

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20090182823-01**

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 ("Respondent" 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 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. Respondent 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 became a member of FINRA on October 16, 1936, and its registration remains in effect. The Firm does not have any relevant prior disciplinary history.

SUMMARY

In Review No. 20090182823, the Department of Market Regulation's Options Regulation Staff (the "Staff") conducted position limit and options reporting reviews of the Firm covering the period of April 1, 2009 through December 31, 2009.

In Review No. 20100235679, Staff conducted position limit and options reporting reviews of the Firm covering the period of January 1, 2010 through December 31, 2010.

In Review No. 20110259368, Staff conducted position limit and options reporting reviews of the Firm covering the period of January 1, 2011 through June 30, 2011.

FACTS AND VIOLATIVE CONDUCT

20090182823

During the period April 1, 2009 through December 31, 2009, in seven instances the Firm effected opening transactions for customer and/or proprietary accounts that exceeded the applicable position limit in four different OTC options, ranging from approximately 119% to 229% over the applicable limit and from seven to 25 trade dates in duration. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 2360(b)(3).

During the period April 1, 2009 through December 31, 2009, the Firm failed to report and/or inaccurately reported to the Large Options Positions Report ("LOPR") positions in seven different OTC options, ranging from one to 146 trade dates in duration. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 2360(b)(5).

20100235679

During the period January 1, 2010 through December 31, 2010, in one instance the Firm effected opening transactions for a customer account that exceeded the applicable position limit in an OTC option, at approximately 574% over the applicable limit for nine trade dates. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 2360(b)(3).

During the period January 1, 2010 through December 31, 2010, in 261 instances the Firm failed to report its Options Contract Equivalent of the Net Delta ("OCEND") position. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 2360(b)(3)(A)(vii)(b).

During the period January 1, 2010 through December 31, 2010, the Firm inaccurately over-reported to the LOPR over 1.2 million OTC options positions due to the entry of an incorrect contract multiplier in a static data field. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 2360(b)(5).

20110259368

During the period January 1, 2011 through June 30, 2011, in 10 instances the Firm effected opening transactions for customer and/or proprietary accounts that exceeded the applicable position limit in two different OTC options, ranging from approximately 36% to 379% over the applicable limit and from two to 36 trade dates in duration. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 2360(b)(3).

20090182823, 20100235679 and 20110259368

During the period April 1, 2009 through January 30, 2011, the Firm failed to establish and maintain a system that was reasonably designed to achieve compliance with the applicable securities laws and regulations, and FINRA Rules, concerning position limits and the reporting of OTC options positions to the LOPR. In addition, the firm's supervisory system did not include written supervisory procedures providing for the reporting of OTC options positions to the LOPR, specifically: (1) the 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. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 2010 and NASD Rule 3010.

B. Respondent also consents to the imposition of the following sanctions:

A censure and fine of \$200,000 (\$60,000 for violating FINRA Rule 2360(b)(3), \$10,000 for violating FINRA Rule 2360(b)(3)(A)(vii)(b), \$80,000 for violating FINRA Rule 2360(b)(5), and \$50,000 for violating FINRA Rule 2010 and NASD Rule 3010).

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

Respondent 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

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against it;
- 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, Respondent 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.

Respondent 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

Respondent 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 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 Respondent, 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 Respondent to submit it.

6/4/13
Date

Respondent Credit Suisse Securities (USA) LLC

By: [Signature]

Name: Alan Acikmaly

Title: Managing Director

Reviewed by:

[Signature]

Zachary S. Brez
Ropes & Gray LLP
1211 Avenue of the Americas
New York, NY 10036
(212) 596-9623

Counsel for Respondent

Accepted by FINRA:

7/9/13
Date

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

[Signature]

David E. Rosenstein
Senior Vice President, Legal Section
Department of Market Regulation