



Samuel Barkin  
Director

Department of Enforcement

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Suite 900  
Jersey City, NJ 07302  
Phone: 212-858-4074  
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**Via Certified Mail, Return Receipt Requested (9314 8699 0430 0101 3551 57), First Class  
Mail and Email (allison.lullo@kirkland.com)**

November 10, 2022

Credit Suisse Securities (USA) LLC  
c/o Allison Lullo, Esq.  
Kirkland & Ellis LLP  
601 Lexington Avenue  
New York, NY 10022

**RE: Payment of Fine in Connection with Executed Letter of Consent  
FINRA Matter No. 2020067200701**

Dear Ms. Lullo:

Enclosed is an executed copy of the Letter of Consent (“LOC”), signed by Jaclyn Barnao, Managing Director, Head of U.S. Litigation and Investigations, at Credit Suisse Securities (USA) LLC (the “Firm”), and countersigned by Edward Deitzel, Executive Vice President and Chief Regulatory Officer, for the Business Conduct Committee, at the Miami International Securities Exchange, LLC (“MIAX” or the “Exchange”) on **November 9, 2022**. Please consider this correspondence as notice to the Firm that this LOC has been accepted, and as a result, the Firm must promptly remit payment of the agreed upon sanction. Please make the payment to Miami International Securities Exchange, LLC.

If you have any questions regarding this matter, please contact me at 212-858-4074.

Sincerely,



Samuel Barkin  
Director

Enclosure

cc: Larry O'Leary, VP Regulation, Miami International Securities Exchange, LLC  
(via e-mail to [loleary@miaxoptions.com](mailto:loleary@miaxoptions.com))

*This letter is issued on behalf of the Miami International Securities Exchange, LLC, by FINRA Department of Enforcement pursuant to a grant of authority to FINRA. Accordingly, this constitutes a letter by the Miami International Securities Exchange, LLC.*

**MIAMI INTERNATIONAL SECURITIES EXCHANGE, LLC**  
**LETTER OF CONSENT**  
**NO. 2020067200701**

TO: Miami International Securities Exchange, 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 1003 of the Rules of the Miami International Securities Exchange, LLC (“MIAX”), Credit Suisse Securities (USA) LLC (the “firm” or “Credit Suisse”) submits this Letter of Consent (“LOC”) for the purpose of proposing a settlement of the alleged rule violations described below. This LOC is submitted on the condition that, if accepted, MIAX 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 MIAX, or to which MIAX 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 MIAX:

**BACKGROUND**

The firm became a member of MIAX on December 7, 2012 and its registration remains in effect. The firm is headquartered in New York City.

In March 2018, FINRA and the BOX Options Exchange LLC censured and fined the firm \$200,000 for violations occurring between 2010 and 2016, including: (i) effecting opening transactions for 16 customer accounts acting in-concert that exceeded position limits for 107 days; (ii) failing to report 148 positions to the Large Options Position Report (LOPR); (iii) reporting positions to the LOPR with inaccurate tax fields in millions of instances; and (iv) failing to establish and maintain a supervisory system reasonably designed to achieve compliance with LOPR reporting and position limit requirements.

**SUMMARY**

From December 2012 through June 2021 Credit Suisse misreported the covered quantity of over 600,000 listed short positions to the LOPR in violation of MIAX Rule 310(a).

During the same period, the firm failed to supervise, and to provide for appropriate written procedures to supervise, the accuracy of the covered quantity of its short positions reported to the LOPR, in violation of MIAX Rules 500(b) and 1308(a)(1), which allowed misreporting to continue without detection for over eight years.

### **FACTS AND VIOLATIVE CONDUCT**

This matter originated from an OTC position limits review by FINRA's Options Regulation group.

#### **A. Credit Suisse violated MIAX Rule 310(a) by misreporting short-covered quantities to the LOPR.**

##### The Relevant MIAX Rule

1. MIAX Rule 310(a) provides that each Member shall file with the Exchange the name, address and social security or tax identification number of any customer, as well as any Member, any general or special partner of the Member, any officer or director of the Member or any participant, as such, in any joint, group or syndicate account with the Member or with any partner, officer or director thereof, who, on the previous business day held aggregate long or short positions of 200 or more option contracts of any single class of options traded on the Exchange.<sup>1</sup> The report shall indicate for each such class of option contracts the number of option contracts comprising each such position and, in the case of short positions, whether covered or uncovered, as defined by MIAX Rule 100.

##### The Violative Conduct

2. LOPR data is used by regulators to identify holders of large options positions who may be attempting to manipulate the market in the underlying equity, leverage an option position to affect the price, or move the underlying equity to change the value of a large option position. The accuracy of LOPR data is essential for this analysis.
3. Between December 2012 and June 2021, Credit Suisse misreported to the LOPR the short-covered quantity for 610,283 listed short positions in 5,438,442 instances.<sup>2</sup>
4. As a result of the foregoing conduct, the firm violated MIAX Rule 310(a).

