

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 10229 / October 5, 2016

SECURITIES EXCHANGE ACT OF 1934
Release No. 79044 / October 5, 2016

ADMINISTRATIVE PROCEEDING
File No. 3-17617

In the Matter of

CREDIT SUISSE AG

Respondent.

**ORDER INSTITUTING CEASE-AND-
DESIST PROCEEDINGS PURSUANT TO
SECTION 8A OF THE SECURITIES ACT
OF 1933 AND SECTION 21C OF THE
SECURITIES EXCHANGE ACT OF 1934,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS**

I.

The Securities and Exchange Commission (the “Commission”) deems it appropriate that public cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (the “Securities Act”) and Section 21C of the Securities Exchange Act of 1934 (the “Exchange Act”) against Credit Suisse AG (“Credit Suisse” or the “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) that the Commission has determined to accept. Respondent admits the facts set forth in Paragraphs 5 through 58 below, acknowledges that its conduct violated the federal securities laws, admits the Commission’s jurisdiction over it and the subject matter of these proceedings and consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933 and Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions (the “Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds:¹

¹ The findings herein are made pursuant to Respondent’s Offer and are not binding on any other person or entity in this or any other proceeding.

A. Summary

1. From at least the fourth quarter of 2011 through the fourth quarter of 2012, Credit Suisse in certain instances improperly applied its process for recognizing net new assets (“NNA”) for the wealth management business within its private bank division (“Private Bank”) in a way that was inconsistent with its disclosures. As a result, Credit Suisse’s NNA disclosures were materially misleading.

2. NNA for the Private Bank was reported in Credit Suisse’s quarterly and annual reports, which were furnished to the Commission as exhibits to Form 6-K and filed with the Commission on Form 20-F, respectively, as the change in assets under management (“AUM”) from one quarter to another. NNA reflects the total net inflow of AUM from new and existing clients in a given period and measures Credit Suisse’s success in attracting new business to the Private Bank. NNA is a key metric in assessing the wealth management business and therefore is an important disclosure for investors in financial institutions like Credit Suisse.

3. Credit Suisse’s public filings disclosed that “[t]he classification of assets under management is individually assessed on the basis of each client’s intentions and objectives and the banking services provided to the client.” Credit Suisse’s practice during the relevant period was inconsistent with these disclosures. Rather than evaluating each client and determining what was appropriately recognized as NNA in a principled way, Credit Suisse, at times, took a results-driven approach that allowed targets to drive the timing and amount of NNA recognition. In certain instances, certain Credit Suisse managers pressured other Credit Suisse employees to classify certain client assets as AUM despite concerns raised by others.

4. Based on the foregoing, and by the respective acts and omissions described below, Respondent violated certain antifraud, reporting and books-and-records provisions of the federal securities laws.

B. Respondent

5. **Credit Suisse AG (“Credit Suisse”)** is a corporation organized under the laws of Switzerland. Directly and through its subsidiaries and affiliates, it operates a global financial services business in more than 50 countries with over 45,000 employees, including 9,000 U.S. employees. The Private Bank includes Credit Suisse’s wealth management business, which serves ultra-high net worth and high net worth individuals around the globe and private clients in Switzerland. Credit Suisse furnishes quarterly reports to the Commission as exhibits to Form 6-K and files annual reports with the Commission on Form 20-F.

C. Net New Assets and Assets Under Management

6. Credit Suisse’s primary regulator in Switzerland, the Swiss Financial Market Supervisory Authority (“FINMA”), promulgated a rule regarding the recognition and disclosure of AUM and NNA. The FINMA rule provides banks with significant latitude regarding when NNA can be recognized and requires Swiss banks to further establish their own criteria to implement it. During the relevant period, Credit Suisse’s policies and procedures for recognizing AUM and

NNA were overly broad and provided limited guidance regarding the proper application of the policy. As a consequence, some employees took advantage of the flexibility and latitude they afforded in order to meet targets.

