



DIVISION OF  
CORPORATION FINANCE

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

October 19, 2011

Ms. Lindi Beaudreault  
Shearman & Sterling LLP  
599 Lexington Avenue  
New York, NY 10022

Re: In the Matter of Citigroup, Inc. (HO-10740)  
**Credit Suisse AG – Waiver Request of Ineligible Issuer Status under Rule 405 of the Securities Act**

Dear Ms. Beaudreault:

This is in response to your letter dated October 19, 2011, written on behalf of Credit Suisse AG (Company) and constituting an application for relief from the Company being considered an “ineligible issuer” under Rule 405(1)(vi) of the Securities Act of 1933 (Securities Act). The Company requests relief from being considered an “ineligible issuer” under Rule 405, due to the entry on October 19, 2011, of a Commission Order (Order) pursuant to Section 8A of the Securities Act and Sections 203(e), 203(f) and 203(k) of the Investment Advisers Act of 1940 (Advisers Act) naming Credit Suisse Alternative Capital (CSAC) and Credit Suisse Asset Management, LLC (CSAM), both subsidiaries of the Company, as respondents. The Order requires that, among other things, CSAC and CSAM cease and desist from committing or causing any violations and any future violations of Section 17(a)(2) of the Securities Act and Section 206(2) of the Advisers Act.

Based on the facts and representations in your letter, and assuming the Company, CSAC and CSAM comply with the Order, the Commission, pursuant to delegated authority has determined that the Company has made a showing of good cause under Rule 405(2) of the Securities Act and that the Company will not be considered an ineligible issuer by reason of the entry of the Order. Accordingly, the relief described above from the Company being an ineligible issuer under Rule 405 of the Securities Act is hereby granted. Any different facts from those represented or non-compliance with the Order might require us to reach a different conclusion.

Sincerely,

A handwritten signature in black ink that reads "Mary Kosterlitz". The signature is fluid and cursive, with a large loop at the end.

Mary Kosterlitz  
Chief, Office of Enforcement Liaison  
Division of Corporation Finance

# SHEARMAN & STERLING LLP

599 LEXINGTON AVENUE | NEW YORK | NY | 10022-6069  
WWW.SHEARMAN.COM | T +1.212.848.4000 | F +1.212.848.7179

October 18, 2011

Mary J. Kosterlitz, Esquire  
Chief of the Office of Enforcement Liaison  
U.S. Securities and Exchange Commission  
Division of Corporation Finance  
100 F Street, N.E.  
Washington, DC 20549

*Re: In the Matter of Citigroup, Inc. (HO-10740)*

Dear Ms. Kosterlitz:

This letter is submitted on behalf of Credit Suisse AG (“Credit Suisse”) in connection with the anticipated settlement of the above-referenced SEC investigation with Credit Suisse Alternative Capital (“CSAC”) and Credit Suisse Asset Management, LLC (“CSAM”), who are subsidiaries of Credit Suisse. The settlement is anticipated to result in the entry of an Administrative Cease-and-Desist Order (“Order”) issued pursuant to Sections 8A of the Securities Act of 1933 (“Securities Act”) and Sections 203(e), (f) and (k) of the Investment Advisers Act of 1940 (“Advisers Act”), described below.

Credit Suisse hereby respectfully requests, pursuant to Rule 405 of the Securities Act, that the Division of Corporation Finance, on behalf of the Commission, for good cause shown determine that Credit Suisse shall not be considered an “ineligible issuer” under Rule 405 as a result of the settlement. We respectfully request that this waiver be granted effective as of the date of the Order. It is our understanding that the Division of Enforcement does not object to our request for such a determination.

## **BACKGROUND**

The conduct described in the Order concerns the Class V Funding III Ltd. (“Class V”) collateralized debt obligation (“CDO”), which was offered to investors in February 2007. Class V was structured and marketed by Citigroup Global Markets Inc. (“Citigroup”), while Credit Suisse Alternative Capital (“CSAC”), the predecessor to CSAM, served as the collateral manager in connection with the selection of assets for and the management of the Class V portfolio. The Order finds that CSAC was negligent in failing to disclose material facts about the transaction. Specifically, the Order states that the marketing materials represented that the investment portfolio was selected by CSAC, and that the assets were acquired at “fair market value” without disclosing: 1) the role played by Citigroup in the portfolio selection process, 2) that CSAC did not follow its internal policies and stated asset selection process by failing to conduct or obtain certain credit analyses in connection with the purchase of certain assets; and 3) that CSAC sold

