

CBOE BZX EXCHANGE, INC.
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20150440797-01

TO: Cboe BZX Exchange, Inc.
c/o Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")

RE: Credit Suisse Securities (USA) LLC, Respondent
Broker-Dealer
CRD No. 816

Pursuant to Rule 8.3 of the Rules of Cboe BZX Exchange, Inc. ("BZX"), Credit Suisse Securities (USA) LLC ("Credit Suisse", 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, BZX 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 BZX, or to which BZX 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 BZX:

BACKGROUND

1. The Firm has been registered with BZX since September 3, 2008, and with FINRA since October 16, 1936, and its registrations remain in effect. The Firm does not have a relevant disciplinary history.

SUMMARY

2. In connection with this matter, the FINRA Department of Market Regulation's ETP Surveillance and Investigations Group (the "Staff") reviewed the Firm's compliance with inputting the correct capacity with respect to orders entered on BZX, during the period between July 1, 2012 and April 26, 2013 (the "Review Period").
3. Capacity codes are important because, among other things, their inaccuracy could impact certain cross-market surveillances (*i.e.*, wash trading and intra-day manipulation).

4. Based on its review, Staff found that the Firm failed to comply with order marking requirements as set forth in BZX Rule 11.21 and related supervision rules during the Review Period.

FACTS AND VIOLATIVE CONDUCT

5. During the Review Period, Firm Customer A¹ was both a customer of Credit Suisse and a fund manager for Credit Suisse. Orders entered in its role as a customer were required to be marked as “Agency” and orders entered in its role as fund manager were required to be entered as “Principal.”
6. During the Review Period, as a result of a coding error in a programming upgrade, the Firm submitted inaccurate information to BZX, by entering customer orders on behalf of Firm Customer A as “Principal” orders, when the orders should have been designated as “Agency” orders, in a total of approximately 3.9 million instances.² The conduct described in this paragraph constitutes separate and distinct violations of BZX Rule 11.21.
7. During the Review Period, the Firm failed to establish and maintain a supervisory system that was reasonably designed to achieve compliance with certain applicable securities laws and regulations, specifically with respect to BZX rules, regarding the submission of accurate capacity codes on orders submitted to BZX. Although the Firm’s surveillances did detect that the orders in question that were marked in a Principal order capacity rather than an Agency capacity, due to the Customer A’s dual role as a customer and a fund manager, the Firm did not identify that Customer A’s orders were inaccurately designated during the Review Period. The foregoing conduct constitutes a violation of BZX Rules 3.1 and 5.1.

OTHER FACTORS

8. In determining to resolve this matter on the basis set forth herein, BZX took into consideration the following: (i) the Firm provided substantial assistance to FINRA, including providing the Staff with data quantifying the number of violations and their duration; and (ii) the subsequent remedial measures implemented by the Firm.

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

1. A censure; and
2. A fine in the amount of \$15,000.

¹ A generic identifier was used.

² These inaccuracies impacted certain cross-market surveillances but there was no identified market impact or harm to market participants.

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 BZX.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under BZX Rules:

- A. To have a Statement of Charges issued specifying the allegations against it;
- B. To be notified of the Statement of Charges 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 Appeals Committee of the BZX's Board of Directors 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 Regulatory Officer ("CRO"), in connection with the CRO'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 BZX Rule 8.16, 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 CRO, pursuant to BZX Rule 8.3;

- 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 Respondent's permanent disciplinary record and may be considered in any future actions brought by BZX or any other regulator against Respondent;
 2. this AWC will be published on a website maintained by BZX in accordance with BZX Rule 8.18. In addition, this AWC will be made available through FINRA's public disclosure program in response to public inquiries about Respondent's disciplinary record; and
 3. 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 BZX, or to which BZX is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects Respondent's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which BZX 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. Respondent 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 BZX, nor does it reflect the views of BZX or its staff.

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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.

Date

Credit Suisse Securities (USA) LLC

By: _____

Reviewed by:

Craig Carpenito / rct
Craig Carpenito
Alston & Bird, LLP
Counsel for Respondent

Date

12/19/2017



Greg Hoogasian
Senior Vice President & Chief Regulatory Officer
Cboe BZX Exchange, Inc.

ELECTION OF PAYMENT FORM

Respondent intends to pay the fine proposed in the attached Letter of Acceptance, Waiver and Consent by the following method (check one):

- A Firm check or bank check for the full amount; or
- Wire transfer.

12/12/17
Date

Respectfully submitted,
Respondent Credit Suisse Securities (USA) LLC

By: 