

**NEW YORK STOCK EXCHANGE LLC
LETTER OF ACCEPTANCE, WAIVER, AND CONSENT
NO. 2017-05-00036**

TO: New York Stock Exchange LLC

RE: Credit Suisse Securities (USA) LLC
CRD No. 816

From October 1, 2015 to September 30, 2018 (the "Relevant Period"), Credit Suisse Securities (USA) LLC ("CSSU" or the "Firm") violated NYSE Rule 3110(b)(4) by failing to reasonably evidence the actions taken by the Firm as a result of any significant regulatory issues identified from its reviews of employee electronic communications. CSSU consents to a censure and a \$12,500 fine.

* * *

Pursuant to NYSE Rule 9216 of the New York Stock Exchange LLC (the "NYSE" or the "Exchange") Code of Procedure, CSSU 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, the NYSE will not bring any future actions against the Firm alleging violations based on the same factual findings described herein.

I. ACCEPTANCE AND CONSENT

- A. CSSU hereby accepts and consents, solely for the purposes of this proceeding and any other proceeding brought by or on behalf of the NYSE, or to which the NYSE is a party, prior to a hearing and without an adjudication of any issue of law or fact, without admitting or denying the findings, to the entry of the following findings by the NYSE:

BACKGROUND AND JURISDICTION

1. CSSU has been member of the NYSE since 1982. CSSU is a full-service brokerage firm headquartered in New York, NY and currently employs approximately 2,600 registered persons.

PROCEDURAL HISTORY

2. In May 2017, NYSE Regulation opened an investigation into CSSU to determine whether the electronic communications review procedures it had in place were reasonable under NYSE Rule 3110(b)(4).

VIOLATIONS

NYSE Rule 3110(b)(4) Violation

3. NYSE Rule 3110(b)(1) generally requires “[e]ach member organization [to] establish, maintain, and enforce written procedures to supervise the types of business in which it engages and the activities of its associated persons that are reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable Exchange rules.”
4. NYSE Rule 3110(b)(4) more specifically provides, *inter alia*: “The supervisory procedures required by this paragraph (b) shall include procedures for the review of incoming and outgoing written (including electronic) correspondence and internal communications relating to the member organization’s investment banking or securities business. The supervisory procedures must be appropriate for the member organization’s business, size, structure, and customers.”
5. Moreover, Supplementary Material .07 under NYSE Rule 3110(b)(4) states that “[t]he evidence of review . . . must be chronicled either electronically or on paper and must clearly identify the reviewer, the internal communication or correspondence that was reviewed, the date of review, and the actions taken by the member organization as a result of any significant regulatory issues identified during the review.” (Emphasis added.)
6. For its first-level reviews, CSSU primarily uses a lexicon-based approach to collect and review electronic communications that its employees send and receive both internally and externally. Front office supervisors are responsible for the first-level review and conduct the reviews in a suitable review platform. During their first-level review, front office supervisors apply tags to particular electronic communications in the review platform, including “escalate” or “investigate,” if warranted.
7. Electronic communications that require further investigation are escalated to compliance personnel, and then compliance personnel will follow up with other appropriate individuals at CSSU if needed, including, for example, the employees associated with the electronic communication, their business supervisors and/or other CSSU departments such as human resources or the general counsel’s office.
8. Once escalated to compliance personnel, however, CSSU did not reasonably evidence the actions taken by the Firm and the reasons for those actions as a result of any significant regulatory issues identified. For example, while CSSU may have maintained written evidence of actions taken as a result of significant regulatory issues identified during electronic communications reviews, it did not maintain the evidence or otherwise reasonably chronicle actions taken by the Firm in the review platform (*see* NYSE Rule 3110(b)(4), Supplementary Material .07).

9. Instead, in order to determine what happened with an escalation, for example, CSSU had to manually consult with different internal departments on a one-off basis and ask them to report the outcome and provide any documentation relating thereto.
10. For these reasons, CSSU violated NYSE Rule 3110(b)(4).

PRIOR RELEVANT DISCIPLINARY HISTORY

11. Although CSSU has formal disciplinary history for supervisory failures in violation of NYSE Rule 3110, none of these matters concerned its procedures for reviewing employee electronic communications.