7. Pursuant to the FINMA rule, Credit Suisse divided client assets into two categories: AUM and Assets Under Custody (“AUC”). AUM were assets for which the Private Bank actively provided investment advice or discretionary asset management services. By contrast, AUC were assets held solely for transaction-related or safekeeping/custody purposes, where the Private Bank did not provide specific advice regarding asset allocation or investment decisions. Assets classified as AUM typically generated higher profit margins for Credit Suisse than AUC due to the fees earned through the provision of financial advice and asset management services.

8. Credit Suisse tracked and reported quarterly as NNA the total net inflow of AUM from new and existing clients.

9. NNA could be increased in two ways: either by bringing new business into the Bank, or reclassifying AUC to AUM when clients indicated a change in intent and sought advice or management on assets previously classified as AUC. Reclassifications over CHF 500 million could only be approved by a designated committee in Group Finance (“Group AUM Committee”). The conduct at issue in this Order relates to Credit Suisse’s reclassifications of AUC to AUM.

10. NNA was one of several key performance indicators tracked by Credit Suisse and used in external presentations. Credit Suisse senior management established targets for NNA. Certain members of senior management tracked progress towards target numbers and discussed current NNA at regular intervals. In its public statements and presentations, Credit Suisse and its management promoted positive NNA results to investors and analysts. Equity analyst reports often included discussions of NNA results in their coverage of Credit Suisse.

D. Written NNA Disclosures During the Relevant Period

11. Credit Suisse disclosed the Private Bank’s NNA in its quarterly and annual reports. These disclosures were required by FINMA. Pursuant to this requirement, Credit Suisse adopted internal guidelines that established criteria for realizing NNA in various circumstances, including the reclassifications of AUC to AUM. The specified criteria generally revolved around a determination regarding the client’s intent and the banking services provided with respect to the assets. If there was sufficient evidence that the client intended to place the assets with Credit Suisse for investment purposes and Credit Suisse provided investment advice to the client, the assets could be recognized as AUM, thereby generating an inflow of NNA. Consistent with these internal criteria, Credit Suisse informed investors in its written disclosures that “[t]he classification of assets under management is individually assessed on the basis of each client’s intentions and objectives and the banking services provided to the client.”

12. In addition to disclosing global NNA, Credit Suisse also included in its disclosures a table that provided investors with a breakdown of NNA by business area and by region.

13. Credit Suisse's written disclosures reflected that Credit Suisse had and followed established rules and policies regarding decisions to reclassify AUC as AUM. Contrary to this disclosure, as described below, Credit Suisse's reclassification decisions were at times influenced by its efforts to meet NNA targets.

E. Fourth Quarter of 2011

14. In the fourth quarter of 2011, Credit Suisse reclassified assets belonging to an ultra-high net worth client, Client A. Client A was a long-standing client of Credit Suisse who received investment advice from the bank. The bank earned revenue from investment activity serving Client A in this quarter. Over the course of 2011 there were inflows of new assets for Client A, which were classified as AUC.

15. The reclassification of a portion of the new AUC assets was influenced by the desire to reach targets: as a Credit Suisse Relationship Manager ("RM") with knowledge of Client A's account summarized in an email, "the aim is to reclass an amount in the range of [over CHF 1 billion] before year end. Exact timing and amount has not been decided since it depends on the final NNA requirement . . ." The RM proposed a smaller reclassification to protect against the risk that the client would move assets from Credit Suisse. Other Credit Suisse employees also favored smaller reclassifications. A Senior Manager of Private Banking wrote to other employees involved in the asset reclassification process, invoking the name of a Senior Executive of Private Banking, stating that the Senior Executive "definitely wants to have" reclassified Client A assets "included in the next NNA forecast." Over CHF 1 billion of Client A assets were reclassified from AUC to AUM in the fourth quarter of 2011.

F. First Quarter of 2012

16. In the early 2000s, Client B, a Private Bank client who owned a company, deposited a significant portion of the outstanding shares of that company with Credit Suisse's U.S. operation, Credit Suisse Securities (USA) LLC.

17. Credit Suisse did not, and does not, hold physical custody of client assets in the United States. The Private Bank therefore paid a third party to provide the requested custody services.

18. For almost ten years, Credit Suisse provided no investment advice to Client B and classified Client B's shares as AUC.

