

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

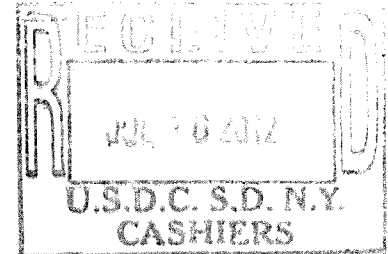
GRACE TRADING, LLC and ANN
NICOLOSI, individually and on behalf of all
others similarly situated,

Plaintiff,

v.

CREDIT SUISSE AG, CREDIT SUISSE
SECURITIES (USA) LLC BRADY W.
DOUGAN, RENATO FASSBIND, D. NEIL
RADEY, PAUL J. O'KEEFE, WALTER B.
KIELHOLZ, HANS-ULRICH DOERIG,
PETER BRABECK-LETMATHE, THOMAS
W. BECHTLER, ROBERT H.
BENMOSCHE, NOREEN DOYLE, JEAN
LANIER, ANTON VAN ROSSUM, AZIZ R.
D. SYRIANI, DAVID W. SYZ, ERNST
TANNER, RICHARD E. THORNBURGH
and PETER F. WEIBEL,

Defendants.



CLASS ACTION COMPLAINT

JURY TRIAL DEMANDED

INTRODUCTION

1. This is an action for violations of §§11, 12 and 15 of the Securities Act of 1933 against Credit Suisse AG, Credit Suisse Securities (USA) LLC and certain of its Directors and Officers.

2. Plaintiffs and the class members purchased VelocityShares Daily 2x VIX Short Term Exchange Traded Notes (“TVIX ETNs”) pursuant to a March 25, 2009 prospectus and registration statement and a November 19, 2010 preliminary pricing supplement (the “Pricing Supplement”) (collectively, the “Offering Documents”) and held TVIX ETNs through March 22, 2012 (the “Class Period”), and suffered economic damages.

3. The TVIX ETNs were sold to Plaintiffs and the class members during the Class Period by Credit Suisse AG and the affiliated Credit Suisse Securities (USA) LLC (collectively, “Credit Suisse”).

4. Exchange traded notes, or “ETNs”, are securities, registered with the Securities and Exchange Commission, that basically act as debt instruments issued by large financial institutions such as Credit Suisse. ETNs allow investors to invest and hedge on investments based on market volatility. In this case, TVIX ETNs allow for exposure to the VIX short-term futures index, an index that measures the 30-day forward volatility of the S&P 500 Index as calculated based on the prices of certain put and call options on the S&P 500 Index.

5. During periods of market instability, the level of volatility of the S&P 500 Index typically increases, causing the prices of options linked to the S&P 500 Index to increase. The VIX Index tracks these options and, thus, the volatility of the S&P 500. Historically, the VIX Index has a negative correlation to the S&P 500 index. In turn, the TVIX ETNs track market volatility as indicated by the VIX Index.

6. Thus, the TVIX ETNs do not represent ownership in any basket of securities; instead, the TVIX ETNs act as debt instruments that track an index and on which the issuer pays the note based on the terms of the offering documents.

7. As such, investors may receive a cash payment at maturity, calculated as of the maturity date, minus annual fees. Investors who do not wish to hold to maturity may sell the ETNs on the exchange market.

8. TVIX ETNs began trading on November 30, 2010, and were issued at \$100 per share.

9. On February 21, 2012, Credit Suisse temporarily suspended further issuance of TVIX ETNs, purportedly due to internal limits reached on the size of the ETNs. As a result of this suspension in issuance, the TVIX shares began trading at prices uncorrelated to the VIX Index, the index that the TVIX ETNs were supposed to track. The demand-supply imbalance of the TVIX ETNs caused the prices to go up dramatically. This disconnect in trading prices lasted for approximately one month.

10. On March 22, 2012, the TVIX shares declined in price by over 29% as rumors leaked into the market that Credit Suisse was considering whether to begin reissuing the ETNs. That same day, Credit Suisse announced that it would reopen issuance of the TVIX ETNs on a limited basis. As a result, on March 23, 2012, TVIX shares plummeted in price by another 30%, resulting in disastrous losses for investors.

11. The Offering Documents materially understated and omitted risks associated with the TVIX ETNs. Defendants omitted and failed to disclose materially necessary information, especially the material risks of market scenarios that might lead to large losses from investing in the TVIX ETNs.

JURISDICTION AND VENUE

12. The claims asserted in this lawsuit arise under Sections 11, 12 and 15 of the Securities Act, 15 U.S.C. §§77k, 77l and 77o.

13. This Court has jurisdiction pursuant to 28 U.S.C. § 1331 and Section 22 of the Securities Act.

14. Venue is proper in this District pursuant to 28 U.S.C. §1391(b) because many of the acts and practices complained of herein occurred in this District, and the TVIX ETNs trade in this District on the New York Stock Exchange Arca (“NYSE Arca”).

15. In connection with the acts complained of herein, Defendants directly or indirectly used the means and instrumentalities of interstate commerce, including but not limited to the mail, interstate telephone communications and national securities market facilities.

PARTIES

16. Plaintiff Grace Trading, LLC (“Grace Trading”), by and through its Manager, Daniel Nicolosi (“Daniel Nicolosi”) purchased TVIX ETNs during the Class Period. Defendants’ misrepresentations and omissions of material fact were the cause of actual losses suffered by Grace Trading.