OTHER FACTORS CONSIDERED

12. In resolving this matter, NYSE Regulation Enforcement (“Enforcement”) took into account CSSU’s remediation. Part of CSSU’s efforts have included, among other things, replacing its review platform, which will allow for descriptions of actions taken by the Firm as a result of any escalations or investigations and/or cross reference to other Firm databases that contain the relevant resolutions and related information. These enhancements were contemplated by CSSU prior to Enforcement’s investigation.

SANCTIONS

- B. CSSU consents to the imposition of the following sanctions:

Censures and fine in the amount of \$12,500.

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. The Firm has submitted a Method of Payment Confirmation form showing the method by which it will 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 Firm agrees that it shall not seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made pursuant to any insurance policy, with regard to any fine amounts that the Firm pays pursuant to this AWC, regardless of the use of the fine amounts. The Firm further agrees that it shall not claim, assert, or apply for a tax deduction or tax credit with regard to any federal, state, or local tax for any fine amounts that the Firm pays pursuant to this AWC, regardless of the use of the fine amounts.

The sanctions imposed herein shall be effective on a date set by NYSE Regulation.

II. WAIVER OF PROCEDURAL RIGHTS

The Firm specifically and voluntarily waives the following rights granted under the NYSE Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against the Firm;
- B. To be notified of the Formal 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 Exchange's Board of Directors 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 Chief Regulatory Officer of the NYSE; the Exchange's Board of Directors, Disciplinary Action Committee ("DAC"), and Committee for Review ("CFR"); any Director, DAC member, or CFR member; Counsel to the Exchange Board of Directors or CFR; any other NYSE employee; or any Regulatory Staff as defined in NYSE Rule 9120 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 communication prohibitions of NYSE Rule 9143 or the separation of functions prohibitions of NYSE 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 by NYSE Regulation, and accepted by the Chief Regulatory Officer of the NYSE pursuant to NYSE 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. The AWC shall be sent to each Director and each member of the Committee for Review via courier, express delivery or electronic means, and shall be deemed

final and shall constitute the complaint, answer, and decision in the matter, 25 days after it is sent to each Director and each member of the Committee for Review, unless review by the Exchange Board of Directors is requested pursuant to NYSE Rule 9310(a)(1)(B);

2. This AWC will become part of the Firm's permanent disciplinary record and may be considered in any future actions brought by the Exchange, or any other regulator against the Firm;
 3. The NYSE shall publish a copy of the AWC on its website in accordance with NYSE Rule 8313;
 4. The NYSE may make a public announcement concerning this agreement and the subject matter thereof in accordance with NYSE Rule 8313; and
 5. 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 the Exchange, or to which the Exchange 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 the Exchange is not a party.
- D. A signed copy of this AWC and the accompanying Method of Payment Confirmation form delivered by email, facsimile or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy.
- E. 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. Any such statement does not constitute factual or legal findings by the Exchange, nor does it reflect the views of NYSE Regulation or its staff.

The Firm certifies that, in connection with each of the Exchange's requests for documents in connection with this matter, the Firm made a diligent inquiry of all persons who reasonably had possession of responsive documents, and that those documents have been produced or identified in a privilege log. The Firm acknowledges that, in agreeing to the AWC, the Exchange has relied upon, among other things, the completeness of such document productions.

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.

10/25/2018
Date

Credit Suisse Securities (USA) LLC,
Respondent

By:



Lara M. Leaf, Esq.
Director
Credit Suisse Securities (USA) LLC,
for and on behalf of
Credit Suisse Securities (USA) LLC

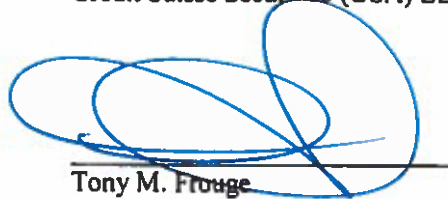
Approved as to form by:



Jonathan E. Green, Esq.
Arnold & Porter Kaye Scholer LLP
Counsel for
Credit Suisse Securities (USA) LLC

Accepted by NYSE Regulation:

10.26.2018
Date



Tony M. Frouge
Senior Enforcement Counsel
NYSE Regulation

Signed on behalf of the
New York Stock Exchange LLC,
by delegated authority from its
Chief Regulatory Officer