19. In 2011, another entity entered into a definitive agreement to acquire Client B's company. The agreement contemplated a transaction that would generate billions of dollars in cash and stock in the acquiring entity for Client B. Although the transaction was expected to close during the first half of 2012, the closure was subject to various contingencies, including, shareholder and regulatory approvals.

20. In late 2011, Client B began to consider whether to move his assets to another bank. Client B distributed a Request for Proposal (the "RFP") for "services and software that could form

the investment infrastructure to service [its] investment operations,” which “solicit[ed] proposals for a solution covering Global Custody and Banking [and] Treasury Services and Liquid Investments.” The RFP did not address the provision of investment advisory services. Client B representatives invited several large financial institutions, including Credit Suisse, to make “beauty contest” presentations to Client B and his representatives in response to the RFP. On December 11, 2011, Credit Suisse made a presentation to Client B and his representatives.

21. In early February 2012, Client B informed Credit Suisse that it had won the beauty contest. The Credit Suisse RM who handled Client B’s account had conversations with Client B’s representatives in February and March to finalize the arrangement with Client B. This included 1) negotiating a Services Agreement, which Client B’s representatives had requested, and 2) arranging for Credit Suisse to provide a written guaranty, required by Client B, that it would indemnify him for any losses that might occur in the event of the third party’s insolvency. In February and March, the RM also had discussions with Client B’s representatives regarding the liquidation of the stock Client B would receive in the acquiring company and regarding the disposition of cash Client B would receive upon the merger.

22. Meanwhile, Credit Suisse was facing significantly lower NNA than expected. While Credit Suisse’s overall NNA fluctuated in 2011, its NNA in the Wealth Management business steadily declined each quarter in 2011, and that trend had persisted into 2012. In an email dated February 27, 2012, a Credit Suisse Senior Manager of Private Banking informed his direct reports that “our NNA results . . . have been very disappointing up until now. As our capability to attract clients and new assets is of utmost importance – also externally – we need to take all possible measures in order to change this into a positive story within the next few weeks.”

23. In late February, Credit Suisse evaluated whether a portion of Client B’s assets should be reclassified from AUC to AUM, thereby generating NNA. On February 27, 2012, one Credit Suisse employee summarized the status of Client B’s assets: “Currently these assets are still classified as custody assets until the mandate changes and we start to actively manage the portfolio . . .”

24. In an “Overview” memorandum written a week later, the RM expressed his view that it was important for Credit Suisse to clear the hurdles to secure the Client B’s custody business after the merger, specifically by providing the requested guaranty. Once Credit Suisse secured the custody business, the RM believed that Credit Suisse would be better positioned to win the advisory business. The RM stated, “if [Credit Suisse] can win the custody business from [the] client it is reasonable to assume that we will receive the largest portion of the [Client B] investment mandate.”

25. On March 7, 2012, an NNA Reviewing Employee in the U.S., reached the conclusion that circumstances did not merit a reclassification of the majority of Client B’s assets: “For the remaining custody assets . . ., based on information from [the RM], the contractual situation is not robust enough to allow us to initiate classification as NNA at the current point in time.”

26. Meanwhile, the Credit Suisse Senior Manager of Private Banking continued to press his subordinates to identify sources of NNA, including from Client B. In mid-March, despite being informed by his subordinate that a reclassification of Client B's assets was "not expected to happen in March, more likely [a] Q2 event," the Senior Manager of Private Banking wrote: "Any option to speed this up? We need this inflow in March!"

27. Credit Suisse employees began preparing a justification for reclassifying a significant portion of the assets as AUM, which would generate NNA. The initial drafts of the justification were composed before either the Services Agreement or guaranty was finalized. These drafts quoted the RM's "Overview" memorandum to the effect that "if we can win the custody business from client it is reasonable to assume that we will receive the largest portion of the investment mandate . . ." A Credit Suisse employee involved with the reclassification process evaluated the draft and raised concerns with this rationale, noting that the justification was too vague and asking, "don't we have [a] clear indication by the client to invest a material amount of the [proceeds] with [Credit Suisse]?"