17. Plaintiff Ann Nicolosi purchased TVIX ETNs during the Class Period. Defendants’ misrepresentations and omissions of material fact were the cause of actual losses suffered by Ann Nicolosi.

18. The Plaintiffs described in paragraphs 16-17 above are referred to collectively herein as the “Plaintiffs.”

19. Defendant Credit Suisse AG (“Credit Suisse AG”) is the issuer of the TVIX ETNs and is a subsidiary of Credit Suisse Group AG, a Swiss corporation.

20. Defendant Credit Suisse Securities (USA) LLC (“Credit Suisse USA”), an affiliate of Credit Suisse AG, is the agent for the TVIX ETN offering and is a subsidiary of Credit Suisse (USA), Inc., a Delaware corporation.

21. Defendant Brady W. Dougan (“Dougan”) is the Chief Executive Officer of Credit Suisse Group AG. Dougan signed the Registration Statement for the TVIX ETNs and exercised control over the affairs of Credit Suisse AG, including the TVIX ETNs.

22. Defendant Renato Fassbind (“Fassbind”) is the Chief Financial Officer of Credit Suisse Group AG. Fassbind signed the Registration Statement for the TVIX ETNs and exercised control over the affairs of Credit Suisse AG, including the TVIX ETNs.

23. Defendant D. Neil Radey (“Radey”) is the General Counsel of Credit Suisse (USA), Inc. Radey signed the Registration Statement for the TVIX ETNs and exercised control over the affairs of Credit Suisse (USA), Inc., including the TVIX ETNs.

24. Defendant Paul J. O’Keefe (“O’Keefe”) is the Chief Financial and Accounting Officer of Credit Suisse (USA), Inc. O’Keefe signed the Registration Statement for the TVIX ETNs and exercised control over the affairs of Credit Suisse (USA), Inc., including the TVIX ETNs.

25. Defendant Walter B. Kielhoz (“Kielhoz”) was Chairman of the Board of Directors of Credit Suisse Group AG. Kielhoz signed the Registration Statement for the TVIX ETNs and exercised control over the affairs of Credit Suisse (USA), Inc., including the TVIX ETNs.

26. Defendant Hans-Ulrich Doerig (“Doerig”) was Vice President of the Board of Directors of Credit Suisse Group AG. Doerig signed the Registration Statement for the TVIX ETNs and exercised control over the affairs of Credit Suisse Group AG, including the TVIX ETNs.

27. Defendant Peter Brabeck-Letmathe (“Brabeck-Letmathe”) is Vice Chairman of the Board of Directors of Credit Suisse Group AG. Brabeck-Letmathe signed the Registration Statement for the TVIX ETNs and exercised control over the affairs of Credit Suisse Group AG, including the TVIX ETNs.

28. Defendant Thomas A. Bechtler (“Bechtler”) was a member of the Board of Directors of Credit Suisse Group AG. Bechtler signed the Registration Statement for the TVIX

ETNs and exercised control over the affairs of Credit Suisse Group AG, including the TVIX ETNs.

29. Defendant Robert H. Benmosche (“Benmosche”) is a member of the Board of Directors of Credit Suisse Group AG. Benmosche signed the Registration Statement for the TVIX ETNs and exercised control over the affairs of Credit Suisse Group AG, including the TVIX ETNs.

30. Defendant Noreen Doyle (“Doyle”) is a member of the Board of Directors of Credit Suisse Group AG. Doyle signed the Registration Statement for the TVIX ETNs and exercised control over the affairs of Credit Suisse Group AG, including the TVIX ETNs.

31. Defendant Jean Lanier (“Lanier”) is a member of the Board of Directors of Credit Suisse Group AG. Lanier signed the Registration Statement for the TVIX ETNs and exercised control over the affairs of Credit Suisse Group AG, including the TVIX ETNs.

32. Defendant Anton van Rossum (“Rossum”) is a member of the Board of Directors of Credit Suisse Group AG. Rossum signed the Registration Statement for the TVIX ETNs and exercised control over the affairs of Credit Suisse Group AG, including the TVIX ETNs.

33. Defendant Aziz R.D. Syriani (“Syriani”) is a member of the Board of Directors of Credit Suisse Group AG. Syriani signed the Registration Statement for the TVIX ETNs and exercised control over the affairs of Credit Suisse Group AG, including the TVIX ETNs.

34. Defendant David W. Syz (“Syz”) is a member of the Board of Directors of Credit Suisse Group AG. Syz signed the Registration Statement for the TVIX ETNs and exercised control over the affairs of Credit Suisse Group AG, including the TVIX ETNs.

35. Defendant Ernst Tanner (“Tanner”) was a member of the Board of Directors of Credit Suisse Group AG. Tanner signed the Registration Statement for the TVIX ETNs and exercised control over the affairs of Credit Suisse Group AG, including the TVIX ETNs.

36. Defendant Richard E. Thornburgh (“Thornburgh”) is a member of the Board of Directors of Credit Suisse Group AG. Thornburgh signed the Registration Statement for the TVIX ETNs and exercised control over the affairs of Credit Suisse Group AG, including the TVIX ETNs.

