

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 99158 / December 13, 2023

INVESTMENT ADVISERS ACT OF 1940
Release No. 6504 / December 13, 2023

INVESTMENT COMPANY ACT OF 1940
Release No. 35067 / December 13, 2023

ADMINISTRATIVE PROCEEDING
File No. 3-21811

In the Matter of

**Credit Suisse Securities
(USA) LLC;
Credit Suisse Asset
Management, LLC; and
Credit Suisse Asset
Management Limited,**

Respondents.

**ORDER INSTITUTING
ADMINISTRATIVE AND CEASE-AND-
DESIST PROCEEDINGS PURSUANT TO
SECTION 15(b) OF THE SECURITIES
EXCHANGE ACT OF 1934, SECTION
203(e) OF THE INVESTMENT ADVISERS
ACT OF 1940, AND SECTIONS 9(b) AND
9(f) OF THE INVESTMENT COMPANY
ACT OF 1940, MAKING FINDINGS, AND
IMPOSING REMEDIAL SANCTIONS
AND A CEASE-AND-DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”), Section 203(e) of the Investment Advisers Act of 1940 (“Advisers Act”), and Sections 9(b) and 9(f) of the Investment Company Act of 1940 (“Investment Company Act”), against Credit Suisse Securities (USA) LLC (“CSS”), Credit Suisse Asset Management, LLC (“CSAM”), and Credit Suisse Asset Management Limited (“CSAM Ltd.”) (collectively, “Respondents”).

II.

In anticipation of the institution of these proceedings, Respondents have submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose

of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over them and the subject matter of these proceedings, which are admitted, Respondents consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934, Section 203(e) of the Investment Advisers Act of 1940, and Sections 9(b) and 9(f) of the Investment Company Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order ("Order"), as set forth below.

III.

On the basis of this Order and Respondents' Offer, the Commission finds that:

Summary

1. From October 24, 2022 to June 7, 2023 ("Relevant Period"), Respondents unlawfully served or acted as an investment adviser or principal underwriter to registered investment companies and/or employees' securities companies ("ESCs"). A New Jersey state court order issued on October 24, 2022 caused Respondents to be deemed ineligible to provide services to registered investment companies and ESCs under Section 9(a) of the Investment Company Act. During the Relevant Period, Respondents acted as an investment adviser or principal underwriter to registered investment companies or ESCs in violation of the ineligibility provisions of the Investment Company Act.

Respondents

2. **Credit Suisse Securities (USA) LLC**, a Delaware limited liability company headquartered in New York, New York, is a wholly-owned subsidiary of UBS Group AG ("UBS Group"), a public foreign bank holding company headquartered in Switzerland. CSS has been registered with the Commission as a broker-dealer since 1936 and as an investment adviser since 1999, and had \$785 million of regulatory assets under management as of December 31, 2022. CSS acts as principal underwriter to certain open-end investment companies registered under the Investment Company Act.

3. **Credit Suisse Asset Management, LLC**, a Delaware limited liability company headquartered in New York, New York, is a wholly-owned subsidiary of UBS Group, and is an affiliate of CSS. CSAM has been registered with the Commission as an investment adviser since 1990 and had \$65.37 billion of regulatory assets under management as of December 31, 2022. CSAM acts as an investment adviser to certain investment companies registered under the Investment Company Act and certain ESCs.

4. **Credit Suisse Asset Management Limited**, a British corporation, is an indirect, wholly-owned subsidiary of UBS Group, and is an affiliate of CSS. CSAM Ltd. has been registered with the Commission as an investment adviser since 1991, and had \$11.65 billion of regulatory assets under management as of December 31, 2022. CSAM Ltd. acts as an investment adviser to certain investment companies registered under the Investment Company Act.

Background

5. On December 17, 2013, the Acting Attorney General of New Jersey on behalf of the Acting Chief of the New Jersey Bureau of Securities filed a complaint in the Superior Court of New Jersey, Mercer County Chancery Division, against CSS and two of its affiliates (“New Jersey Action”), alleging CSS violated Sections 49:3-52(b) and (c) of the New Jersey Uniform Securities Law in connection with its role as the underwriter of certain residential mortgage backed securities trust certificates. These sections of the New Jersey Uniform Securities Law prohibit making materially false and misleading statements and/or omitting material facts in statements to investors and engaging in any act or practice which would operate as a fraud or deceit upon any person in connection with the offer, sale or purchase of securities.

6. On October 24, 2022, the Superior Court of New Jersey entered a consent order (“Consent Order”) and final judgment in the New Jersey Action that, in relevant part, ordered permanent relief under N.J.S.A. 49:3-69 that CSS “shall not violate” the New Jersey Uniform Securities Law, N.J.S.A. 49:3-47, *et seq.* On November 14, 2022, Respondents voluntarily notified the staff of the Commission regarding the entry of the Consent Order.

7. When the Consent Order was entered, the Respondents had not sought or obtained exemptive relief from Section 9(a) of the Investment Company Act. The Respondents continued to serve as investment advisers or principal underwriters to registered investment companies and/or ESCs after the entry of the Consent Order based on their position at the time that the Consent Order did not trigger the disqualification provisions of Section 9(a) of the Investment Company Act.

8. On June 7, 2023, the Respondents applied for and the Commission issued a temporary order with the effect of, among other things, providing the Respondents and certain of their affiliates with a time-limited exemption from Section 9(a) of the Investment Company Act.

9. On June 12, 2023, the Respondents were acquired by UBS Group as part of UBS Group’s merger with Credit Suisse Group AG, with UBS Group remaining as the surviving company. On July 5, 2023, the Commission issued a permanent order that provided UBS Group and certain of its affiliates, which became affiliates of Respondents upon the closing of the merger, with a permanent exemption from Section 9(a) of the Investment Company Act.