28. Credit Suisse provided a purportedly final draft version of a Services Agreement to Client B's representatives at the end of March. Among other things, this draft contained provisions related to custody and safekeeping; administration (e.g., collection of dividends and interest); proxy voting; and investment reporting. It also provided for securities delivery charges and brokerage fees. It did not specifically provide for advisory services or advisory fees. Although Client B did not sign the Services Agreement, Credit Suisse and a representative of Client B agreed in principle to its terms in late March. In early April, Credit Suisse signed the guaranty.

29. In response to the questions raised regarding the lack of indicia of client intent², the Senior Manager of Private Banking and Credit Suisse employees reporting to that manager prepared several additional draft justifications. The final draft contained the following language: "The key event for a Q1 asset reclassification occurred on February 22, when the client made his final decision to abandon his plans to move his residency [to another country], i.e., continuing to reside in the USA and to remain a US tax person. [Client B] communicated to [Credit Suisse] that Credit Suisse will be his wealth manager of choice."

30. Client B's choice of tax residency, identified as the "key event," was irrelevant to the question of whether Client B's assets were properly classified as AUM. Further, there is no evidence that Client B told his PB USA advisors on the February 22 call that the Private Bank was his "wealth manager of choice."

31. Although the Private Bank did not typically require or receive signed investment mandates from its wealth management clients, a member of the Audit Committee inquired of a Credit Suisse Senior Executive in advance of the Audit Committee discussion of the quarterly

² Credit Suisse internally used the term "trigger" to refer to the point at which there is a change in the client relationship justifying the reclassification from AUC to AUM.

report: “[H]ave we actually received a signed mandate to manage [Client B’s] funds?” He also asked, “Was the mandate signed in Q1?” The Credit Suisse Senior Executive passed these inquiries to the Senior Manager of Private Banking, who responded that “[a]s far as the document is concerned: the clients family office has signed off the services agreement including terms already.” While Client B’s family office had agreed to the terms of a Services Agreement, Client B had not signed an investment mandate.

32. Over CHF 4 billion in Client B assets were reclassified from AUC to AUM in the first quarter of 2012. That amount constituted more than 75% of the NNA reported by Credit Suisse’s wealth management business for the first quarter of 2012.

G. Second Quarter of 2012

33. During Credit Suisse’s second quarter of 2012, Credit Suisse made another large asset reclassification that contributed over half of the Private Bank’s NNA. This reclassification was again influenced by the desire to reach targets.

34. Client C was an ultra high net worth client with several accounts at Credit Suisse, including a single, concentrated stock position in a company (“Company”). Credit Suisse provided investment advice to Client C and received revenue from serving Client C in the second quarter of 2012.

35. At the end of Credit Suisse’s second quarter of 2012, an NNA Reviewing Employee reviewed all of the large client relationships with large AUC positions within his geographic region, as was the employee’s practice at the end of each quarter. It was the employee’s responsibility to determine which, if any, of these client assets could be appropriately reclassified from AUC to AUM.

36. Among the accounts that the NNA Reviewing Employee reviewed were the accounts of Client C. The employee determined that it would be prudent to wait another three to six months before considering reclassifying Client C’s assets from AUC to AUM, to see whether the client actually implemented Credit Suisse’s investment advice and invested additional assets through Credit Suisse.

37. In July 2012, while Credit Suisse was preparing its NNA-related disclosures for the second quarter of 2012 and after the NNA Reviewing Employee had completed his review and determined not to propose reclassifying Client C’s assets, a Senior Manager of Private Banking asked the Credit Suisse employee to identify additional NNA. Expressing his disappointment with Credit Suisse’s NNA prospects at the time, the Senior Manager of Private Banking communicated the need for a large reclassification, stating: “We need to do something pretty big. Need your flexibility and will ensure compensation of potential negative future impacts.” In this message, the Credit Suisse Senior Manager promised what was called “outflow protection.” While an RM’s compensation normally would be negatively impacted if assets that were recognized as AUM later left the bank, the Credit Suisse Senior Manager of Private Banking stated that any outflows in this case would not impact the compensation of Client C’s RM.

