

UNITED STATES OF AMERICA  
BEFORE THE  
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON, D.C.

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES  
NEW YORK, NEW YORK

Written Agreement by and among:

CREDIT SUISSE GROUP AG  
Zurich, Switzerland

CREDIT SUISSE AG  
Zurich, Switzerland

CREDIT SUISSE HOLDINGS (USA), INC.  
New York, New York

CREDIT SUISSE AG, NEW YORK  
BRANCH  
New York, New York

FEDERAL RESERVE BANK OF  
NEW YORK  
New York, New York

and

NEW YORK STATE DEPARTMENT OF  
FINANCIAL SERVICES  
New York, New York

Docket Nos. 20-022-WA/RB-FB  
20-022-WA/RB-HC  
20-022-WA/RB-FBR

WHEREAS, Credit Suisse Group AG, Zurich, Switzerland (“Credit Suisse Group”) is a holding company that owns Credit Suisse AG, Zurich, Switzerland (the “Bank”), a foreign bank as defined in section 1(b)(7) of the International Banking Act (12 U.S.C. § 3101(7)) that controls a large complex financial organization that consists of a number of separate business lines and legal entities in many countries around the world;

WHEREAS, Credit Suisse Holdings (USA), Inc., New York, New York (“CS USA”), is an intermediary holding company that is a wholly owned subsidiary of the Bank;

WHEREAS, the Bank conducts operations in the United States through CS USA, which owns and controls various non-bank subsidiaries, and through its New York Branch, New York, New York, a New York State licensed branch (the “Branch”), (collectively, the “U.S. Operations”);

WHEREAS, the Board of Governors of the Federal Reserve System (the “Board of Governors”) is the appropriate federal supervisor in the United States of Credit Suisse Group, the Bank, CS USA, and the Branch;

WHEREAS, the New York State Department of Financial Services (“NYSDFS”) is the appropriate state supervisor for the Branch;

WHEREAS, consistent with section 252.155(a)(2) of Regulation YY of the Board of Governors (12 C.F.R. 252.155(a)(2)), CS USA is required to maintain a U.S. risk management program designed to identify and manage risks across the organization’s U.S. Operations;

WHEREAS, as part of its U.S. risk management program, CS USA adopted a compliance risk management program for the U.S. Operations designed to ensure compliance with all applicable laws, rules, and regulations relating, but not limited, to anti-money laundering (“AML”), including compliance with the Bank Secrecy Act (the “BSA”) (31 U.S.C. § 5311 *et seq.*); the rules and regulations issued thereunder by the U.S. Department of Treasury (31 C.F.R. Chapter X); and the AML regulations issued by the appropriate federal supervisors for the Branch and other subsidiaries of CS USA (collectively, the “BSA/AML Requirements”).

WHEREAS, as part of the U.S. risk management program, a subsidiary of CS USA, Credit Suisse Services USA, LLC, New York, New York (“ServeCo”), provides BSA/AML operational support to the Branch and various other legal entities (subsidiaries) of CS USA;

WHEREAS, following an examination of the Branch conducted by the Federal Reserve Bank of New York (the “Reserve Bank”) in 2019, the Reserve Bank identified deficiencies in CS USA’s compliance risk management program, including deficiencies with the BSA/AML compliance function administered by ServeCo to the Branch and various entities within the U.S. Operations;

WHEREAS, it is the common goal of Credit Suisse Group, the Bank, CS USA, the Branch, and the Reserve Bank that the U.S. Operations operate in a safe and sound manner and in compliance with all applicable federal and state laws, rules, and regulations;

WHEREAS, Credit Suisse Group, the Bank, CS USA, the Branch, the Reserve Bank, and NYSDFS have mutually agreed to enter into this Written Agreement (the “Agreement”); and

WHEREAS, on December 11, 2020 the board of directors of Credit Suisse Group, at a duly constituted meeting, adopted a resolution authorizing and directing Urs Rohner, Brian Chin, Eric Varvel, Patrick Remmert, Jr., and John J. McDonald, Jr. to enter into this Agreement on behalf of Credit Suisse Group, the Bank, CS USA, and the Branch, respectively, and consenting to compliance with each and every provision of this Agreement by Credit Suisse Group, the Bank, CS USA, and the Branch.

