

Press release

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Cross-border business with US clients:

FINMA publishes summary report on proceedings against Credit Suisse

The Swiss Financial Market Supervisory Authority FINMA has published today a summary report on the enforcement proceedings it conducted against Credit Suisse between 2011 and 2012. The proceedings focused on the bank's cross-border business with US clients during the period from 2000 to 2008. FINMA concluded that Credit Suisse had violated its duty to identify, limit and monitor the risks involved in the US client business. The corrective measures ordered by FINMA have been implemented by Credit Suisse. FINMA's proceedings have been concluded and no further measures against Credit Suisse are to be expected.

Today Credit Suisse has also announced agreements with the U.S. Department of Justice (DoJ), the Board of Governors of the Federal Reserve System and the New York State Department of Financial Services with respect to this matter. The agreement with the DoJ involves a guilty plea. Four important US authorities have thus concluded their investigations against Credit Suisse regarding its relationships with US clients. The bank has paid a total of USD 2.815 billion (CHF 2.510 billion). As in Switzerland, no further proceedings relating to the historical conduct of the cross border business for US clients covered by these settlements will be initiated concerning licenses of Credit Suisse either in the US or in the UK.

In January 2011, FINMA initiated a comprehensive investigation into the cross-border US private client business conducted by Credit Suisse since 2000. The findings of the investigation pointed to regulatory breaches. Therefore, in November 2011, FINMA instituted enforcement proceedings against Credit Suisse, with a particular focus on the following issues:

- The development of Credit Suisse's cross-border business with US clients since 2000;
- Credit Suisse's policies in relation to the US client business since 2000;

- US client relationships, in particular with structures (e.g. foundations and trusts), including the question whether the corporate governance of the structures was respected;
- Measures taken by Credit Suisse after 2008 to identify, limit and monitor the risks established during the investigation.

FINMA based its assessment of the management and control of US cross-border financial services on Swiss supervisory law, which sets out that a bank must at all times assure proper business conduct and have an adequate organization, in particular with regard to risk management.

Credit Suisse violated governance and business conduct requirements

In a decree dated 21 September 2012, FINMA concluded its enforcement proceedings against Credit Suisse. The bank had violated its duty to identify, limit and monitor the risks involved in the US business, exposing itself, the entire financial group and its employees to unduly high legal and reputational risks. Credit Suisse thus violated business conduct requirements under Swiss supervisory law. In the meantime, the risks entered into in the US business have materialized.

Credit Suisse has implemented the measures ordered by FINMA

The proceedings against Credit Suisse led FINMA to conclude that Credit Suisse had significantly adapted its processes for dealing with US private clients as of 2008 and had improved its compliance and risk management. Subsequently as of July 2008, Credit Suisse only accepted former UBS AG clients if they had disclosed their assets to the US tax authorities.

Consistent with a decision made by Credit Suisse in 2008, FINMA ordered the bank to terminate business with US clients whose tax situation was not compliant. It also requested Credit Suisse to set up an appropriate compliance, risk management and risk control system for the cross-border business. Credit Suisse has implemented the measures ordered by FINMA. Independent third parties reviewed the exit from problematic US business and deemed the risk management and risk control system implemented by Credit Suisse to be appropriate.

Those responsible for the US country desk were discharged of their duties in 2011. Some of the other employees indicted in the US had already left Credit Suisse long before their indictment.

Credit Suisse in the focus of US authorities

When investigations were broadened following the criminal investigation against UBS AG, a number of US authorities also began to focus on Credit Suisse. Today three important US authorities have formally concluded their investigations against Credit Suisse: the New York State Department of Financial Services, the Board of Governors of the Federal Reserve System and the U.S. Department of Justice (DoJ). As part of the agreement with the DoJ, Credit Suisse has entered a guilty plea. On 21 February 2014, Credit Suisse announced that it had reached a settlement with the SEC. Four important US authorities have thus concluded their investigations against Credit Suisse regarding its relationships with US clients. Credit Suisse has paid under all titles 2.815 billion US Dollars (2.510 Swiss Francs). As in Switzerland, no further proceedings relating to the historical conduct of the cross

border business for US clients covered by these settlements will be initiated concerning licenses of Credit Suisse either in the US or in the UK.

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