37. Defendant Peter F. Weibel (“Weibel”) is a member of the Board of Directors of Credit Suisse Group AG. Weibel signed the Registration Statement for the TVIX ETNs and exercised control over the affairs of Credit Suisse Group AG, including the TVIX ETNs.

38. The Defendants described in paragraphs 19-37 above are referred to collectively herein as the “Director and Officer Defendants.”

CLASS ALLEGATIONS

39. Plaintiffs asks this Court to certify this action as a class action pursuant to Rule 23 of the Federal Rules of Civil procedure on behalf of the following class:

All persons or entities who acquired shares of the TVIX ETNs pursuant to or traceable to the false and misleading Offering Documents, and were thereby damaged. Excluded from the Class are Defendants; the officers, directors and trustees of Credit Suisse or VelocityShares LLC, at all relevant times; members of their immediate families and their legal representatives, heirs, successors or assigns; and any entity in which Defendants have or had a controlling interest.

40. The members of the class are sufficiently numerous that joinder of all members is impractical.

41. There are numerous questions of law and fact common to the class. These common questions include but are not limited to:

- a. Whether the Defendants adequately disclosed the risks of investing in the TVIX ETNs;
 - b. Whether the Offering Documents omitted material information concerning risks associated with investing in the TVIX ETNs;
 - c. Whether the Offering Documents contained misleading statements of material fact regarding the TVIX ETNs;
 - d. Whether the Defendants violated the Securities Act by failing to properly disclose the risks and other material facts detailed herein concerning the TVIX ETNs;
 - e. Whether the Director and Officer Defendants were controlling persons within the meaning of the law; and
 - f. Whether and to what extent the Plaintiffs and the class members sustained damages.
42. Plaintiffs' claims are typical of the class members' claims.
43. Plaintiffs will fairly and adequately protect the interests of the class members and have retained counsel competent and experienced in class action securities litigation.
44. The common questions of law and fact predominate over any questions affecting only individual class members. The claims that the Defendants misrepresented and omitted material facts and violated the federal securities laws in connection with the TVIX ETNs focus on the Defendants' conduct and affect the class members equally. Indeed, the Court's ruling on these issues will be determinative of all class members' claims. The Plaintiffs' and class members' conduct is not properly at issue in this litigation.
45. A class action is superior to other available methods for the fair and efficient adjudication of this controversy because joinder of all members is impracticable. Because the

damages suffered by individual class members may be relatively small, the expense and burden of individual litigation make it impracticable for individual class members to seek redress for the wrongful conduct alleged herein.

46. Plaintiffs know of no difficulty that will be encountered in managing this action that would preclude its maintenance as a class action.

47. Names and addresses of class members are presently unknown to Plaintiffs but can be readily ascertained from the Defendants' business records.

48. The class action proceeding will provide a practical basis for the determination of all interests of the parties, will prevent inconsistent adjudications, will maximize judicial economy and is superior to all other available methods for the fair and efficient adjudication of the controversy.

FACTUAL ALLEGATIONS

False and Misleading Offering Documents

49. The Offering Documents, including the Pricing Supplement, contained materially false and misleading statements and omitted material information concerning risks associated with TVIX ETNs.

50. The Pricing Supplement filed with the Securities and Exchange Commission states the following with respect to hedging exposure from issuing the ETNs:

We expect to hedge our obligations under the ETNs through one or more of our affiliates. This hedging activity will likely involve purchases or sales of equity securities underlying the S&P 500® Index and/or trading in instruments, such as options, swaps or futures, related to the VIX Index (including the VIX futures contracts which are used to calculate the Indices), the S&P 500® Index (including the put and call options used to calculate the level of the VIX Index) and the equity securities underlying the S&P 500® Index. The costs of maintaining or adjusting this hedging activity could affect the value of the Index, and accordingly the value of the ETNs. Moreover, this hedging activity may result in our or our affiliates' receipt of a profit, even if the market value of the ETNs declines. You

should refer to “Risk Factors—Trading and other transactions by us, our affiliates or third parties with whom we transact, in securities or financial instruments related to the applicable underlying Index may impair the market value of the ETNs” and “Risk Factors—There may be conflicts of interest between you, us, the Redemption Agent, and the Calculation Agents” and “Use of Proceeds and Hedging” in this pricing supplement.

51. The Pricing Supplement contains very broad, generalized statements with respect to the risks associated with the TVIX ETNs; for example:

The ETNs are subject to the credit risk of Credit Suisse

Although the return on the ETNs of each series will be based on the performance of the applicable underlying Index, the payment of any amount due on the ETNs, including any payment at maturity, is subject to the credit risk of Credit Suisse. Investors are dependant (sic) on Credit Suisse’s ability to pay all amounts due on the ETNs, and therefore investors are subject to our credit risk. In addition, any decline in our credit ratings, any adverse changes in the market’s view of our creditworthiness or any increase in our credit spreads is likely to adversely affect the market value of the ETNs prior to maturity.