NOW THEREFORE, Credit Suisse Group, the Bank, CS USA, the Branch, the Reserve Bank, and NYSDFS hereby agree as follows:

## **Corporate Compliance and Governance**

1. The board of directors of Credit Suisse Group shall take appropriate steps to fully use Credit Suisse Group's financial and managerial resources to ensure that each U.S. entity operates in a safe and sound manner, complies with applicable U.S. and state laws and regulations, and complies with any supervisory action(s) taken by its applicable federal and state supervisors.

## **BSA/AML Compliance Oversight**

2. Within 90 days of this Agreement, the board of directors of Credit Suisse Group, the Bank's board of directors, the CS USA board of directors, and the CS USA Risk Committee (the "Risk Committee") shall jointly submit a written plan to strengthen their respective oversight of the firm's compliance, across the U.S. Operations, with applicable BSA/AML Requirements, acceptable to the Reserve Bank. The plan shall provide for a sustainable governance framework that, at a minimum, addresses, considers, and includes actions to improve policies, procedures, and controls for BSA/AML compliance across the U.S. Operations, including, but not limited to, maintenance of effective control over, and supervision of, the implementation and execution of BSA/AML compliance policies, procedures, and controls approved by senior management of CS USA and its subsidiaries.

3. Within 90 days of this Agreement, senior management of Credit Suisse Group, the Bank, CS USA, and the Branch shall jointly submit a written plan to strengthen the firm's compliance, across the U.S. Operations, with applicable BSA/AML Requirements, acceptable to the Reserve Bank. The plan shall include the following eight items to improve the consolidated framework for BSA/AML compliance across the U.S. Operations:

(a) measures to ensure that oversight and reporting structures within CS USA and its subsidiaries, including but not limited to ServeCo, are appropriate and effective in ensuring governance, oversight, and management of BSA/AML risks, processes, and functions, and include appropriate escalation processes, across legal entities, and are clearly outlined in policies, procedures, and supporting documents;

(b) measures to ensure that ServeCo and other entities providing services relating to BSA/AML risks, processes, and functions to the U.S. Operations are adequately identified, monitored, and documented by way of contractual, service level, and confidentiality agreements, as appropriate. The measures shall include the following five items:

(i) the duties and responsibilities of BSA/AML compliance personnel for each business line and legal entity serviced by ServeCo and/or other entities, including the reporting lines within CS USA;

(ii) review of all business lines, activities, and products serviced by ServeCo and/or other entities to ensure that such business lines, activities, and products are appropriately risk-rated and current BSA/AML controls and processes that are conducted on behalf of these business lines, activities, and products are appropriate;

(iii) the scope and frequency of assessments of BSA/AML controls and processes conducted by ServeCo and/or other entities for business lines, activities, and products of CS USA and its subsidiaries;

(iv) procedures for the escalation of significant matters related to compliance risks, including but not limited to those identified in BSA/AML compliance risk assessments, to senior management of CS USA and its subsidiaries; and

(v) measures to ensure that the enhancements made to the Branch's compliance with BSA/AML Requirements are applied to CS USA, its subsidiaries, and other legal entities within the U.S. Operations as appropriate;

(c) measures to ensure the maintenance of accurate and comprehensive customer and transactional data, and ensuring that it is applied to compliance programs within CS USA, its subsidiaries, other legal entities within the U.S. Operations, and the Branch;

(d) reporting and oversight mechanisms that ensure a system of internal controls designed to ensure compliance with BSA/AML Requirements by all business lines and legal entities across the U.S. Operations, and their respective compliance functions;

(e) comprehensive BSA/AML compliance risk assessment processes, including improvements to customer due diligence, that provide regular risk assessments of the business lines, activities, and products that ServeCo and/or other entities service and support and clearly defined parameters regarding acceptable risks associated with specific types of customers, or businesses across business lines and legal entities;

(f) measures to ensure that the persons or groups charged with carrying out compliance with BSA/AML Requirements across the U.S. Operations are qualified, possess appropriate subject matter expertise, and are actively involved in carrying out their responsibilities;

(g) procedures for the periodic testing of the effectiveness of compliance risk management policies, procedures, and controls; and

(h) interim measures to monitor and control BSA/AML related risk until the improved BSA/AML related policies, procedures, and controls required by this paragraph are fully implemented.

