

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 9550 / February 21, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-15763

In the Matter of

CREDIT SUISSE GROUP
AG

Respondent.

ORDER UNDER RULE 602(e) OF THE
SECURITIES ACT OF 1933 GRANTING A
WAIVER OF THE RULE 602(c)(3)
DISQUALIFICATION PROVISION

I.

Respondent Credit Suisse Group AG (“CSAG” or “Respondent”) has submitted a letter, dated January 28, 2014, requesting a waiver of the Rule 602(c)(3) disqualification from relying on the exemption under Regulation E from registering securities of certain issuers under the Securities Act of 1933 (the “Securities Act”) arising from Respondent’s settlement of administrative and cease-and-desist proceedings commenced by the Commission.

II.

On February 6, 2014, pursuant to Respondent’s Offer of Settlement, the Commission entered an Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 15(b)(4) and 21C of the Securities Exchange Act of 1934 and Sections 203(e) and (k) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (the “Order”) against Respondent. Under the Order, the Commission found that from at least 2002 until its exit from its business of providing broker-dealer and investment adviser services to certain U.S. clients (the “U.S. cross-border securities business”), which exit CSAG began in 2008, CSAG, through actions of certain of its relationship managers (“RMs”) violated the federal securities laws by providing certain cross-border brokerage and investment advisory services to U.S. clients. During that time, CSAG had as many as 8,500 client accounts that held securities and were beneficially owned by U.S. residents. CSAG RMs solicited and provided broker-dealer and advisory services to some of these clients. CSAG was aware that in certain instances, if its representatives provided such services in the United States or by use of the mails or through interstate commerce, this would have required U.S. broker-dealer and investment adviser registration and that CSAG was not registered. CSAG realized approximately \$82 million in pre-tax income through the unlawful aspects of the U.S. cross-border securities business. As a result of the conduct described in the Order, the Commission found that CSAG willfully violated Section 15(a) of the Securities Exchange Act of 1934 (the

“Exchange Act”) and Section 203(a) of the Investment Advisers Act of 1940 (the “Advisers Act”). In the Order, the Commission ordered that (1) CSAG is censured, (2) CSAG cease-and-desist from committing or causing any violations and any future violations of Exchange Act Section 15(a) or Advisers Act Section 203(a), (3) CSAG pay, within ninety (90) days of the entry of the Order, disgorgement of \$82,170,990, prejudgment interest of \$64,340,024, and a civil money penalty in the amount of \$50,000,000 to the United States Treasury, and (4) that CSAG comply with its undertaking to retain, within 60 days from the entry of the order, and pay for an independent consultant to (i) verify that Respondent has completed the termination of the business described in this Order; and (ii) evaluate Respondent’s existing policies and procedures, to ensure that they are reasonably capable of detecting and preventing any similar violative activity in the future.

III.

The Regulation E exemption is unavailable for the securities of small business investment company issuers or business development company issuers if, among others, any investment adviser to the issuer or underwriter of the securities to be offered is subject to an order of the Commission entered pursuant to Exchange Act Section 15(b) or Advisers Act Section 203(e). 17 C.F.R. § 230.602(c)(3). Rule 602(e) of Regulation E under the Securities Act provides, however, that the disqualification “shall not apply . . . if the Commission determines, upon a showing of good cause, that it is not necessary under the circumstances that the exemption be denied.” 17 C.F.R. § 230.602(e).

IV.

Based upon the representations set forth in Respondent’s request, the Commission has determined that pursuant to Rule 602(e) under the Securities Act a showing of good cause has been made that it is not necessary under the circumstances that the exemption be denied as a result of the entry of the Order.

Accordingly, **IT IS ORDERED**, pursuant to Rule 602(e) under the Securities Act, that a waiver from the application of the disqualification provision of Rule 602(c)(3) of Regulation E under the Securities Act resulting from the entry of the Order is hereby granted.

By the Commission.

Elizabeth M. Murphy
Secretary