52. Similarly, the Pricing Supplement offered only broad generalizations regarding factors that might adversely affect the market price of the TVIX ETNs:

The market price of your ETNs may be influenced by many unpredictable factors

The market value of your ETNs will fluctuate between the date you purchase them and the applicable Valuation Date. You may also sustain a significant loss if you sell the ETNs in the secondary market. In addition to others, the following factors, many of which are beyond our control, will influence the market value of your ETNs, as well as the Redemption Amount:

- the level of the applicable underlying Index at any time,
- the volatility of any option or futures contracts relating to the applicable underlying Index, the VIX Index, the S&P 500® Index, the component securities of the S&P 500® Index, or the underlying futures,
- the liquidity of any option or futures contracts relating to the applicable underlying Index, the VIX Index, the S&P 500® Index, the component securities of the S&P 500® Index, or the or the underlying futures,

- economic, financial, regulatory, political, judicial, military and other events that affect stock markets generally, the applicable underlying Index, the equity securities included in the S&P 500® Index, the S&P 500® Index, the VIX Index or the relevant futures contracts on the VIX Index,
- Supply and demand for the ETNs in the secondary market, including but not limited to, inventory positions with any market maker or other person or entity who is trading the ETNs (supply and demand for the ETNs will be affected by the total issuance of ETNs, and we are under no obligations to issue additional ETNs to increase the supply),
- interest and yield rates and rate spreads in the markets,
- the time remaining until your ETNs mature, and
- the actual or perceived creditworthiness of Credit Suisse.

You cannot predict the future performance of the Indices based on the historical performance of the option or futures contracts relating to the Indices, the VIX Index, the S&P 500® Index, the component securities of the S&P 500® Index, or the underlying futures. The factors interrelate in complex ways, and the effect of one factor on the market value of your ETNs may offset or enhance the effect of another factor.

53. The Pricing Supplement explained its hedging strategy for potential exposure to the risks associated with the TVIX ETNs:

Trading and other transactions by us, our affiliates, or third parties with whom we transact, in securities or financial instruments related to the applicable underlying Index may impair the value of your ETNs

We expect to hedge our obligations relating to the ETNs by purchasing or selling short the underlying futures, listed or over-the-counter options, futures contracts, swaps, or other derivative instruments relating to the applicable underlying Index, the VIX Index, the S&P 500® Index, the component securities of the S&P 500® Index, or the underlying futures, or other instruments linked to the applicable underlying Index, the VIX Index, the S&P 500® Index, the component securities of the S&P 500® Index, or the underlying futures, and adjust the hedge by, among other things, purchasing or selling any of the foregoing, at any time and from time to time, and to unwind the hedge by selling any of the foregoing, perhaps on or before the applicable Valuation Date. We, our affiliates, or third parties with whom we transact, may also enter into, adjust and unwind hedging transactions relating to other securities whose returns are linked to the applicable underlying Index. Any of these hedging activities may adversely affect the level

of the applicable underlying Index — directly or indirectly by affecting the price of the underlying futures or listed or over-the-counter options, futures contracts, swaps, or other derivative instruments relating to the applicable underlying Index, the VIX Index, the S&P 500® Index, the component securities of the S&P 500® Index, or the underlying futures —and therefore the market value of your ETNs and the amount we will pay on your ETNs on the relevant Early Redemption Date, Acceleration Date or the Maturity Date. It is possible that we, our affiliates, or third parties with whom we transact could receive substantial returns with respect to these hedging activities while the value of your ETNs decline or become zero.

We, our affiliates, or third parties with whom we transact may also engage in trading in the underlying futures, or listed or over-the-counter options, futures contracts, swaps, or other derivative instruments relating to the applicable underlying Index, the VIX Index, the S&P 500® Index, the component securities of the S&P 500® Index, or the underlying futures, or instruments whose returns are linked to the applicable underlying Index or the underlying futures or listed or over-the-counter options, futures contracts, swaps, or other derivative instruments relating to the applicable underlying Index, the VIX Index, the S&P 500® Index, the component securities of the S&P 500® Index, or the underlying futures for our or their proprietary accounts, for other accounts under our or their management or to facilitate transactions, including block transactions, on behalf of customers. Any of these activities could adversely affect the level of the applicable underlying Index — directly or indirectly by affecting the price of the underlying futures or listed or over-the-counter options, futures contracts, swaps, or other derivative instruments relating to the applicable underlying Index, the VIX Index, the S&P 500® Index, the component securities of the S&P 500® Index, or the underlying futures — and, therefore, the market value of your ETNs and the amount we will pay on your ETNs on the relevant Early Redemption Date, Acceleration Date or the Maturity Date. We may also issue, and we, our affiliates, or third parties with whom we transact may also issue or underwrite, other ETNs or financial or derivative instruments with returns linked to changes in the level of the applicable underlying Index or the underlying futures or listed or over-the-counter options, futures contracts, swaps, or other derivative instruments relating to the applicable underlying Index, the VIX Index, the S&P 500® Index, the component securities of the S&P 500® Index, or the underlying futures. By introducing competing products into the marketplace in this manner, we, our affiliates, or third parties with whom we transact could adversely affect the market value of your ETNs and the amount we will pay on your ETNs on the relevant Early Redemption Date, Acceleration Date or the Maturity Date.