38. In response to the requests of the Senior Manager of Private Banking, the Credit Suisse employee identified a Client C account with the single concentrated stock position. He wrote to the Credit Suisse Senior Manager to inform him about the prospect, but cautioned, “it’s a stretch.” He later suggested that perhaps 40% of the position be reclassified. The Credit Suisse Senior Manager responded: “[C]an we take 50%?” The employee said he would try to make the case to reclassify 50%, but “the case will not be easy to make” In response, the Credit Suisse Senior Manager wrote: “We need the case!!”

39. Credit Suisse employees drafted a justification for the reclassification of Client C assets in the second quarter of 2012. The draft justification relied on the fact that there had been a recent listing of stock underlying the Client C assets on a major exchange, and characterized the listing as the “trigger event.” It stated: “In Q2 2012, the listing of [Company shares on the major exchange] was successfully executed, which is essential to enhance the advisory services to the client . . . This [] listing serves as the basis for an active investment advice of this position as access to capital/liquidity is now given.” However, this purported “trigger” did not take place in the second quarter of 2012, but rather in the final quarter of 2011. The minutes of Credit Suisse’s Group AUM Committee, which was charged with the final reclassification determination, focused on and discussed this justification. The minutes also refer to another document that identifies the one-time receipt by the Private Bank of revenue in the form of Single Global Currency (“SGC”) as a justification for the reclassification.³

40. During the process, a Credit Suisse Senior NNA Executive posed questions about the proposed reclassification, asking what constituted the “trigger” for the reclassification: “Am I correct in thinking that what you have concluded is that the event which occurred with respect to the additional assets being reclassified in Q2 from Custody to AUM is the listing that occurred during Q2 2012? Other than that it seems all the same facts were in place before Q2.” A Credit Suisse employee responded to the questions from the Senior NNA Executive using language that suggested that the purported trigger—the listing—took place in the second quarter of 2012. He went on to reference a one-time receipt of SGC.

41. In the second quarter of 2012, nearly CHF 2 billion in Client C assets were reclassified from AUC to AUM. The resulting NNA constituted approximately 33% of the CHF 5.5 billion total NNA reported by Credit Suisse’s wealth management business in the quarter.

H. Third Quarter of 2012

i. Client D

³ SGC is compensation paid to the Private Bank from another division within the bank for services rendered to a client. Under current Credit Suisse policy, which was not in force at the time of this reclassification, SGC revenues that are ongoing are viewed as a strong indicator of the Private Bank’s contribution in serving a client.

42. In the third quarter of 2012, NNA forecasts were falling short of targets. As a Senior Manager of Private Banking wrote on October 2, 2012, “The NNA [for the Private Bank’s Swiss business] turned out to be much lower than assumed in the forecast. For this reason we urgently need to examine reclassification options.”

43. Credit Suisse employees began to discuss whether to reclassify certain assets of Client D, an ultra-high net worth client whose assets were concentrated across a handful of stock positions, from AUC to AUM. Certain emails reflecting the reclassification discussion did not address the client’s investment intentions. Rather, they focused on whether the reclassification was needed to meet the target for the quarter. One Credit Suisse employee wrote to the Senior Manager of Private Banking about two other potential sources of NNA for the third quarter, and added: “We will of course have to bring [Client D] into play if one of these factors fails to [materialize].” The Senior Manager of Private Banking replied with news of another negative NNA development, and concluded, “[so] we will need the [Client D assets].”

44. Client D’s RM did not agree with the contemplated reclassification because he believed it was premature.

45. The Senior Manager of Private Banking sought to avoid submitting any decision to reclassify Client D assets to Credit Suisse’s finance group, as would have been required if the proposed reclassification exceeded \$500 million. One Credit Suisse employee noted that the Senior Manager of Private Banking “agrees that we won’t take [reclassify] the [Client D assets] if this would mean going through the [finance] group,” but rather “we should be able to show something [a reclassification to AUM] that is more or less in the same [dollar] range.”⁴

46. Ultimately, Credit Suisse opted not to reclassify Client D’s assets in the third quarter of 2012.

ii. Client B

47. No Client B assets were reclassified in the third quarter. However, Credit Suisse reallocated to the Swiss region half of the NNA relating to Client B that had been attributed solely to the “Americas” region in previous periods. The reallocation caused the NNA number for the Swiss region to be positive for the quarter, suggesting that the Swiss business had generated a positive amount of NNA in the third quarter, when in fact it had not.

