

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20090171800-01**

TO: Department of Market Regulation
Financial Industry Regulatory Authority ("FINRA")

RE: Credit Suisse Securities (USA) LLC, Respondent
Broker-Dealer
CRD No. 816

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Credit Suisse Securities (USA) LLC (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, FINRA will not bring any future actions against the firm alleging violations based on the same factual findings described herein.¹

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 FINRA, or to which FINRA 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 FINRA:

BACKGROUND

The firm has been a member of FINRA since October 16, 1936, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

On July 18, 2008, an AWC was accepted by FINRA in which the firm was censured and fined \$92,500, including \$20,000 for violations of rules and regulations applicable to Trade Reporting And Compliance Engine ("TRACE") reporting during the first and third quarters 2006 and \$10,000 for violations of the 20 minute trade reporting rule of NASD Rule 6130(b) during May 1, 2006 through August 31, 2006.

¹ A separate review of the firm's compliance with respect to FINRA Rule 2010 and NASD Rules 2110 and 3010 relating to supervision of TRACE reporting, which covers the review periods included in this AWC and subsequent review periods, is ongoing and will be resolved separately from the current AWC.

SUMMARY

In Review No. 20090198589, the TRACE staff reviewed the firm's compliance with NASD rules applicable to TRACE reporting during the period from July 1, 2008 through September 30, 2008 (the "3Q08 TRACE review period").

In Review No. 20090171800, the TRACE staff reviewed the firm's compliance with NASD and FINRA Rules applicable to TRACE reporting during the period from October 1, 2008 through December 31, 2008 (the "4Q08 TRACE review period").

In Review No. 20100234728, the TRACE staff reviewed the firm's compliance with FINRA Rules applicable to TRACE reporting during the period from April 1, 2009 through June 30, 2009 (the "2Q09 TRACE review period").

In Review No. 20090201040, the trade reporting staff reviewed the firm's compliance with FINRA Rules applicable to trade reporting during the period from May 1, 2009 through August 31, 2009 (the "2T09 trade reporting review period").

In Review No. 20100219972, the TRACE staff reviewed the firm's compliance with FINRA Rules applicable to TRACE reporting during the period from October 1, 2009 through December 31, 2009 (the "4Q09 TRACE review period").

FACTS AND VIOLATIVE CONDUCT

In connection with Review No. 20090198589,

1. During the 3Q08 TRACE review period, the firm failed to report to TRACE the correct contra-party's identifier for 455 transactions in TRACE-eligible securities. These transactions constituted approximately 11 percent of the inter-dealer transactions in TRACE-eligible securities that the firm reported to TRACE during the 3Q08 TRACE review period. In addition, the firm failed to report to TRACE 54 transactions in TRACE-eligible securities that it was required to report (approximately one percent of the inter-dealer transactions the firm was required to report to TRACE during the 3Q08 TRACE review period), and reported to TRACE 58 transactions in TRACE-eligible securities that it was not required to report. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6230.

In connection with Review No. 20090171800,

2. During the 4Q08 TRACE review period, the firm failed to report to TRACE 304 transactions in TRACE-eligible securities within 15 minutes of the time of execution. These late transactions constituted approximately six percent of the transactions in TRACE-eligible securities that the firm reported to TRACE during the 4Q08 TRACE review period. In addition, the firm failed to report to TRACE the correct time of trade execution for 60 transactions in TRACE-eligible securities (approximately one percent of the reports that the firm submitted to TRACE during the 4Q08 TRACE review period). Further, the firm double reported to TRACE six transactions in TRACE-eligible securities and reported to TRACE 53 transactions in TRACE-eligible securities that it was not required to report. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6230 (for conduct prior to December 15, 2008) and FINRA Rule 6730 (for conduct on or after December 15, 2008) and a pattern or practice of late reporting without exceptional circumstances in violation of NASD Rule 2110 (for conduct prior to December 15, 2008) and FINRA Rule 2010 (for conduct on or after December 15, 2008).

In connection with Review No. 20100234728,

3. During the 2Q09 TRACE review period, the firm failed to report to TRACE the correct contra-party's identifier for 442 transactions in TRACE-eligible securities. These transactions constituted approximately seven percent of the inter-dealer transactions in TRACE-eligible securities that the firm reported to TRACE during the 2Q09 TRACE review period. In addition, the firm reported to TRACE 61 transactions in TRACE-eligible securities that it was not required to report. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730.

In connection with Review No. 20090201040,

4. The firm failed to accept or decline in the FNTRF or the OTC Reporting Facility ("OTCRF") 324 transactions in Reportable Securities within 20 minutes after execution, approximately 55 percent of all transactions that the firm had an obligation to accept or decline as the OEID during the 2T09 trade reporting review period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rules 7230A(b) or FINRA Rule 7330(b), and a violation of FINRA Rule 2010.

In connection with Review No. 20100219972,

5. During the 4Q09 TRACE review period, the firm failed to report to TRACE 233 transactions in TRACE-eligible securities within 15 minutes of the time of execution. These late transactions constituted approximately one percent of the transactions in TRACE-eligible securities that the firm reported to TRACE during the 4Q09 TRACE review period. In addition, the firm failed to report to TRACE the correct time of trade execution for seven transactions in TRACE-eligible securities (approximately one percent of the reports that the firm submitted to TRACE during the 4Q09 TRACE review period). The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6730 and a pattern or practice of late reporting without exceptional circumstances in violation of FINRA Rule 2010.

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

A censure and a fine of \$92,500 (comprised of \$22,500 for the TRACE violations in Review No. 20090198589; \$20,000 for the TRACE violations in Review No. 20090171800; \$25,000 for the TRACE violations in Review No. 20100234728; \$17,500 for the trade reporting violations in Review No. 20090201040; and \$7,500 for the TRACE violations in Review No. 20100219972).

The firm agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. It has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

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 FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against the firm;
- B. To be notified of the 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 National Adjudicatory Council ("NAC") 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 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.

The firm further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA 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 the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA 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 FINRA 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. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; 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 FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the firm's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA 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 FINRA, nor does it reflect the views of FINRA 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.

4/12/13
Date

Respondent
Credit Suisse Securities (USA) LLC

By: [Signature]

Name: Mr. Keating

Title: JMO

Reviewed by:

[Signature] 4/12/13

Andrew J. Geist, Esq.
Counsel for Respondent
O'Melveny & Myers LLP
Times Square Tower
7 Times Square
New York, NY 10036

Accepted by FINRA:

4/25/13
Date

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

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