## **Customer Due Diligence**

4. Within 90 days of this Agreement, the Branch shall submit a written revised customer due diligence program for the Branch acceptable to the Reserve Bank. The program shall include the following six items:

(a) risk-based policies, procedures, and controls to ensure that the Branch collects, analyzes, and retains complete and accurate customer information for all account holders;

(b) a plan, with timelines, to remediate deficient due diligence for existing customer accounts, including all foreign correspondent accounts;

(c) a methodology for assigning risk ratings to account holders that considers factors such as type of customer, type of products and services, and geographic locations and expected and actual transactions with or through the Branch;

(d) risk-based policies, procedures, and processes to gather and analyze customer information commensurate with the customer's risk profile, including identification of when and what additional customer information will be collected about the categories of customers that pose a higher risk of money laundering or terrorist financing; and

(e) risk-based procedures for performing ongoing monitoring of the customer relationship and, on a risk basis, to maintain and update customer information, including beneficial ownership information of legal entity customers, and if applicable, documenting rationales for any revisions made to the customer risk rating; and

(f) policies, procedures, and controls to ensure that foreign correspondent accounts, including, but not limited to, affiliates, are accorded the appropriate due diligence, and where necessary, enhanced due diligence.

## **Suspicious Activity Monitoring and Reporting**

5. Within 90 days of this Agreement, the Branch shall submit a written program acceptable to the Reserve Bank reasonably designed to ensure the identification and timely, accurate, and complete reporting by the Branch of all known or suspected violations of law or suspicious transactions to law enforcement and supervisory authorities, as required by applicable suspicious activity reporting laws and regulations. The program shall include the following three items:

(a) a well-documented methodology for establishing monitoring rules and thresholds appropriate for the Branch's profile which considers factors such as type of customer, type of product or service, geographic location, and foreign correspondent banking activities;

(b) policies and procedures for analyzing, testing, and documenting changes to monitoring rules and thresholds;

(c) procedures to ensure the timely detection, investigation, and reporting of all known or suspected violations of law and suspicious transactions, including the following four items:

(i) effective monitoring of customer accounts and transactions, including, but not limited to, transactions conducted through foreign correspondent accounts, including activity involving the Bank's affiliates;

(ii) adequate escalation to senior management of information about potentially suspicious activity;

(iii) maintenance of sufficient documentation with respect to the investigation and analysis of potentially suspicious activity, including the resolution and escalation of concerns; and

(iv) maintenance of accurate and comprehensive customer and transactional data and ensuring that it is appropriately utilized by the Branch's compliance program.

### **Independent Testing**

6. Within 90 days of this Agreement, the Branch shall submit to the Reserve Bank an acceptable written plan for independent testing of the Branch's compliance with all applicable BSA/AML Requirements. The plan shall include the following five items:

(a) procedures to evaluate the adequacy and effectiveness of the Branch's compliance with the BSA/AML Requirements, including monitoring of customer activity to ensure reporting of suspicious activity;

(b) provisions for independent testing to be performed on a periodic basis by qualified parties who are independent of the Branch's business lines and compliance function;

(c) procedures for the review of independent testing results by senior Branch management and escalation to the Risk Committee in appropriate circumstances;

(d) procedures to ensure that senior Branch management institute and complete appropriate actions in response to the independent testing results; and

(e) procedures to ensure that independent testing results are communicated to the Reserve Bank on a regular basis, while this Agreement is in effect, and retained for subsequent supervisory review.

### **Progress Reports**

7. Within 45 days after the end of the first full calendar quarter following the date of this Agreement and each quarter thereafter, the board of directors of Credit Suisse Group, the Bank, CS USA, the Risk Committee, and the Branch shall submit to the Reserve Bank

consolidated written progress reports detailing the form and manner of all actions taken to secure compliance with the provisions of this Agreement and the results thereof. The Reserve Bank may, in writing, discontinue the requirement for the progress reports, request modification of form or content, or modify the reporting schedule.

### **Approval and Implementation**

8. (a) The board of directors of Credit Suisse Group, the Bank, CS USA, the Risk Committee, and the Branch, as applicable, shall submit the written plans and programs that are acceptable to the Reserve Bank within the applicable time period set forth in paragraphs 2, 3, 4, 5, and 6 of this Agreement. Each plan shall contain a timeline for full implementation of the plan with specific deadlines for completion of each component of the plan or program;

(b) Within 10 days of acceptance by the Reserve Bank, the board of directors of Credit Suisse Group, the Bank, CS USA, the Risk Committee, and the Branch as applicable, shall adopt the approved plans. Upon adoption, the board of directors of Credit Suisse Group, the Bank, CS USA, the Risk Committee, and the Branch as applicable, shall promptly implement the approved plans and thereafter fully comply with them; and

(c) During the term of this Agreement, the approved plans shall not be amended or rescinded without the prior written approval of the Reserve Bank.

