



DISCIPLINARY DECISION

Cboe Exchange, Inc.

Star No. 20160487706/File No. USE-1690

Credit Suisse Securities (USA) LLC

Pursuant to Exchange Rule 13.3, attached to and incorporated as part of this Decision is a Letter of Consent.

Applicable Rule(s)

- Cboe Rules 4.2 – Adherence to Law, 4.24 – Supervision, and 15.1 – Maintenance, Retention and Furnishing of Books, Records and Other Information
- Section 17(a) of the Securities Exchange Act of 1934, as amended and Rule 17a-3 – Records to be Made by Certain Exchange Members, Brokers and Dealers, thereunder

Sanction

A censure and a monetary fine in the amount of \$57,000

Effective Date

January 29, 2020

/s/ Greg Hoogasian

Greg Hoogasian, CRO, SVP

Cboe Exchange, Inc.

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|------------------------------------|---|----------------------|
| In the Matter of: |) | |
| Credit Suisse Securities (USA) LLC |) | |
| 11 Madison Avenue |) | |
| New York, NY 10010 |) | STAR No. 20160487706 |
| Subject |) | USE-1690 |

LETTER OF CONSENT

In order to resolve these proceedings pursuant to Cboe Exchange, Inc. ("Cboe" or the "Exchange") Rule 13.3 – Expedited Proceedings, the Subject, Credit Suisse Securities (USA) LLC ("CSSU" or the "Firm"), hereby submits this Letter of Consent in the above captioned matter. Only for purposes of this proceeding, and without admitting or denying that a violation of Cboe Rules and/or the Securities Exchange Act of 1934, as amended ("Exchange Act") has been committed, CSSU consents to the Stipulation of Facts and Findings and Sanction set forth below.

Stipulation of Facts and Findings

1. During all relevant periods herein, CSSU was an Exchange Trading Permit Holder registered to conduct business as a Clearing Trading Permit Holder and a Proprietary Trading Permit Holder. In addition, CSSU was approved to transact business with the public.
2. During all relevant periods herein, CSSU was acting as a registered Broker-Dealer.
3. During all relevant periods herein, Exchange Rules 4.2 – Adherence to Law, 4.24 – Supervision, and 15.1 – Maintenance, Retention and Furnishing of Books, Records and Other Information; and Section 17(a) of the Exchange Act and Rule 17a-3 – Records to be Made by Certain Exchange Members, Brokers and Dealers thereunder, were in full force and effect.
4. From on or about June 13, 2016 through on or about June 17, 2016 (the "2016 Review Period"), CSSU handled approximately 317 manual options orders, of which 193 were manual customer options orders that were routed to a floor broker for execution.¹ Staff reviewed fifty-two (52) manual customer orders routed to a floor broker for execution during the 2016 Review Period. Twenty (20) of the manual customer options orders reviewed were routed to Cboe for execution.

¹ Of the 193 orders, approximately 115 orders (or 59.6%), were executed on Cboe.

5. During the 2016 Review Period, CSSU failed to record the accurate order receipt time for one (1) of the twenty (20) sampled manual customer options orders that were routed to and executed on Cboe.
6. During the 2016 Review Period, CSSU failed to record the order transmission time for nineteen (19) of the twenty (20) sampled manual customer options orders that were routed to and executed on Cboe.
7. During the 2016 Review Period, CSSU failed to record the correct exchange of execution for eight (8) of the twenty (20) sampled manual customer options orders that were routed to and executed on Cboe.
8. From on or about May 15, 2017 through on or about May 19, 2017 (the "2017 Review Period"), CSSU handled approximately 299 manual customer options orders, of which 180 were manual customer options orders that were routed to a floor broker for execution on various options exchanges, including Cboe.² Staff reviewed forty-six (46) manual customer orders routed to a floor broker for execution during the 2017 Review Period. Twenty-two (22) of the manual customer options orders reviewed were routed to Cboe for execution.
9. During the 2017 Review Period, CSSU failed to record the accurate order receipt time for four (4) of the twenty-two (22) sampled manual customer options orders that were routed to and executed on Cboe.
10. During the 2017 Review Period, CSSU failed to record the accurate order transmission time for thirteen (13) of the twenty-two (22) sampled manual customer options orders that were routed to and executed on Cboe.
11. During the 2017 Review Period, CSSU failed to record the correct exchange of execution for six (6) of the twenty-two (22) sampled manual customer options orders that were routed to and executed on Cboe.
12. During the 2017 Review Period, CSSU failed to record the accurate floor broker for one (1) of the twenty-two (22) sampled manual customer options orders that were routed to and executed on Cboe.
13. Since in or about June 2016 through in or about December 2019, CSSU failed to establish, maintain and enforce Written Supervisory Procedures, and a system for applying such procedures, reasonably designed to prevent and detect violations of Exchange Rule 15.1, and Section 17(a) of the Exchange Act and Rule 17a-3 thereunder in conjunction with the recordkeeping deficiencies identified during the 2016 Review Period and the 2017 Review Period referenced above.

