



News Release

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FINRA Fines Credit Suisse Securities \$9 Million for Multiple Operational Failures

WASHINGTON—FINRA announced today that it has fined Credit Suisse Securities \$9 million for failing to comply with securities laws and rules designed to protect investors, including the Securities and Exchange Commission’s Customer Protection Rule and FINRA rules requiring firms to disclose potential conflicts of interest when issuing research reports. As part of the settlement, FINRA also required Credit Suisse to certify that it has implemented supervisory systems and procedures reasonably designed to comply with the Customer Protection Rule and other requirements.

“The Customer Protection Rule is intended to protect customers’ securities by prohibiting firms from using those securities for their own purposes and to ensure the prompt return of customer securities in the event of broker-dealer insolvency,” said Jessica Hopper, Executive Vice President and Head of FINRA’s Department of Enforcement. “This case should serve as a reminder to member firms of their obligation to protect customer funds from improper use, and to ensure accurate disclosures of potential conflicts between research subjects and firms in research reports, both of which are critically important for investor protection.”

FINRA found that Credit Suisse violated the Customer Protection Rule in two ways. First, the firm failed to maintain possession or control of billions of dollars of fully paid and excess margin securities it carried for customers, as required. Second, on numerous occasions, the firm failed to accurately calculate its required customer reserve—that is, the amount of cash or securities the firm was required to maintain in a special reserve bank account.

In addition, from 2006 through 2017, FINRA found Credit Suisse issued more than 20,000 research reports that contained inaccurate disclosures about potential conflicts of interest. FINRA also found that the firm issued more than 6,000 research reports that omitted required disclosures. Credit Suisse’s disclosures omitted that the company that was the subject of the research report had been a client of the firm during the prior 12 months; or that the firm expected to receive investment banking compensation from the subject company within the next three months.

Additionally, FINRA found that Credit Suisse failed to preserve more than 18.6 billion records in a non-erasable and non-writable format, as required.

In settling this matter, Credit Suisse accepted and consented to the entry of FINRA’s findings without admitting or denying them.

About FINRA

FINRA is a not-for-profit organization dedicated to investor protection and market integrity. It regulates one critical part of the securities industry—brokerage firms doing business with the public in the United States. FINRA, overseen by the SEC, writes rules, examines for and enforces compliance with FINRA rules and federal securities laws, registers broker-dealer personnel and offers them education and training, and informs the investing public. In addition, FINRA provides surveillance and other regulatory services for equities and options markets, as well as trade reporting and other industry utilities. FINRA also administers a dispute resolution forum for investors and brokerage firms and their registered employees. For more information, visit www.finra.org.

Related Materials

[Credit Suisse Securities \(USA\) LLC](#)