54. The Pricing Supplement explained the occurrence of limited “market disruption events”:

Market Disruption Events

A “**Market Disruption Event**” will be any event that, in the determination of the Calculation Agents, could materially interfere with our, our affiliates, third parties with whom we transact, or similarly situated third party’s ability to establish, maintain or unwind all or a material portion of a hedge that could be effected with respect to the ETNs, including, but not limited to:

- a suspension, absence or material limitation of trading in option or futures contracts relating to the Index, the VIX Index, the S&P 500®Index, the component securities of the S&P 500®Index, or to the underlying futures, if available, on their respective Primary Exchange or Related Exchange, as determined by the Calculation Agents,
- Option or futures contracts relating to the Index, the VIX Index, the S&P 500®Index, the component securities of the S&P 500®Index, or the underlying futures, if available, not trading on their respective Primary Exchange or Related Exchange, as determined by the Calculation Agents,
- the Index Sponsor or the CBOE fails to publish or compute the Indices or VIX Index, or
- any trading restriction imposed upon, option or futures contracts relating to the Index, the VIX Index, the S&P 500®Index, the component securities of the S&P 500®Index, or to the underlying futures, if available on their respective Primary Exchange or Related Exchange due to a price change in that respective instrument exceeding limits set by that market before the close of trading in that market on any Valuation Date, as determined by the Calculation Agents.

55. Because of the complex nature of the TVIX ETN securities, the Pricing Supplement contained a section, entitled “Hypothetical Examples”, which supposedly “show[ed] how the ETNs would perform in hypothetical circumstances”:

The information in the tables reflects hypothetical rates of return on the ETNs assuming that they are purchased on the Inception Date at the Closing Indicative Value and disposed of on the Maturity Date for the Maturity Redemption Amount. We have not considered early redemption or acceleration for simplicity. Your ETNs may be accelerated early under certain circumstances. Although your payment upon redemption or acceleration would be based on the Closing Indicative Value of the ETNs, which is calculated in the manner illustrated in the examples below, your payment upon early redemption would be subject to the Early Redemption Charge.

The Pricing Supplement also stated that “[e]ach of these four examples is a random possibility generated by a computer among an infinite number of possible outcomes.”

56. Furthermore, while the Pricing Supplement indicated that the TVIX ETNs were designed to be held on a short-term basis, the key hypothetical examples showed the outcome of holding the securities to maturity. The hypotheticals used the following variables: “interest rate levels, interest rate volatilities, interest rate spreads, underlying futures returns, underlying futures volatilities, and underlying futures funding and borrow costs.” The hypotheticals showed huge variations in outcomes, with approximate total returns for the TVIX ETNs of negative 69%, positive 1197%, positive 5939%, positive 317%, negative 45%, negative 86%, negative 100%, positive 7783%, positive 67%, negative 21% and negative 98%.

Misrepresentations and Omissions in the Offering Documents

57. The lengthy explanations contained in the Offering Documents, including the Pricing Supplement, are opaque, misleading and omit material information.

58. Credit Suisse failed to disclose material information regarding its practices and procedures if and when it surpassed internal issuance limits placed on the TVIX ETNs, or that such excess subscriptions could trigger a decision by Credit Suisse to no longer issue the ETNs because of an inability to hedge its underlying exposure.

59. Credit Suisse failed to disclose in the Pricing Supplement material information concerning the probability that the TVIX ETNs could dislocate from the relevant index when and if Credit Suisse decided to halt issuance of the TVIX ETNs.

60. Credit Suisse failed to disclose in the Pricing Supplement material information relating that it had established an internal limit on the number of TVIX ETNs it would issue, based on its ability to enter into hedging transactions.

61. Credit Suisse failed to disclose in the Pricing Supplement material information regarding risks associated with the structure of the TVIX ETNs. Specifically, Credit Suisse failed to disclose that the TVIX issuance was a vertical, rather than open, model, and that Credit Suisse was the issuer, market-maker and swap provider for the TVIX ETNs. The Pricing Supplement failed to disclose that this vertical model limited Credit Suisse's ability to hedge the TVIX ETNs, rendering it likely that it would reach certain internal exposure limits necessitating a halt in the issuance of the TVIX ETNs and a resulting dislocation of the pricing of the securities and damage to investors.

62. Credit Suisse failed to disclose in the Pricing Supplement material information concerning the difficulty inherent in hedging vertical products (as opposed to horizontal products) and that once certain internal limits were reached, Credit Suisse would halt issuance of the TVIX ETNs.

63. Credit Suisse failed to disclose in the Pricing Supplement material information regarding the extent to which it used the TVIX ETNs to fund its own portfolios and trading positions. Similarly, Credit Suisse also failed to disclose in the Pricing Supplement material information regarding its use of the TVIX ETNs to offset risks incurred from daily business operations.

64. Credit Suisse failed to disclose in the Pricing Supplement material information regarding the risk that the TVIX ETNs could appear on a "threshold list," a list of securities no longer available to be borrowed for shorting purposes, and that the TVIX ETNs likely would appear on the list if Credit Suisse halted issuance of the shares.

65. Credit Suisse failed to disclose in the Pricing Supplement that it would resume issuance of the TVIX ETNs, and that by doing so, the premium could collapse immediately.

66. Credit Suisse failed to disclose that the hypothetical examples contained in the Pricing Supplement did not reflect a truly random sample and did not reflect the extent to which the TVIX ETNs' value and returns depended on term structure of volatility.¹ An inclusion of term structure in the hypothetical examples would have shown a continuous decline in the value of the TVIX ETNs over time. By failing to include term structure as a variable in the hypothetical examples, Credit Suisse concealed this risk, which was likely to result in adverse price movement of the TVIX ETNs. A truly random sample would have reflected such risks.

