

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20090181455-01**

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.

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 April 13, 2010, an AWC was accepted by FINRA in which the firm was censured and fined \$127,000 for violations of NASD Rules 6130 and 6955, among others.

On July 18, 2008, an AWC was accepted by FINRA in which the firm was censured and fined \$92,500 for violations of NASD Rules 4632, 6130 and 6955, among others.

SUMMARY

In connection with Review No. 20090181455, the Order Audit Trail System ("OATS") Team of the Department of Market Regulation (the "OATS staff") reviewed the firm's compliance with NASD and FINRA rules applicable to OATS reporting during the period from September 1, 2008 through December 31, 2008 (the "OATS review period").

In connection with Review No. 20100215917, the Trading and Market Making Surveillance ("TMMS") staff of the Department of Market Regulation (the "TMMS staff") reviewed the trading activity of the firm, set forth in Exhibit 1, for the trade dates September 29, 2010 and September 30, 2010, unless otherwise noted (the "TMMS review period").

In connection with Review No. 20100216895, the Trade Reporting Team of the Department of Market Regulation (the "trade reporting staff") reviewed the firm's compliance with NASD and FINRA Rules applicable to trade reporting during the period from January 1, 2007 through February 3, 2010 (the "January 2007 through February 2010 trade reporting review period").

FACTS AND VIOLATIVE CONDUCT

In connection with Review No. 20090181455,

1. During the OATS review period the firm, (a) failed to timely report to OATS 30,778,210 Reportable Order Events ("ROEs"); (b) transmitted to OATS 1,045 New Order Reports and related subsequent reports where the timestamp for the related subsequent reports occurred prior to the receipt of the order; (c) transmitted to OATS 21 Execution or Combined Order/Execution reports that contained inaccurate, incomplete, or improperly formatted data that OATS was unable to link to the related trade reports in a FINRA trade reporting system; (d) transmitted to OATS 96 Route or Combined Order/Route Reports that the OATS system was unable to link to the related order routed to Nasdaq due to inaccurate, incomplete or improperly formatted data; (e) transmitted to OATS 46 Route or Combined Order/Route Reports that the OATS system was unable to link to the corresponding new order transmitted by the destination member firm due to inaccurate, incomplete or improperly formatted data, and (f) transmitted to OATS 71 New Order Reports that the OATS system was unable to link to the preceding Route or Combined Order/Route Reports transmitted by other member firms due to inaccurate, incomplete or improperly formatted data. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6955 (for conduct prior to December 15, 2008) and FINRA Rule 7450 (for conduct on or after December 15, 2008).

2. The firm failed to report to the FINRA/Nasdaq Trade Reporting Facility 75 last sale reports of transactions in designated securities executed during normal market hours. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 4632(b) (for conduct prior to December 15, 2008) and FINRA Rule 6380A (for conduct on or after December 15, 2008).

In connection with Review No. 20100215917,

3. During the TMMS review period, the firm transmitted to OATS 30 reports that contained inaccurate, incomplete, or improperly formatted data. Specifically, the reports omit Special Handling Codes, omit Execution or Combined Order Execution Reports, and contain an erroneous Route Report. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450.
4. The firm failed to report to the FINRA/Nasdaq Trade Reporting Facility 44 last sale reports of transactions that required a .RX modifier in designated securities executed during normal market hours. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7230A.

In connection with Review No. 20100216895,

5. The firm reported to the NASD/Nasdaq Trade Reporting Facility ("NNTRF") (for conduct on or prior to July 29, 2007) and the FINRA/Nasdaq Trade Reporting Facility ("FNTRF") (for conduct on or after July 30, 2007) an incorrect contra side executing broker in 65,046 transactions in Reportable Securities. The conduct described in this paragraph constitutes separate and distinct violations of NASD Rule 6130(d)(10) (for conduct prior to December 15, 2008) and FINRA Rule 7230A(d)(10) (for conduct on or after December 15, 2008).

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

A censure and fine of \$70,000 (comprised of \$25,000 for the OATS violations in Review No. 20090181455; \$12,500 for the trade reporting violations in Review No. 20090181455; \$7,500 for the OATS violations in Review No. 20100215917; \$12,500 for the trade reporting violations in Review No. 20100215917; and \$12,500 for the trade reporting violations in Review No. 20100216895).

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.