48. The first quarter reclassification of Client B assets described above was split evenly between Credit Suisse’s Americas and Swiss regions in the Private Bank’s quarterly disclosures. Credit Suisse managers justified the split as, among other things, recognizing the contribution of certain Swiss region bankers in winning the 2011 “beauty contest.” There were over 3 billion Swiss francs in additional assets related to Client B that were recognized in the first and second

⁴ Per Credit Suisse’s policy, reclassifications of over \$500 million were to be decided by a committee independent of the Private Bank business.

quarters but were attributed solely to the Americas region because American and Swiss managers were not able to agree on how to allocate the assets between the regions. The issue whether to implement a regional split for these assets was deferred until the third quarter.

49. The Senior Manager of Private Banking and other Credit Suisse employees pressed a Credit Suisse senior manager in the Americas region (“Americas Senior Manager”) to agree to a 50/50 regional split of NNA credit between the Swiss region and Americas region, which would have the impact of moving third quarter Swiss NNA from a negative number to positive number. The Senior Manager of Private Banking was concerned regarding asset outflows for the Swiss Private Bank business. Some of these outflows stemmed from efforts to integrate Clariden Leu, a smaller private bank that Credit Suisse had purchased. The Senior Manager of Private Banking was concerned at the time because, as a result of the outflows, the Swiss Private Bank had negative NNA for the quarter. In or about October 2012, the Senior Manager of Private Banking proposed to the Americas Senior Manager that Credit Suisse allocate to the Swiss business in the third quarter one half of the Client B assets that had been recognized as NNA solely in the Americas in previous periods.

50. As a result, Credit Suisse added approximately CHF 1.5 billion to the Swiss NNA figures for the quarter. To offset this amount, Credit Suisse subtracted the same amount from the Americas NNA figure for the quarter. The Americas reflected approximately CHF 1.5 billion less NNA than it had for the quarter, and the Swiss reflected positive net inflows, even though it otherwise would have reported negative outflows for the quarter. The overall NNA number for the Private Bank was unaffected.

I. Fourth Quarter of 2012

51. At the end of the fourth quarter of 2012, Credit Suisse was again faced with NNA that fell short of targets. As one employee involved with the reclassification process wrote to a colleague on January 4, 2013, “[w]e have initial indications that we again lost NNA massively on December 31. We are now looking into it intensively.” As a result, he wrote, Credit Suisse would need to identify more assets to reclassify than previously expected.

52. On January 8, 2013, the Senior Manager of Private Banking again pressured other Credit Suisse employees to identify NNA. As he had done in previous quarters, the senior manager invoked certain senior executives of the Private Bank. He wrote to subordinates that the senior executives at Credit Suisse “want[ed] to get as close as possible to 5 billion” in NNA. The Senior Manager of Private Banking noted, “we need another billion,” and then asked, “can we move [Client A] in that direction?”

53. As described above, Client A was an ultra-high net worth client, some of whose assets had already been reclassified from AUC to AUM in the fourth quarter of 2011. The NNA Reviewing Employee had already reviewed Client A’s accounts in connection with his quarterly review, and had determined not to propose reclassifying any assets from AUC to AUM.

54. On January 8, 2013, a Credit Suisse employee wrote to the Senior Manager of Private Banking: “I can’t see a possibility for [Client A] because we have no trigger.” The Senior Manager of Private Banking responded: “We must try to ‘derive’ a trigger for [Client A.]”

55. A Credit Suisse manager then wrote to a Credit Suisse employee and asked him to have “another review of the [Client A] position.” In response to this request, the employee identified another account holding approximately CHF 550 million of Client A’s assets. This separate account was set up and funded for this client in the fourth quarter to hold investments in U.S. equities. The assets were classified as AUM in the fourth quarter.

