

**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. 20110261070-01**

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" or "Respondent") 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 Respondent 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 has been a member of FINRA since October 16, 1936, and its registration remains in effect.

**RELEVANT DISCIPLINARY HISTORY**

On April 30, 2010, FINRA accepted an AWC in which the firm was censured and fined \$127,500, which included a fine of \$10,000 for violations of SEC Rule 605 of Regulation NMS for conduct that occurred in July 2008.

**SUMMARY**

In Review No. 20110261070, the Trading and Market Making Surveillance ("TMMS") staff of the Department of Market Regulation conducted the 2011 TMMS examination

wherein the staff reviewed the items set forth on Exhibit 1, which is attached hereto and incorporated by reference, primarily for trade date November 3, 2011 (the "review period").

### **FACTS AND VIOLATIVE CONDUCT**

For the months of October and November 2011, the firm made available reports on the covered orders in national market system securities that it received for execution from any person. These reports included incomplete information, as they failed to include orders with account type codes of "individual." The conduct described in this paragraph constitutes separate and distinct violations of SEC Rule 605 of Regulation NMS.

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

A censure and a fine of \$12,500.

Respondent 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.

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 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, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Legal Officer, 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 Respondent; 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 accordance with FINRA Rule 8313;
  - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
  - 4. Respondent 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. Respondent 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. Respondent 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.

1/21/15  
Date

Respondent  
Credit Suisse Securities (USA) LLC

By: [Signature]

Name: Henry Richter

Title: Managing Director

Reviewed by:

[Signature]  
David S. Sieradzki, Esq.  
Counsel for Respondent  
Bracewell & Giuliani LLP  
2000 K Street NW  
Suite 500  
Washington, DC 20006  
(202) 828-5826

Accepted by FINRA:

1-29-2015  
Date

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

[Signature]  
Justin Chretien  
Chief Counsel  
FINRA Department of Market Regulation

Credit Suisse Securities (USA) LLC ("FBCO")  
FINRA Matter No. 20110261070  
Review Period\*: November 3, 2011

Exhibit 1

| <u>Sample Size</u> | <u>Sample Description</u>                                                                                                                                                                                                                                                          |
|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 216                | Sales reviewed for compliance with SEC Rule 200(g) long/short sale recording requirements                                                                                                                                                                                          |
| 26                 | Short Sales reviewed for compliance with SEC Rule 203(b) security location requirements                                                                                                                                                                                            |
| 0                  | Sales reviewed for compliance with SEC Rule 204 fail-to-deliver requirements                                                                                                                                                                                                       |
| 839                | Sell trades reported to a TRF or OTCRF for compliance with sale indicator requirements, FINRA Rules 6182 or 6624                                                                                                                                                                   |
| 68                 | Sell orders entered into Nasdaq Exchange execution system for compliance with Nasdaq Rule 4755(a)(1)(A) long/short reporting requirements                                                                                                                                          |
| 68                 | Buy and Sell orders entered into Nasdaq Exchange execution system for compliance with Nasdaq Rule 4611 capacity reporting requirements                                                                                                                                             |
| 28                 | Sell orders entered into Nasdaq OMX BX execution system for compliance with Nasdaq OMX BX Rule 4755 long/short reporting requirements                                                                                                                                              |
| 52                 | Sell orders entered into DirectEdge Exchange execution system for compliance with EDGA/EDGX Rule 11.15 long/short reporting requirements                                                                                                                                           |
| 42                 | Sell orders entered into NYSE-Arca execution system for compliance with NYSE-Arca Equity Rule 7.16 long/short reporting requirements                                                                                                                                               |
| 17                 | 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                                                                                                   |
| 34                 | Orders for compliance with best execution requirements of NASD Rule 2320                                                                                                                                                                                                           |
| 25                 | Held orders from the Held Order Protection Review                                                                                                                                                                                                                                  |
| 0                  | Order executed with a .PRP (Prior Reference Price) trade modifier                                                                                                                                                                                                                  |
| 9                  | 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                                                                                                       |
| 25                 | Orders for compliance with order protection requirements of NASD Rules 2110, IM-2110-2, 2111, and Nasdaq Rules 2110, IM-2110-2, and 2111                                                                                                                                           |
| 5                  | 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                                                                                                                                                                                         |
| 50                 | Orders in securities required to be submitted to OATS for compliance with FINRA Rules 7440 and 7450, and Nasdaq Rules 6954 and 6955 requirements                                                                                                                                   |
| 50                 | 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                                                                                                                                             |
| 4                  | Data sets published for September 2011 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                                                                                                                                                                                                             |

Credit Suisse Securities (USA) LLC ("FBCO")  
FINRA Matter No. 20110261070  
Review Period\*: November 3, 2011

Exhibit 1

| <u>Sample<br/>Size</u> | <u>Sample Description</u>                                                                                                                                                                                       |
|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 15                     | 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 and Nasdaq Rule Series 1020, 1030, 1040 |
| 9                      | 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                                    |
| 5                      | Disclosures to customers relating to trading in the Extended Hours session for compliance with FINRA Rule 2265 and Nasdaq Rule 4631                                                                             |
| 190                    | Records prepared and maintained in connection with the above samples for compliance with SEC Rules 17a-3 and 17a-4, and NASD Rule 3110                                                                          |
| 1027                   | Trades reported to a TRF or OTCRF for compliance with FINRA Rules 6380A and 7230A or 6622 and 7330                                                                                                              |
| All<br>Provided        | Member's "Regular & Rigorous" review procedures regarding order execution quality for compliance with NASD Rules 2320 and 3010                                                                                  |
| All<br>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<br>Provided        | Member's supervisory system, written supervisory procedures ("WSPs") and documentation evidencing execution of the WSPs for compliance with NASD Rule 3010 or Nasdaq Rule 3010 requirements                     |