THE NASDAQ OPTIONS MARKET LLC
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2017056726205

TO: The Nasdaq Options Market LLC
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 9216 of The Nasdaq Stock Market LLC ("Nasdaq")[1] Code of Procedure, Credit Suisse Securities (USA) LLC ("Credit Suisse" or 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, Nasdaq 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 Nasdaq, or to which Nasdaq 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 Nasdaq:

BACKGROUND

Credit Suisse became a FINRA member in 1936 and a member of The Nasdaq Options Market LLC ("NOM") in March 2008. The Firm terminated its NOM membership on December 6, 2024. During the relevant period, the Firm was headquartered in New York, New York and indirectly owned by Credit Suisse Group AG, a foreign bank based in Switzerland.[2] During the relevant period, the Firm provided brokerage, investment banking, research, and trading services to more than 300,000 institutional customer accounts. The Firm does not have any relevant disciplinary history.

SUMMARY

During the period of August 2012 through September 2020, Credit Suisse failed to establish and maintain a supervisory system and procedures reasonably designed to achieve compliance with the federal securities laws and exchange rules prohibiting various forms of manipulative and insider trading. The Firm's supervisory failures caused hundreds of millions of trade, order, and position records to be omitted from the Firm's

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[1] All Nasdaq Options Market LLC disciplinary matters are governed by the Nasdaq Code of Procedure.

[2] UBS acquired Credit Suisse's parent company in June 2023.

surveillance systems. These supervisory failures arose from flaws in two Firm systems that provided data to the Firm's surveillance systems for review and analysis, including surveillances designed to detect potential front running, layering, spoofing, watch list and restricted list trading, and the potential misuse of material non-public information. Despite red flags as early as 2013 that should have put the Firm on notice that one of the affected systems was not transmitting reliable data to the surveillance systems, the Firm did not begin to take remedial action until 2018 and did not fully correct the issues until September 2020.

During this period, the Firm did not detect numerous instances of potentially violative trading, such as potential insider trading and potential manipulative activity occurring at or near the close of trading. As a result, the Firm violated NOM Rules Options 10, Section 7, General 9, Section 1(a), and Options 9, Section 2, NOM Rules Chapter XI, Section 8 and Chapter III, Section 1, and Nasdaq Rules 2010A and 2110.[3]

FACTS AND VIOLATIVE CONDUCT

Credit Suisse failed to establish and maintain a supervisory system and procedures reasonably designed to achieve compliance with the federal securities laws and exchange rules prohibiting various forms of manipulative and insider trading.

  A. Credit Suisse failed to surveil hundreds of millions of trade, order, and position records for potentially violative trading from August 2012 through September 2020.

1. NOM Rule Options 10, Section 7, like its predecessor NOM Rule Chapter XI, Section 8, requires a member that conducts a public customer options business to ensure that its written supervisory system policies and procedures adequately address the member's public customer options business.

2. NOM Rule General 9, Section 1(a), and its predecessors Nasdaq Rules 2010A and 2110, require a member, in the conduct of its business, to observe high standards of commercial honor and just and equitable principles of trade. A violation of NOM Rule Options 10, Section 7 also constitutes a violation of NOM Rule General 9, Section 1(a).

3. NOM Rule Options 9, Section 2, and its predecessor Chapter III, Section 1, prohibit an Options Participant from "engag[ing] in conduct in violation of the Exchange Act or Rules thereunder, the Rules of the Exchange or the Rules of the Clearing Corporation insofar as they relate to the reporting or clearance of any Exchange transaction, or any written interpretation thereof. Every Options Participant shall supervise persons associated with the Participant to assure compliance therewith."

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[3] On December 6, 2019, NOM Rule Chapter XI, Section 8 was renumbered to NOM Rule Options 10, Section 7; Nasdaq Rule 2010A was renumbered to NOM Rule General 9, Section 1(a); and NOM Rule Chapter III, Section 1 was renumbered to NOM Rule Options 9, Section 2. In addition, on November 21, 2012, Nasdaq Rule 2110 was renumbered to Nasdaq Rule 2010A.