Activities Prohibited by the Investment Company Act

10. Section 9(a)(2) of the Investment Company Act provides, in relevant part, that it shall be unlawful for a person to serve or act as, among other things, an investment adviser or depositor of any registered investment company, or as a principal underwriter for any registered open-end investment company, registered unit investment trust or registered face-amount certificate company (collectively, “Fund Service Activities”), if such person is “by reason of any misconduct,” among other things, “permanently or temporarily enjoined by order, judgment, or decree of any court of competent jurisdiction . . . from engaging in or continuing any conduct or practice in connection with . . . the purchase or sale of any security.”

11. Pursuant to Section 9(a)(2) of the Investment Company Act, the entry of the Consent Order, pursuant to which the New Jersey Court ordered that CSS “shall not violate [the New Jersey Uniform Securities Law],” prohibited CSS from engaging in Fund Service Activities as of October 24, 2022.

12. Section 9(a)(3) of the Investment Company Act extends the prohibitions of Section 9(a)(2) to a company any “affiliated person” of which is ineligible to engage in Fund Service Activities under the provisions of Section 9(a)(2). The term “affiliated person” is defined in Section 2(a)(3) of the Investment Company Act to include, among others, “any person directly or indirectly controlling, controlled by, or under common control with, such other person.”

13. Although CSAM and CSAM Ltd. were not subject to the Consent Order, CSS is an affiliated person of CSAM and CSAM Ltd. within the meaning of Section 2(a)(3) of the Investment Company Act. As a result of the entry of the Consent Order against CSS, Sections 9(a)(2) and 9(a)(3) of the Investment Company Act together also prohibited CSAM and CSAM Ltd. from engaging in Fund Service Activities as of October 24, 2022.

14. Each of the Respondents was engaged in one or more Fund Service Activities as of October 24, 2022 and, notwithstanding the entry of the Consent Order on that date, continued to engage in one or more Fund Service Activities throughout the Relevant Period.

Violations

15. As a result of the conduct described above, each of the Respondents willfully¹ violated Section 9(a) of the Investment Company Act, which makes it unlawful for a person to serve or act as, among other things, an investment adviser or depositor of any registered investment company, or as a principal underwriter for any registered open-end investment company, registered unit investment trust or registered face-amount certificate company, if such person is “by reason of any misconduct,” among other things, “permanently or temporarily enjoined by order, judgment, or decree of any court of competent jurisdiction . . . from engaging in or continuing any conduct or practice in connection with . . . the purchase or sale of any security.”

Disgorgement

16. The disgorgement and prejudgment interest ordered in paragraph IV.C is consistent with equitable principles, does not exceed Respondents’ net profits from their violations, and returning the money to Respondents would be inconsistent with equitable principles. Therefore, in these circumstances, distributing disgorged funds to the U.S. Treasury is the most equitable alternative. The disgorgement and prejudgment interest ordered in paragraph IV.C shall be

¹ “Willfully,” for purposes of imposing relief under Section 203(e) of the Advisers Act and Section 15(b) of the Exchange Act, “means no more than that the person charged with the duty knows what he is doing.” *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)). There is no requirement that the actor “also be aware that he is violating one of the Rules or Acts.” *Tager v. SEC*, 344 F.2d 5, 8 (2d Cir. 1965).

transferred to the general fund of the U.S. Treasury, subject to Section 21F(g)(3) of the Exchange Act.

Respondents' Remedial Efforts

17. In determining to accept the Offer, the Commission considered remedial acts promptly undertaken by Respondents, including their ongoing development of enhanced policies and procedures for considering potential collateral consequences associated with the settlement of civil and regulatory proceedings.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in the Respondents' Offer.

Accordingly, pursuant to Section 15(b) the Exchange Act, Section 203(e) of the Advisers Act, and Sections 9(b) and 9(f) of the Investment Company Act, it is hereby ORDERED that:

- A. Each of the Respondents cease and desist from committing or causing any violations and any future violations of Section 9(a) of the Investment Company Act.
- B. Each of the Respondents is censured.
- C. Respondents shall, within fourteen (14) days of the entry of this Order, pay disgorgement, prejudgment interest, and civil penalties totaling \$10,080,220 as follows to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3):
 - (i) Respondent CSS shall pay a civil penalty of \$1,000,000 consistent with the provisions of this Subsection C.
 - (ii) Respondent CSAM shall pay disgorgement of \$6,585,385 and prejudgment interest of \$194,835, consistent with the provisions of this Subsection C.
 - (iii) Respondent CSAM shall pay a civil penalty of \$2,000,000 consistent with the provisions of this Subsection C.
 - (iv) Respondent CSAM Ltd. shall pay a civil penalty of \$300,000 consistent with the provisions of this Subsection C.
 - (v) If timely payment of disgorgement and prejudgment interest is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600, and if timely payment of civil penalty is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.
 - (vi) Payment must be made in one of the following ways:

- (a) Respondents may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (b) Respondents 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
- (c) Respondents 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 payor 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 Jeffrey Shank, Assistant Regional Director, Asset Management Unit, Chicago Regional Office, Securities and Exchange Commission, 175 West Jackson Boulevard, Suite 1450, Chicago, IL 60604.

D. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondents agree that in any Related Investor Action, they shall not argue that they are entitled to, nor shall they benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondents' payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondents agree that they shall, within thirty (30) days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondents by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

By the Commission.

Vanessa A. Countryman
Secretary