² Of the 180 orders, 71 orders (or 39.4%), were executed on Cboe.

14. During the 2017 Review Period, CSSU failed to supervise its Associated Persons to assure compliance with Cboe Rule 15.1, Section 17(a) of the Exchange Act and Rule 17a-3 thereunder in conjunction with continued, similar recordkeeping deficiencies identified during the 2017 Review Period referenced above.
15. The acts, practices and conduct described in Paragraph 5 constitute a violation of Cboe Rules 4.2 and 15.1; and Section 17(a) of the Exchange Act and Rule 17a-3 thereunder by CSSU, in that CSSU failed to record accurate order receipt times for one (1) of the twenty (20) sampled manual customer options orders that were routed to and executed on Cboe during the 2016 Review Period.
16. The acts, practices and conduct described in Paragraph 6 constitute a violation of Cboe Rules 4.2 and 15.1; and Section 17(a) of the Exchange Act and Rule 17a-3 thereunder by CSSU, in that CSSU failed to record the order transmission time for nineteen (19) of the twenty (20) sampled manual customer options orders that were routed to and executed on Cboe during the 2016 Review Period.
17. The acts, practices and conduct described in Paragraph 7 constitute a violation of Cboe Rules 4.2 and 15.1; and Section 17(a) of the Exchange Act and Rule 17a-3 thereunder by CSSU, in that CSSU failed to record the correct exchange of execution for eight (8) of the twenty (20) sampled manual customer options orders that were routed to and executed on Cboe during the 2016 Review Period.
18. The acts, practices and conduct described in Paragraph 9 constitute a violation of Cboe Rules 4.2 and 15.1; and Section 17(a) of the Exchange Act and Rule 17a-3 thereunder by CSSU, in that CSSU failed to record accurate order receipt times for four (4) of the twenty-two (22) sampled manual customer options orders that were routed to and executed on Cboe during the 2017 Review Period.
19. The acts, practices and conduct described in Paragraph 10 constitute a violation of Cboe Rules 4.2 and 15.1; and Section 17(a) of the Exchange Act and Rule 17a-3 thereunder by CSSU, in that CSSU failed to record an accurate order transmission time for thirteen (13) of the twenty-two (22) sampled manual customer options orders that were routed to and executed on Cboe during the 2017 Review Period.
20. The acts, practices and conduct described in Paragraph 11 constitute a violation of Cboe Rules 4.2 and 15.1; and Section 17(a) of the Exchange Act and Rule 17a-3 thereunder by CSSU, in that CSSU failed to record the correct exchange of execution for six (6) of the twenty-two (22) sampled manual customer options orders that were routed to and executed on Cboe during the 2017 Review Period.
21. The acts, practices and conduct described in Paragraph 12 constitute a violation of Cboe Rules 4.2 and 15.1; and Section 17(a) of the Exchange Act and Rule 17a-3 thereunder by CSSU, in that CSSU failed to record the accurate floor broker for one (1) of the twenty-two (22) sampled manual customer options orders that were routed to and executed on Cboe during the 2017 Review Period.

22. The acts, practices and conduct described in Paragraph 13, above, constitute a violation of Cboe Rule 4.24 by CSSU, in that CSSU failed to establish, maintain and enforce Written Supervisory Procedures, and a system for applying such procedures, reasonably designed to prevent and detect violations of Exchange Rule 15.1, and Section 17(a) of the Exchange Act and Rule 17a-3 thereunder in conjunction with the recordkeeping deficiencies identified during the 2016 Review Period and the 2017 Review Period referenced above.
23. The acts, practices and conduct described in Paragraph 14, above, constitute a violation of Cboe Rule 4.2 by CSSU, in that CSSU failed to supervise its Associated Persons to assure compliance with Cboe Rule 15.1, Section 17(a) of the Exchange Act and Rule 17a-3 thereunder in conjunction with the continued, similar recordkeeping deficiencies identified during the 2017 Review Period referenced above.

Sanction: A \$57,000 fine and censure.³

Subject acknowledges that it has read the foregoing Letter of Consent, that no promise or inducement of any kind has been made to it by the Exchange or its staff, and that this Letter of Consent is voluntary on its part.

Subject understands and acknowledges that the Exchange's decision in this matter will become part of its disciplinary record and may be considered in any future Exchange proceeding.

Subject also acknowledges that the Chief Regulatory Officer's decision to accept or reject this Letter of Consent is final, and that it may not seek review thereof in accordance with Exchange Rule 13.3.

1/27/20
Date


Credit Suisse Securities (USA) LLC

Lara Leaf
Print Name

Director
Title

³ While CSSU was not the subject of any prior formal disciplinary matters that included violations related to inaccurate or incomplete order tickets, in determining these sanctions, the Exchange considered the conduct that was identified during the 2016 Review Period, and the continued violations in the 2017 Review Period, that occurred after the Firm was put on notice of the violations in the 2016 Review Period.