ABU DHABI | BEIJING | BRUSSELS | DÜSSELDORF | FRANKFURT | HONG KONG | LONDON | MENLO PARK | MILAN | MUNICH  
NEW YORK | PARIS | ROME | SAN FRANCISCO | SÃO PAULO | SHANGHAI | SINGAPORE | TOKYO | TORONTO | WASHINGTON, DC

SHEARMAN & STERLING LLP IS A LIMITED LIABILITY PARTNERSHIP ORGANIZED IN THE UNITED STATES UNDER THE LAWS OF THE STATE OF DELAWARE, WHICH LAWS LIMIT THE PERSONAL LIABILITY OF PARTNERS.

NYDOCS04/538393.4

protection on many of the assets for the Class V portfolio at spreads well below those available in the market.

The SEC staff has engaged in settlement discussions with CSAC and CSAM in connection with the investigation described above. CSAC and CSAM have submitted offers of settlement, which the Commission has accepted, solely for the purpose of proceedings by or on behalf of the Commission and without admitting or denying the findings contained in the Order, except as to the Commission's jurisdiction over CSAC and CSAM and the subject matter of the proceedings.

The Order will find that, as a result of the negligent conduct described in the Order, CSAC and CSAM violated Section 17(a)(2) of the Securities Act and Section 206(2) of the Investment Advisers Act. The Order will require that CSAC and CSAM cease and desist from committing or causing any violations and any future violations of Section 17(a)(2) of the Securities Act and Section 206(2) of the Advisers Act, pay disgorgement of \$1,000,000, prejudgment interest of \$250,000 and a civil money penalty of \$1,250,000.

## **DISCUSSION**

Securities Act rules, which became effective on December 1, 2005, provide substantial benefits to an issuer who is classified as a "well-known seasoned issuer" ("WKSI") under Securities Act Rule 405, including the use of a streamlined automatic shelf registration process and exemption from "quiet period" restrictions prohibiting communication during the 30-day period prior to the filing of a registration statement. The rules also permit most other issuers to use a "free writing prospectus" after a registration statement is filed to communicate information about a registered offering of securities. Pursuant to Rule 405, however, a company cannot qualify as a WKSI if it is an "ineligible issuer."

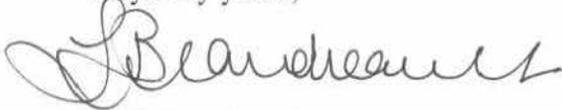
Rule 405 of the Securities Act makes an issuer an "ineligible issuer" if, during the past three years, the issuer or any entity that at the time was a subsidiary of the issuer "was made the subject of any judicial or administrative decree or order arising out of a governmental action" that, among other things, "(A) prohibits certain conduct or activities regarding, including future violations of, the anti-fraud provisions of the federal securities laws" or "(B) requires that the person cease and desist from violating the anti-fraud provisions of the federal securities laws." Rule 405 also authorizes the Commission to determine, "upon a showing of good cause, that it is not necessary under the circumstances that the issuer be considered an ineligible issuer." The Commission has delegated authority to the Division of Corporation Finance to grant waivers from any of the ineligibility provisions of this definition.

The conduct described in the Order does not relate to the disclosures of Credit Suisse or any of its subsidiaries in their own filings with the Commission. Moreover, the Order specifies that the conduct was negligent rather than intentional. Under the circumstances, disqualification of eligible issuer status would be unduly and disproportionately severe, and could adversely affect the business operations of Credit Suisse.

In light of the grounds for relief discussed above, Credit Suisse believes that disqualification of Credit Suisse as an ineligible issuer is not necessary under the circumstances, either in the public interest or for the protection of investors, and that Credit Suisse has shown good cause for the requested relief to be granted. Therefore, we respectfully urge the Division of Corporation Finance to grant a waiver, effective as of the date of the entry of the Order, of any "ineligible issuer" status that may arise under Rule 405 as a result of the Order.

If you have any questions regarding this request, please contact me at (212) 848-8142.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Lindi Beaudreault". The signature is written in black ink and is positioned above the printed name.

Lindi Beaudreault