67. While Credit Suisse informed investors that the TVIX ETNs had a risk of loss, various hypothetical examples in the Pricing Supplement showed enormous returns at maturity – in direct contravention of the statement that the ETNs should not be held to maturity. Furthermore, as reflected in the hypothetical examples, the huge range of potential returns at maturity, from a complete loss to returns in excess of 7000%, misled investors about the risks associated with the TVIX ETNs.

Failure of the TVIX ETNs

68. On February 21, 2012, Credit Suisse issued a press release, announcing that it had suspended further issuance of the TVIX ETNs temporarily due to internal limits on the size of the ETNs:

21.02.2012

Credit Suisse Temporarily Suspends Further Issuance of VelocityShares Daily 2x Long VIX Short-Term ETN (Ticker Symbol: "TVIX")

Credit Suisse announced today that it has temporarily suspended further issuances of the VelocityShares Daily 2x VIX Short-Term ETNs (Ticker Symbol: "TVIX") due to internal limits on the size of the ETNs. This suspension does not affect the Early Redemption rights of noteholders as

¹ Term structure, or yield curve risk, reflects the relationship between short-term and long-term volatility.

described in the pricing supplement. Other ETNs issued by Credit Suisse are not affected by this suspension.

As disclosed in the pricing supplement relating to the ETNs under the heading “Risk Factors—The Market Price of Your ETNs May Be Influenced By Many Unpredictable Factors,” the market value of the ETNs may be influenced by, among other things, the levels of supply and demand for the ETNs. It is possible that the suspension, as described above, may influence the market value of the ETNs. Credit Suisse believes it is possible that the temporary suspension of further issuances may cause an imbalance of supply and demand in the secondary market for the ETNs, which may cause the ETNs to trade at a premium or discount in relation to their indicative value. Therefore, any purchase of the ETNs in the secondary market may be at a purchase price significantly different from their indicative value.

The pricing supplement relating to the ETNs can be found on EDGAR, the SEC website at: www.sec.gov.

69. As a direct result of Credit Suisse’s halt in issuance of the TVIX ETNs, the shares traded at dramatically increased prices uncorrelated to the VIX Index, an index that was designed to track futures trading. This disconnect from the VIX Index lasted approximately one month and progressively worsened, as follows:

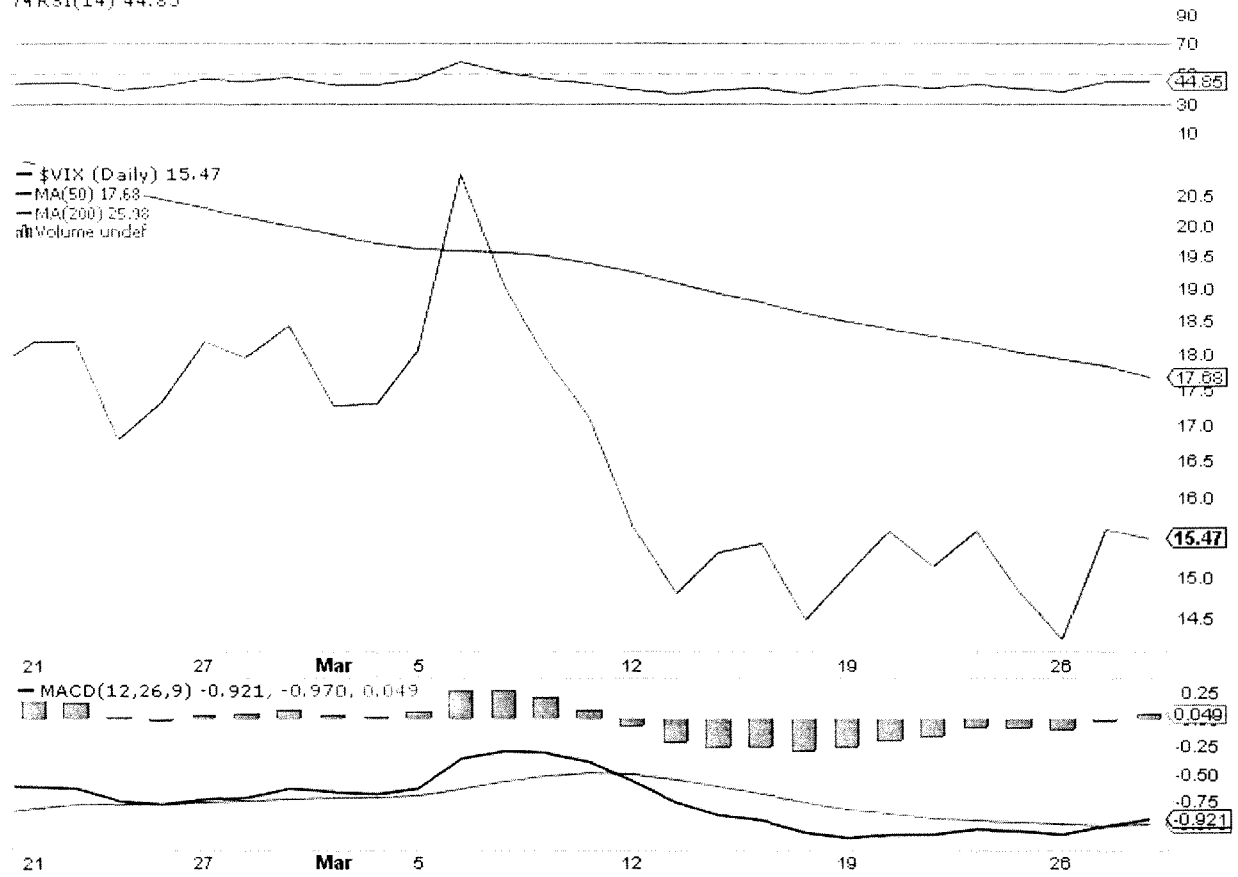
\$VIX (Volatility Index - New Methodology) INDX