### **Primary Contact**

9. Within 10 days of this Agreement, the Bank and the Branch shall designate an officer to be responsible for coordinating and submitting to the Reserve Bank the written plans

and programs required under the terms of this Agreement.

## **Communications**

10. All communications regarding this Agreement shall be sent to:
  - (a) Richard M. Ashton, Esq.  
Deputy General Counsel  
Jason Gonzalez, Esq.  
Assistant General Counsel  
20<sup>th</sup> & C Streets, NW  
Board of Governors of the Federal Reserve System  
Washington, D.C. 20551
  - (b) Debra C. Brookes  
Senior Assistant Deputy Superintendent for Enforcement  
Eugene Frenkel  
Associate Counsel for Enforcement  
New York State Department of Financial Services  
One State Street  
New York, NY 10004
  - (c) Sukhpal Bhatti  
DST Lead, Assistant Vice President  
Federal Reserve Bank of New York  
33 Liberty Street  
New York, NY 10045
  - (d) Thomas Gottstein  
CEO  
Credit Suisse Group AG  
Paradeplatz 8  
8001 Zurich, Switzerland
  - (e) Urs Rohner  
Chair, Board of Directors  
Credit Suisse Group AG  
Paradeplatz 8  
8001 Zurich, Switzerland
  - (f) Eric Varvel  
President and CEO  
Credit Suisse Holdings (USA), Inc.  
11 Madison Avenue  
New York, NY 10010

- (g) Patrick Remmert, Jr.  
Branch Manager and Managing Director  
Credit Suisse AG New York Branch  
11 Madison Avenue  
New York, NY 10010

### **Miscellaneous**

11. Notwithstanding any provision of this Agreement to the contrary, the Reserve Bank may, in its sole discretion, grant written extensions of time to Credit Suisse Group, the Bank, CS USA, and the Branch to comply with any provision of this Agreement. Credit Suisse Group, the Bank, CS USA, and the Branch must submit a written request to the Reserve Bank for any extension of time.

12. The provisions of this Agreement shall be binding on Credit Suisse Group, the Bank, CS USA, and the Branch and each of their institution-affiliated parties, as defined in sections 3(u) and 8(b)(4) of the Federal Deposit Insurance Act, as amended (the “FDI Act”) (12 U.S.C. §§ 1813(u) and 1818(b)(4)), in their capacities as such, and their successors and assigns.

13. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Reserve Bank.

14. The provisions of this Agreement shall not bar, estop, or otherwise prevent the Board of Governors, the Reserve Bank, or any other federal or state agency from taking any other action affecting Credit Suisse Group, the Bank, CS USA, the Branch, any of their subsidiaries, or any of their current or former institution-affiliated parties and their successors and assigns.

15. Pursuant to section 50 of the FDI Act (12 U.S.C. § 1831aa), this Agreement is enforceable by the Board of Governors under section 8 of the FDI Act (12 U.S.C. § 1818).

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the 22<sup>nd</sup> day of December, 2020.

CREDIT SUISSE GROUP AG

By: /s/ Brian Chin  
Brian Chin  
CEO IB

By: /s/ Urs Rohner  
Urs Rohner  
Chairman

CREDIT SUISSE AG

By: /s/ Brian Chin  
Brian Chin  
CEO IB

By: /s/ Urs Rohner  
Urs Rohner  
Chairman

CREDIT SUISSE HOLDINGS (USA), INC

By: /s/ Eric Varvel  
Eric Varvel  
President and CEO

CREDIT SUISSE AG, NEW YORK BRANCH

By: /s/ Patrick Remmert, Jr.  
Patrick Remmert, Jr.  
Branch Manager and Managing Director

By: /s/ John J. McDonald, Jr.  
John J. McDonald, Jr.  
Deputy Branch Manager

FEDERAL RESERVE BANK OF  
NEW YORK

By: /s/ Sukhpal Bhatti  
Sukhpal Bhatti  
Assistant Vice President

NEW YORK STATE DEPARTMENT OF  
FINANCIAL SERVICES

By: /s/ N. Michael Casparian  
N. Michael Casparian  
Deputy Superintendent