had not timely reported trades to TRACE.

¹ In May 2003 the other member firm was sold to a third member firm, but continued to provide TRACE trade reporting services to the Private Client Services business.

3. Separately, the staff had been reviewing TRACE reports submitted under the FBPC identifier as part of a review of third quarter 2004 late trade reports. Before the staff contacted Credit Suisse about these late trade reports, however, Credit Suisse contacted the staff to advise it of the results of Credit Suisse's internal review.
4. Further review of the TRACE reports submitted under the FBPC identifier during the third quarter of 2004, revealed that FBPC failed to report to TRACE 215 transactions in TRACE-eligible securities executed on a business day during TRACE system hours within 45 minutes of the execution time. These late transactions constituted 13 percent of all transactions in TRACE-eligible securities that FBPC was required to report to TRACE during the third quarter of 2004. In addition, during the period from January 2003 through June 2004, FBPC regularly failed to timely report other trades to TRACE.
5. The conduct described in paragraph four constitutes separate and distinct violations of NASD Marketplace Rule 6230(a) and a pattern or practice of late reporting without exceptional circumstances in violation of NASD Conduct Rule 2110.
6. During third quarter 2004, FBPC reported to TRACE 415 transactions in TRACE-eligible securities that it was not required to report. During the period from January 2003 through June 2004, FBPC regularly reported to TRACE other transactions in TRACE-eligible securities that it was not required to report.
7. The conduct described in paragraph six constitutes separate and distinct violations of NASD Marketplace Rule 6230(e).
8. During the period from January 1, 2003 through September 30, 2004, FBPC regularly failed to report to TRACE transactions in TRACE-eligible securities that it was required to report.
9. The conduct described in paragraph eight constitutes separate and distinct violations of NASD Marketplace Rule 6230(b).
10. FBPC's supervisory system did not provide for supervision reasonably designed to achieve compliance with respect to the applicable securities laws and regulations, and the Rules of NASD, concerning TRACE reporting. Specifically, FBPC's supervisory system did not include written supervisory procedures providing for: (1) identification of the person(s) responsible for supervision with respect to the applicable rules; (2) a statement of the supervisory step(s) to be taken by the identified person(s); (3) a statement as to how often such person(s) should take such step(s); and (4) a statement as to how the completion of the step(s) included in the written supervisory procedures should be documented.

11. The conduct described in paragraph 10 constitutes a violation of NASD Conduct Rules 2110 and 3010.
12. The sanctions reflect the substantial credit that the firm has been given for investigating, correcting and voluntarily bringing this matter to NASD's attention.

B. The firm also consents to the imposition, at a maximum, of the following sanctions:

A censure and fine of \$60,000 (consisting of \$40,000 for the TRACE violations and \$20,000 for the supervisory violations). The firm has submitted revised written supervisory procedures to the staff.

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

III.

OTHER MATTERS

- A. Credit Suisse understands that Credit Suisse may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. Credit Suisse understands that Credit Suisse 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 NASD, nor does it reflect the views of NASD or its staff.
- B. Credit Suisse agrees to pay any monetary sanctions imposed on it upon notice that this AWC has been accepted and that such payments are due and payable and has attached an Election of Payment form showing the method by which Credit Suisse proposes to pay any fine imposed.
- C. Credit Suisse specifically and voluntarily waives any right to claim that Credit Suisse is unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.

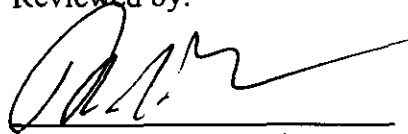
Credit Suisse certifies that Credit Suisse has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it, and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has been made to induce Credit Suisse to submit it.

12/12/05
Date

Credit Suisse First Boston LLC
Respondent

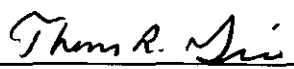
By: 
Name: Allen Meyer
Title: Managing Director

Reviewed by:


Counsel for Respondent

Accepted by NASD:

2/6/06
Date


Thomas R. Gira
Executive Vice President and Deputy
Department of Market Regulation

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