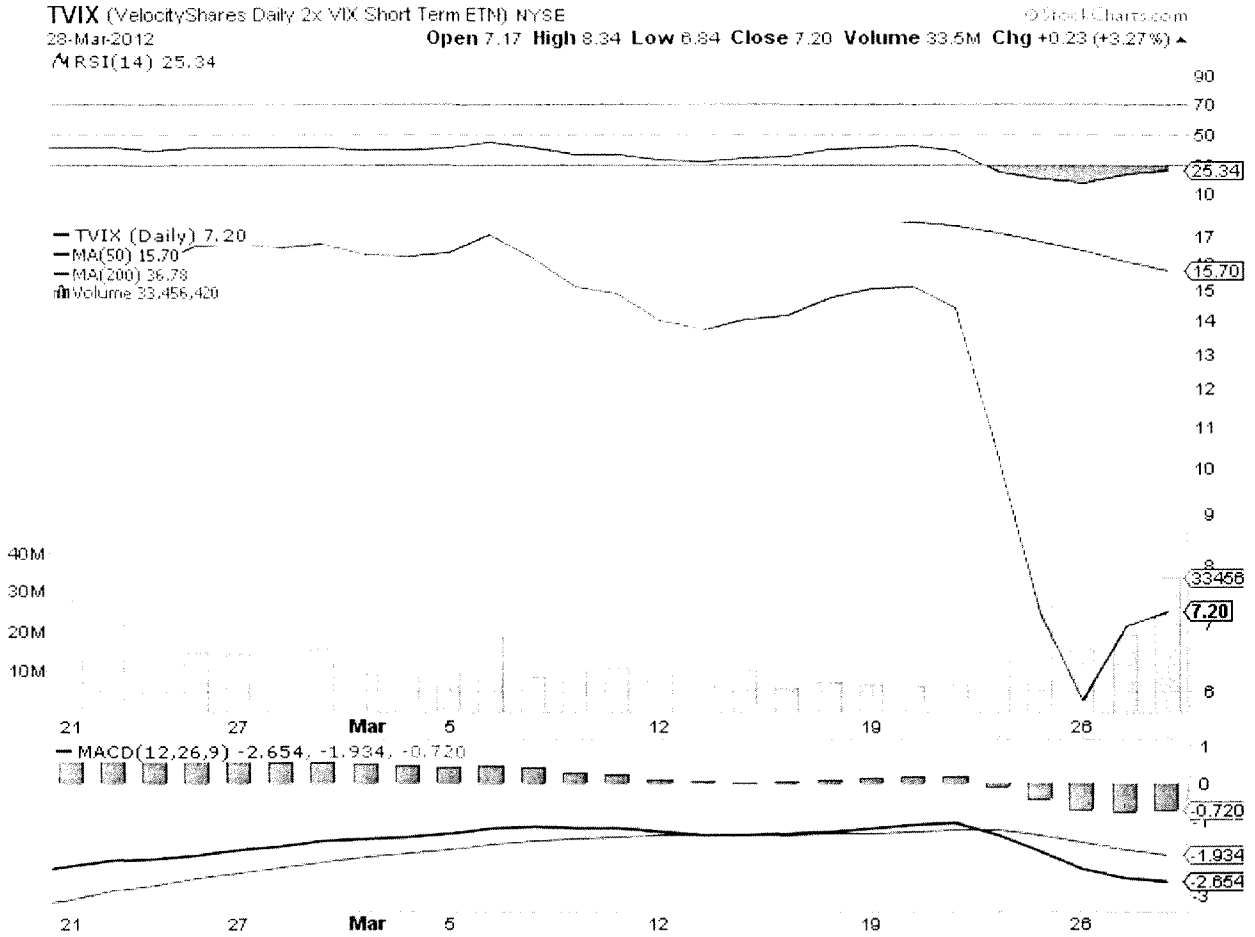
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28-Mar-2012