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<sup>1</sup> The Options Clearing Corporation hosts the LOPR system and collects and disseminates all LOPR data for the U.S. options exchanges and FINRA.

<sup>2</sup> An "instance" occurs where a firm fails to report, or inaccurately reports, a position for one day. The number of instances is determined by multiplying a given reportable position by the number of trade dates that the position was not reported or was reported inaccurately.

**B. Credit Suisse failed to reasonably supervise LOPR reporting.**

MIAX Rules 500(b) and 1308

5. MIAX Rule 500(b) prohibits members from engaging in conduct (1) inconsistent with the maintenance of a fair and orderly market; (2) apt to impair public confidence in the operations of the Exchange; or (3) inconsistent with the ordinary and efficient conduct of business. Activities that may violate Rule 500(b) include, but are not limited to, failure of a member to supervise an employee or associated person “adequately to ensure that person’s compliance with [Rule 500(b)]”.
6. MIAX Rule 1308(a)(1) requires, among other things, that members who conduct a non-member customer business “provide for appropriate supervisory control” and “provide for appropriate written procedures of supervision and control.”

Violative Conduct

7. From December 2012 to June 2021, the firm failed to establish and maintain a supervisory system and written supervisory procedures (“WSPs”) reasonably designed to achieve compliance with rules governing LOPR reporting. The firm’s supervisory system and WSPs concerning LOPR provided for supervisory reviews of LOPR reporting that included reviews of rejected records, acting-in-concert submissions, and periodic reviews for completeness. However, the firm’s supervisory system and WSPs failed to provide for any supervisory review to determine whether the short-covered quantity information reported to the LOPR was complete and accurate. As a result, Credit Suisse failed to detect that it was misreporting the covered quantity of short positions over an 8.5-year period.
8. As a result of the foregoing, the firm violated MIAX Rules 500(b) and 1308(a)(1).<sup>3</sup>

C. The firm also consents to the imposition of the following sanctions:<sup>4</sup>

A censure and a fine in the amount of \$1,125,000

The firm agrees to pay the monetary sanction(s) upon notice that this LOC 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 MIAX.

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<sup>3</sup> Credit Suisse completed the remediation of the coding errors in June 2021 and amended its supervisory system and WSPs to include a review of the short-covered quantity in July 2021.

<sup>4</sup> Related disciplinary action on behalf of the Financial Industry Regulatory Authority for similar violations is being taken concurrently in conjunction with this matter.

## II.

### WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under MIAX Rules:

- A. To have a Statement of Charges issued specifying the allegations against the firm;
- 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 MIAX'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 prejudice of the Chief Regulatory Officer ("CRO"), as well as the Business Conduct Committee ("BCC"), in connection with participation in discussions regarding the terms and conditions of this LOC, or other consideration of this LOC, including acceptance or rejection of this LOC.

The firm further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of MIAX Rule 1006, in connection with such person's or body's participation in discussions regarding the terms and conditions of this LOC, or other consideration of this LOC, including its acceptance or rejection.

## III.

### OTHER MATTERS

The firm understands that:

- A. Submission of this LOC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the CRO and the BCC, pursuant to MIAX Rule 1003;
- B. If this LOC 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 LOC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by MIAX or any other regulator against the firm;
  - 2. This AWC will be published on a website maintained by MIAX; 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 LOC or create the impression that the LOC is without factual basis. The firm may not take any position in any proceeding brought by or on behalf of MIAX, or to which MIAX is a party, that is inconsistent with any part of this LOC. 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 MIAX is not a party.

- D. The firm may attach a Corrective Action Statement to this LOC 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 LOC in this Statement. This Statement does not constitute factual or legal findings by MIAX, nor does it reflect the views of MIAX 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 LOC and has been given a full opportunity to ask questions about it; that it has agreed to the LOC'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.

October 24, 2022

\_\_\_\_\_  
Date

Respondent  
Credit Suisse Securities (USA) LLC

By Jaelyn A. Barnao

Name: Jaelyn Barnao

Title: Managing Director, Head of U.S. Litigation and Investigations

Reviewed by:

Allison Lullo  
Counsel for Respondent  
Allison Lullo, Esq.  
Counsel for Respondent  
Kirkland & Ellis LLP  
601 Lexington Avenue  
New York, NY 10022  
(212) 446-4965



## ELECTION OF PAYMENT FORM

The firm intends to pay the fine proposed in the attached Letter of Consent by the following method (check one):

- A firm check or bank check for the full amount
- Wire transfer

Respectfully submitted,  
Respondent  
Credit Suisse Securities (USA) LLC

October 24, 2022

\_\_\_\_\_  
Date

By: 

Name: Jaclyn Barnao

Title: Managing Director, Head of U.S.  
Litigation and Investigations