4. From August 2012 through September 2020, Credit Suisse's system for monitoring trading relied on surveillance units to review reports from automated surveillance systems designed to detect, among other things, various forms of potentially manipulative trading. Many of the surveillance systems used by the Firm and its affiliates, in turn, relied on a Credit Suisse global proprietary database known as the Legal and Compliance Database ("LCDB") to supply them with the necessary transactional and related data generated by Credit Suisse's systems and received from external data sources. The LCDB supplied data to surveillance systems that generated more than 60 different surveillance reports used by Credit Suisse's Information Barrier Surveillance Unit ("IBSU') and Trade Surveillance Unit ("TSU'). IBSU monitored for trading involving the Firm's restricted list and watch list securities and the potential misuse of material non-public information. TSU monitored for potential manipulative trading such as front running, wash trades, spoofing, and layering.

5. From August 2012 through September 2020, hundreds of millions of trade and order records were not sent to the surveillance reports IBSU and TSU used for review and analysis. The failures stemmed from two causes.

6. First, the LCDB did not receive from Agora, one of Credit Suisse's order management systems, data concerning approximately 440 million equity trades from August 2012 to May 2015. These omissions were caused by an August 2012 software update to Agora, which prevented the LCDB from receiving these Agora trade execution records for transmission to the Firm's surveillance systems.

7. Second, from January 2015 through September 2020, the LCDB failed to process an estimated 480 million trade, order, and position records. Instead of sending the required data to the appropriate surveillance systems, the LCDB stored it in its own electronic repository, known as the "Orphan File." During this period, approximately 550,000 pieces of data were sent to the Orphan File each day. While the Orphan File indicated that unsurveilled data existed, as discussed below, the Firm had no supervisory system or procedure requiring the Orphan File to be reviewed, and no Firm personnel ever reviewed it for any surveillance purpose until June 2018.

8. As a result of incomplete or potentially inaccurate data in its surveillance systems, Credit Suisse did not detect and investigate numerous instances of potentially violative trading. For example, based on a sampling of data in the LCDB's Orphan File, on an annual basis during the relevant period, the Firm did not review tens of thousands of end-of-day orders for potential marking the close activity and millions of canceled orders for potential spoofing or layering.

9. The Firm's surveillance reports also did not detect specific instances of potentially violative trading, including instances of potential spoofing, marking the open, wash trades, and insider trading. For example, the Firm did not detect the following activity indicative of the potential misuse of material non-public information and wash trades:

- On a trading date in 2017, a Firm institutional customer concurrently entered a buy order for 801 shares and a sell order for 847 shares of an exchange-traded fund (ETF). The buy and sell orders were executed against each other for 801 shares, with the remaining 46 shares matched against an unrelated market participant. The Firm customer's trading, which represented 94.57 percent of that day's total volume in the ETF, demonstrated indicia of potential wash trades.

- Two days before a corporate acquisition was announced in June 2020, a Firm customer purchased 110,000 shares of an issuer despite having no history of trading the issuer's shares over the prior two years. After the issuer announced that it was the target of a potential corporate acquisition, the issuer's shares increased in value by 28 percent and the customer sold its entire position for a $1.6 million profit.

10. Additionally, the Firm conducted a retrospective analysis limited to a five-month period in 2015 that identified potential manipulative trading that the Firm did not detect when they occurred. Specifically, the Firm's review identified dozens of instances of potentially manipulative trading occurring at or near the close of each trading day that was attributable to two Firm institutional customers who generated nearly $250,000 in profits from this trading.

B. The Firm's supervisory system and procedures were not reasonably designed to achieve compliance with applicable laws and rules.

11. The LCDB and Agora, which supplied equity trading data to the LCDB, were critical components of the Firm's surveillance and supervision of trading by and through the Firm. The Firm's supervisory system, however, was not reasonably designed to account for the indispensable nature of the LCDB and Agora to the Firm's surveillance program.

12. The Firm did not adequately test how the Agora software update would affect the supply of data to the LCDB. During the relevant period, the Firm also had no system or procedure to monitor whether Agora was supplying the correct amount of data to the LCDB. Thus, the data omissions caused by software update were not timely identified.

13. Despite the fact that the IBSU and TSU surveillance systems were highly dependent on the LCDB, the Firm had no system or procedure to monitor the accuracy and completeness of the data that the LCDB supplied to the Firm's surveillance systems.

14. Moreover, the Firm did not review the LCDB's Orphan File, which, as discussed above, retained data that the LCDB failed to transmit to the Firm's surveillance systems. The Orphan File contained substantial information concerning transactions omitted from the Firm's surveillance reports, such as order codes, share quantities, and execution dates and times. The content of the Orphan File should have put the Firm on notice that there was data was missing from the LCDB and was a potential

resource for the Firm to use in conjunction with its surveillances. However, the Firm's supervisory system and procedures did not require any review of the Orphan File, and no Firm personnel ever reviewed it for any surveillance purpose until June 2018.

