



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON, DC 20551

December 13, 2018

Mr. Eric Varvel  
President and Chief Executive Officer  
Credit Suisse Holdings U.S.A.  
Eleven Madison Avenue  
New York, New York 10010

Dear Mr. Varvel:

Credit Suisse Holdings U.S.A. (“Credit Suisse”), New York, New York, the intermediate holding company subsidiary of Credit Suisse Group, A.G., Zurich, Switzerland,<sup>1</sup> has requested the Board’s approval under the Board’s Regulation YY<sup>2</sup> of a contractual provision that must be included in certain debt issued to Credit Suisse Group, A.G., or to other group entities, by Credit Suisse.

The Board’s regulation regarding total loss-absorbing capacity (the TLAC Rule)<sup>3</sup> requires the U.S. intermediate holding companies<sup>4</sup> of foreign global systemically important banking organizations (“Covered IHCs”) to maintain outstanding a minimum amount of long-term debt that meets certain eligibility criteria (“eligible long-term debt”).<sup>5</sup> With respect to debt issued by a Covered IHC to its foreign affiliates, the eligible long-term debt must include a contractual

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<sup>1</sup> 12 CFR 252.153.

<sup>2</sup> 12 CFR 252.161.

<sup>3</sup> 12 CFR 252.60-.65, .153, .160-.167.

<sup>4</sup> The Board’s Regulation YY requires foreign banking organizations with \$50 billion or more in total U.S. non-branch assets to form an intermediate holding company in the United States. 12 CFR 252.153(a).

<sup>5</sup> 12 CFR 252.162.

provision that is approved by the Board and allows the Board to order the conversion of the debt into common equity tier 1 capital (“conversion trigger”).<sup>6</sup>

The Board has considered a number of factors in determining whether to grant the request by Credit Suisse for approval of a conversion trigger. In particular, the Board has considered:

- (1) Whether the conversion trigger includes any conditions for triggering the conversion other than the issuance of an internal debt conversion order by the Board;
- (2) Whether the instruments governing the long-term debt and related documents mitigate any impediments to the conversion of the long-term debt into equity capital;
- (3) Whether the conversion trigger provides for the conversion of the long-term debt into common equity tier 1 capital;
- (4) Whether the conversion trigger requires the conversion of long-term debt in the amount specified by the Board’s internal debt conversion order; and
- (5) Whether, upon conversion of long-term debt pursuant to the conversion trigger, the converted long-term debt would no longer remain outstanding as a liability of the Covered IHC.

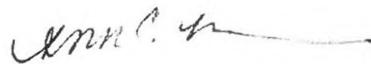
Credit Suisse has provided information to the Board addressing each of the factors noted above. Based on the relevant regulatory factors, and on a review of the instrument governing the long-term debt and related documents and other facts presented, the Board has approved the conversion trigger. This decision is based on the specific facts and representations in your request and in communications with Board staff, and any change in the facts or representations should be communicated immediately to Board staff and could result in a different conclusion. The Board’s approval of the request is specifically conditioned on

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<sup>6</sup> 12 CFR 252.161. Under the Board’s regulations, the Board may issue an internal debt conversion order only after first determining that the Covered IHC is in “default or danger of default,” and one of the following circumstances apply: (1) a foreign banking organization that controls the Covered IHC (or any subsidiary of such entity) has been placed into resolution proceedings in its home country; (2) the home country supervisor of the top-tier foreign banking organization has consented or not promptly objected to the conversion of internal long-term debt after notification by the Board; or (3) the Board has made a written recommendation to the Secretary of the Treasury to put the Covered IHC into Title II resolution proceedings. 12 CFR 252.163.

compliance by Credit Suisse with all of the commitments made to the Board in connection with the request. The Board's approval is limited solely to granting approval of the conversion trigger.

Very truly yours,



Ann E. Misback  
Secretary of the Board

cc: Heidi Kim  
Brett Schildkraut  
Anna Fairclough  
Colleen Burke  
Yan Huang  
Federal Reserve Bank of New York