Date

4/14/12

Respondent

Credit Suisse Securities (USA) LLC

By:

Name:

Title:

A. [Signature]

Ala. [Signature]

MD [Signature]

Reviewed by:

[Signature] 4/12/12

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

Accepted by FINRA:

Date

4/25/12

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

Thomas R. Gira

Executive Vice President

Department of Market Regulation

2010 Market Regulation Examination Samples
Credit Suisse Securities (USA) LLC ("FBCO")
Exam No. 20100215917
Sample Source/Period*: September 29 and 30, 2010

<u>Sample Size</u>	<u>Sample Description</u>
110	Sales reviewed for compliance with SEC Rule 200(g) long/short sale recording requirements
17	Short Sales reviewed for compliance with SEC Rule 203(b) security location requirements
8	Sales reviewed for compliance with SEC Rule 204 fail-to-deliver requirements
701	Sell trades reported to a TRF or OTCRF for compliance with sale indicator requirements, FINRA Rules 6182 or 6624
0	Sell orders entered into Nasdaq Exchange execution system for compliance with Nasdaq Rule 4755(a)(1)(A) long/short reporting requirements
0	Buy and Sell orders entered into Nasdaq Exchange execution system for compliance with Nasdaq Rule 4611 capacity reporting requirements
23	Sell orders entered into Nasdaq OMX BX execution system for compliance with Nasdaq OMX BX Rule 4755(a)(1) long/short reporting requirements
50	Sell orders entered into BATS Exchange execution system for compliance with BATS Rule 11.19 long/short reporting requirements
0	Limit orders for NMS securities in which the member acts as an exchange market maker for compliance with the display requirements of SEC Rules 602 and 604, and Nasdaq Rule 3390
21	Orders for compliance with best execution requirements of NASD Rule 2320
	0 Held orders from the Held Order Protection Review
	10 Not Held orders from the Not Held Order Review
	1 Order executed with a PRP (Prior Reference Price) trade modifier
	10 Customer orders in OTC equity securities for compliance with NASD Rule 3110(b) requirements to ascertain and document best interdealer market related to execution of orders
0	Orders for compliance with order protection requirements of NASD Rules 2110, IM-2110-2, 2111, and Nasdaq Rules 2110, IM-2110-2, and 2111
10	Open Limit orders to buy and/or open Stop orders to sell securities that traded ex-dividend for compliance with NASD Rule 3220 and Nasdaq Rule 4761
0	Order memoranda and Net Trading agreements for compliance with NASD Rule 2441 requirements
70	Orders in securities required to be submitted to OATS for compliance with FINRA Rules 7440 and 7450, and Nasdaq Rules 6954 and 6955 requirements
111	Customer confirmations prepared and maintained in connection with select samples for compliance with SEC Rule 10b-10
25	Orders for NMS securities in which the Firm acts as a market center for compliance with SEC Rule 605 order classification requirements

**2010 Market Regulation Examination Samples
Credit Suisse Securities (USA) LLC ("FBCO")
Exam No. 20100215917
Sample Source/Period*: September 29 and 30, 2010**

<u>Sample Size</u>	<u>Sample Description</u>
4	Data sets published for monthly order execution report for compliance with SEC Rule 605 requirement to publish accurate data (a 'data set' encompasses all required statistical data for single security and order type/size category as described in SEC Rule 605)
1	Quarterly Routing Report for compliance with SEC Rule 606 requirements
23	CRD registration records for persons conducting and/or supervising Firm's trading and/or market making activities for compliance with NASD Rule Series 1020, 1030, 1040; Nasdaq Rule Series 1020, 1030, 1040; and BATS Rule 11.4
10	Customer orders in OTC equity securities for compliance with NASD Rule 3110(b) requirements to ascertain and document best interdealer market related to execution of orders
1	Disclosures to customers relating to trading in the Extended Hours session for compliance with FINRA Rule 2265 and Nasdaq Rule 4631
334	Records prepared and maintained in connection with the above samples for compliance with SEC Rules 17a-3 and 17a-4, and NASD Rule 3110
1051	Trades reported to a TRF or OTCRF for compliance with FINRA Rules 6380A and 7230A or 6622 and 7330
57	OTC option exercises submitted as non-tape reports to a TRF or OTCRF for compliance with FINRA Rules 7230A(g)(2) or 7330(g)(2)
All Provided	Member's "Regular & Rigorous" review procedures regarding order execution quality for compliance with NASD Rules 2320 and 3010
All Provided	Member's supervisory and operational policies and procedures and documentation evidencing execution of the policies and procedures for compliance with SEC Regulation NMS Rule 611
All Provided	Member's supervisory system, written supervisory procedures ("WSPs") and documentation evidencing execution of the WSPs for compliance with NASD Rule 3010, Nasdaq Rule 3010, or BATS Rule 5.1 requirements
N/A	Trading Halts declared during the on-site portion of the examination for which FINRA Staff observed the operation of the ATS.
N/A	Trades reported to the ADF/TRACS for compliance with FINRA Rule 6282
N/A	ADF orders and quotes accessed by other market participants for compliance with FINRA Rule 6250 requirements to submit Order and Order Response reports