15. Indeed, in June 2018, the Firm began using the Orphan File to identify transactional data that the LCDB had omitted from certain Firm surveillances, and developed an automated process to rectify the missing data and transmit it in complete form to the relevant surveillance personnel for review. The Firm did not attempt to use the Orphan File for these purposes earlier.

C. The Firm failed to reasonably respond to red flags.

16. From 2013 through 2016, Credit Suisse was repeatedly notified that the LCDB failed to supply accurate and complete data to the Firm's surveillance systems, thus hindering the Firm's ability to effectively surveil for potentially violative trading. The Firm failed to respond reasonably to these red flags.

17. Four Firm audits conducted during this period noted that the LCDB was omitting data and transmitting flawed data, and that the Firm lacked controls to compensate for the unreliability of the LCDB.

    a. First, in 2013, a Firm audit of the TSU found that a large volume of trades had been improperly excluded from TSU surveillance reports, and concluded that the LCDB lacked appropriate safeguards to ensure that it supplied complete and accurate data to the Firm's surveillance reports.

    b. Second, a 2015 surveillance audit stated that the data supplied by the LCDB to the Firm's surveillance reports suffered from "shortcomings" and "risks."

    c. Third, a 2015 audit of the Firm's insider trading surveillances observed that there were "known issues with the quality of data provided by the [LCDB]" to these surveillance reports.

    d. Fourth, a Firm audit of the LCDB in 2016 concluded that the LCDB lacked "sufficient controls" to ensure the accuracy and completeness of the data disseminated to the Firm's surveillances.

18. The firm's efforts to address these audit findings included retaining an outside consultant. In 2015, the outside consultant recommended that the LCDB be replaced because of the risks it posed to the Firm's regulatory and compliance program.

19. Nevertheless, until 2018, the Firm had not made material progress to replace the LCDB with a new database, and it did not substantially complete the replacement until September 2020.

20. As a result of the foregoing, the Firm violated NOM Rules Options 10, Section 7, General 9, Section 1(a), and Options 9, Section 2, NOM Rules Chapter XI, Section 8, and Chapter III, Section 1, and Nasdaq Rules 2010A and 2110.

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

1. a censure and

2. a $7,125,000 fine, of which $445,312.50 shall be payable to NOM.[4]

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 Payment Information 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 Nasdaq's 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 Nasdaq Review Council 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, the Nasdaq Review Council, or any member of the Nasdaq Review Council, 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

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[4] The remainder will be paid to the Financial Industry Regulatory Authority, NYSE Arca, Inc., New York Stock Exchange LLC, NYSE American LLC, Cboe Options Exchange, Inc., Cboe BYX Exchange, Inc., Cboe BZX Exchange, Inc., Cboe EDGA Exchange, Inc., Cboe EDGX Exchange, Inc., Cboe C2 Exchange, Inc., Nasdaq Stock Market LLC, Nasdaq BX, Inc., and Nasdaq Phlx LLC.

rejection of this AWC.

The Firm further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of Rule 9143 or the separation of functions prohibitions of 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 FINRA's Department of Enforcement and the Nasdaq Review Council, the Review Subcommittee, or the Office of Disciplinary Affairs ("ODA"), pursuant to Nasdaq 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 Nasdaq or any other regulator against the Firm;

 2. Nasdaq may release this AWC or make a public announcement concerning this agreement and the subject matter thereof in accordance with Nasdaq Rule 8310 and IM-8310-3; and

 3. 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 Nasdaq, or to which Nasdaq is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the Firm's right to take legal or factual positions in litigation or other legal proceedings in which Nasdaq 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 Nasdaq, nor does it reflect the views of Nasdaq 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.

12/8/25
Date

Jaclyn Barnao
Credit Suisse Securities (USA) LLC
Respondent

By: _Jaclyn Barnao_
Managing Director

12/8/25
Date

Credit Suisse Securities (USA) LLC
Respondent

By: _Jennifer Huffman_
Executive Director

Reviewed by:

Andrew Geist 12/9/25

Andrew Geist, Esq.
Counsel for Respondent
O'Melveny & Myers LLP
1301 Avenue of the Americas
New York, NY 10019

Accepted by Nasdaq:

12/19/25
Date

Gerald W. Sawczyn, Director
Department of Enforcement

Signed on behalf of Nasdaq Options Market
LLC, by delegated authority from the
Director of ODA

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