56. Separately, in the fourth quarter, Credit Suisse again considered reclassification of Client D assets, which had been considered but did not take place in the previous quarter. In this quarter, Credit Suisse executed a bridge loan to this client, earned revenues on the loan, and executed a sale of stock worth several million Swiss francs.

57. Client D’s RM again argued against reclassifying Client D assets in the fourth quarter of 2012. The RM posed substantive concerns about the reclassification of Client D assets: “We are 100% certain that there will be an outflow of at least CHF 100 million in . . . 2013.” The RM went on to describe the amounts and purposes of specific outflows that were expected. In addition, there had recently been significant outflows in 2012. “Outflow protection” was again promised so that the expected outflows of Client D assets would not impact the compensation of the RM.

58. Despite the concerns of Client D’s RM, Credit Suisse reclassified approximately CHF 500 million in Client D assets from AUC to AUM in the fourth quarter of 2012. That amount represented approximately 17% of the CHF 2.9 billion total NNA reported by Credit Suisse’s wealth management business in the quarter.

J. Conclusions

59. Based on the conduct described above, Credit Suisse’s practices relating to its process for recognizing NNA through reclassification were inconsistent with its disclosures. As a result, Credit Suisse’s NNA disclosures were misleading.

60. Also based on the conduct described above, Credit Suisse failed to make and keep books and records which accurately and fairly reflected the reasons and support for certain reclassification decisions.

K. Violations

61. As a result of the conduct described above, Credit Suisse violated:

a. Section 17(a)(2) of the Securities Act, which prohibits, directly or indirectly, in the offer or sale of securities, obtaining money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

b. Section 17(a)(3) of the Securities Act, which prohibits, directly or indirectly, in the offer or sale of securities, engaging in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser. Negligence is sufficient to establish violations of Sections 17(a)(2) and (3) of the Securities Act;

c. Section 13(a) of the Exchange Act and Rules 13a-1, 13a-16, and 12b-20 thereunder, which require foreign issuers with securities registered pursuant to Section 12 of the Exchange Act to file with the Commission annual and other reports as the Commission may require, and mandate that the reports contain such further material information as may be necessary to make the required statements not misleading; and

d. Section 13(b)(2)(A) of the Exchange Act which requires reporting companies to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect their transactions and dispositions of assets.

L. Credit Suisse's Remedial Efforts and Cooperation

In determining to accept the Offer, the Commission considered remedial efforts undertaken by Credit Suisse and meaningful cooperation afforded to the Commission staff. Notably, Credit Suisse actively facilitated the production of witnesses and documents from outside the United States. Credit Suisse voluntarily conducted an internal investigation and provided the results of that inquiry to the staff. Credit Suisse also discontinued its previous practice of providing outflow protection. In addition, Credit Suisse updated its AUM/NNA policy to introduce more specific criteria and indicators to evaluate whether client assets qualify as AUM and modified its governance regarding NNA to transfer substantial decision-making authority from the business to the independent Group Finance function. The introduction of the updated AUM/NNA policy resulted in an adjustment of CHF 46.4 billion of AUM to AUC in the third quarter of 2015. Finally, Credit Suisse retained an independent consultant who reviewed and assessed its revised policies and procedures and the implementation of those new policies and procedures.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent's Offer.

Accordingly, pursuant to Section 8A of the Securities Act and Section 21C of the Exchange Act, it is hereby ORDERED that:

A. Credit Suisse shall cease-and-desist from committing or causing any violations and any future violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act, Sections 13(a) and 13(b)(2)(A) of the Exchange Act, and Rules 13a-1, 13a-16, and 12b-20 thereunder; and

B. Respondent shall, within ninety (90) days of the entry of this Order, pay a civil money penalty in the amount of \$90,000,000 to the Securities and Exchange Commission for remission to the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717. Payment must be made in one of the following ways:

(1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or

(3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Credit Suisse as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Laura B. Josephs, Assistant Director, Division of Enforcement, Securities and Exchange Commission, 100 F Street, N.E., Washington, D.C. 20549-5010.

By the Commission.

Brent J. Fields
Secretary