

FINRA

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**FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20110285793-01**

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 and its predecessor, NASD, since October 16, 1936, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

On January 25, 2011, FINRA accepted an AWC in which the firm was censured and fined \$50,000, which included a fine of \$27,500 for Order Audit Trail System ("OATS") reporting violations for two matters with conduct that occurred in the 2nd quarter of 2006 and the 1st quarter of 2007 and \$10,000 for equity trade reporting violations for conduct that occurred from May 1, 2007 through January 31, 2009.

On April 30, 2010, FINRA accepted an AWC in which the firm was censured and fined \$127,500, which included a fine of \$37,500 for OATS reporting violations for three matters with conduct that occurred in the 4th quarter of 2005 and on August 18, 2008 and August 19, 2008, and a fine of \$37,500 for equity trade reporting violations for three matters with conduct that occurred from December 1, 2006 through March 3, 2008 and in the 2nd trimesters of 2007 and 2008.

SUMMARY

In Review No. 20110285793, the OATS staff of the Department of Market Regulation (the "OATS staff") reviewed the firm's compliance with FINRA rules applicable to OATS reporting during the period January 1, 2011 through April 30, 2011 (the "1T11 OATS review period").

In Review No. 20110288265, the OATS staff reviewed the firm's compliance with FINRA rules applicable to OATS reporting during the period April 1, 2011 through June 30, 2011 (the "2Q11 OATS review period").

In Review No. 20110301444, the Trade Reporting staff of the Department of Market Regulation reviewed the firm's compliance with FINRA rules applicable to equity trade reporting requirements during the period May 1, 2011 through August 31, 2011 (the "2T11 trade reporting review period").

FACTS AND VIOLATIVE CONDUCT

In connection with Review No. 20110285793:

1. During the 1T11 OATS review period, the firm (a) failed to timely report to OATS 77,075,490 Reportable Order Events ("ROEs"); (b) transmitted to OATS 69 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; (c) submitted Combined Order/Execution Reports for four orders that were routed away for execution; and (d) failed to submit the appropriate Reporting Exception Code for three Combined Order/Execution Reports. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450.

In connection with Review No. 20110288265:

2. During the 2Q11 OATS review period, the firm transmitted to OATS 44 reports that contained inaccurate, incomplete, or improperly formatted data. Specifically, the firm (a) transmitted 42 Execution or Combined Order/Execution Reports that contained incorrect Reporting Exception Codes of "P" when the reports were

required to be matched to trade reports; and (b) submitted two Execution or Combined Order/Execution Reports for orders that were routed away for execution. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 7450.

In connection with Review No. 20110301444:

3. The firm failed to accept or decline in the FINRA/Nasdaq Trade Reporting Facility ("FNTRF") 76 transactions in reportable securities within 20 minutes after execution, approximately 21 percent of all transactions that the firm had an obligation to accept or decline as the OEID during the 2T11 trade reporting review period. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rules 2010 and 7230A(b).

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

A censure and a fine of \$37,500 (comprised of \$25,000 for OATS reporting violations and \$12,500 for trade reporting violations).

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.

5/29/14
Date

Respondent
Credit Suisse Securities (USA) LLC

By: [Signature]

Name: Sh. Luby

Title: MD

Reviewed by:

[Signature]
Craig S. Warkol, Esq.
Counsel for Respondent
Bracewell & Giuliani LLP
1251 Avenue of the Americas
49th Floor
New York, NY 10020-1104

Accepted by FINRA:

6/17/2014
Date

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

[Signature]
Justin Chretien
Chief Counsel
Department of Market Regulation