Open 15.58 High 17.27 Low 15.40 Close 15.47 Chg -0.12 (-0.77%) ▼

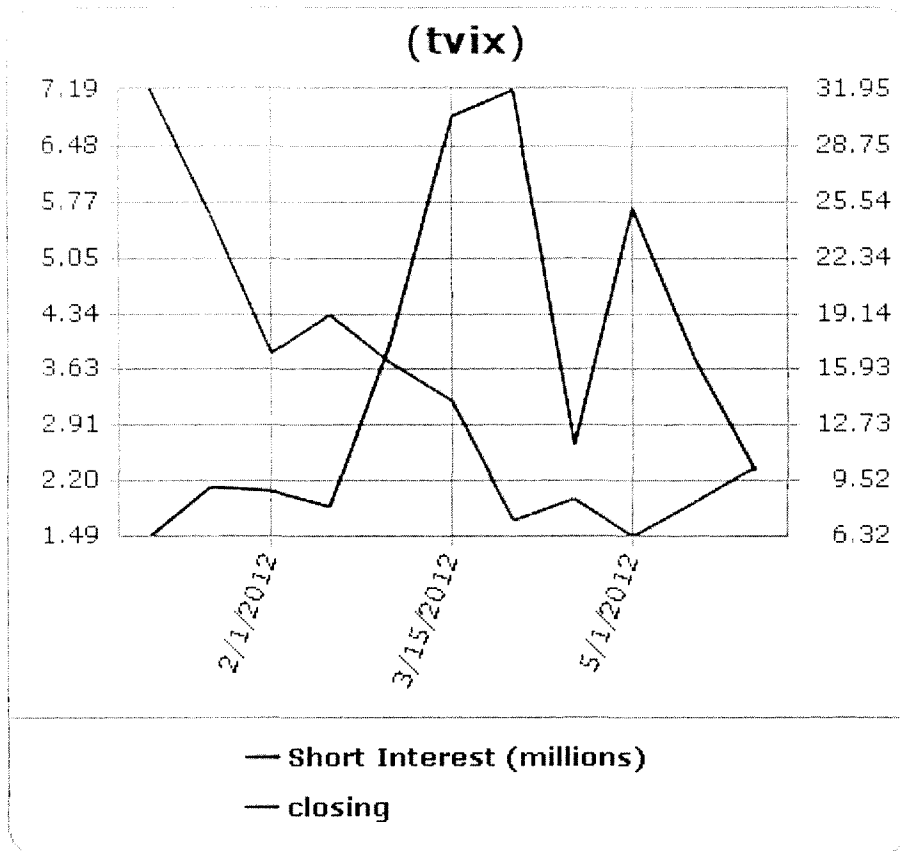
RSI(14) 44.85





70. Prior to the February 21, 2012 press release by Credit Suisse, the TVIX ETNs rarely strayed from their indicative value by more than 3%. However, the day after the press release, the TVIX ETNs' value closed at a more than 6% premium to their indicative value, thus becoming unhinged from the VIX Index. This premium peaked at almost 90% on March 21, 2012.

71. As the trading price of TVIX ETNs skyrocketed, so did the number of shares shorted by investors. This chart demonstrates the increase in short interest for TVIX ETNs following the February press release:



72. On March 22, 2012, the TVIX ETNs declined in value by more than 29% fueled by aggressive short selling.² Importantly, the VIX Index that the TVIX ETNs supposedly tracked was *up* by 1.4% on March 22, 2012, increasing from 6633.56 to 6727.24. Prices for TVIX ETNs should have gone up as the VIX Index went up. The fact that prices instead plummeted demonstrates that the price drop was not tied to normal market activity.

73. That evening, Credit Suisse issued a press release, announcing that it would begin reissuing TVIX ETNs on a limited basis:

22.03.2012

Credit Suisse Plans to Reopen Issuance of VelocityShares Daily 2x Long VIX Short-Term ETN (Ticker Symbol: "TVIX") on a Limited Basis

² This heavy short selling resulted in subsequent investigations by regulators, including FINRA and the Massachusetts's Attorney General.

Credit Suisse announced today that it plans to reopen issuance of the VelocityShares Daily 2x Long VIX Short-Term ETNs (Ticker Symbol: "TVIX") on a limited basis. The ETNs were temporarily suspended from further issuance by Credit Suisse on February 21, 2012 due to internal limits on the size of the ETNs. At present, the ETNs are trading at a premium to their indicative value.

Beginning March 23, 2012, Credit Suisse may from time to time issue the ETNs into inventory of its affiliates to make the ETNs available for lending at or about rates that prevailed prior to the temporary suspension of issuances of the ETNs. Also, beginning as soon as March 28, 2012, Credit Suisse may issue additional ETNs from time to time to be sold solely to authorized market makers. Credit Suisse may condition its acceptance of a market maker's offer to purchase the ETNs on its agreeing to sell to Credit Suisse specified hedging instruments consistent with Credit Suisse's hedging strategy, including but not limited to swaps. Any such hedging instruments will be executed on the basis of the indicative value of the ETNs at that time, will not reflect any premium or discount in the trading price of the ETNs over their indicative value and will be on terms acceptable to Credit Suisse, including the counterparty meeting Credit Suisse's creditworthiness requirements, margin requirements, minimum size and duration requirements and such other terms as Credit Suisse deems appropriate in its sole discretion. This action does not affect the Early Redemption rights of noteholders as described in the pricing supplement. The other ETNs issued by Credit Suisse are not affected by this action.

As disclosed in the pricing supplement relating to the ETNs under the heading "Risk Factors The Market Price of Your ETNs May Be Influenced By Many Unpredictable Factors," the market value of the ETNs may be influenced by, among other things, the levels of supply and demand for the ETNs. It is possible that the reopening of the ETNs on a limited basis, as described above, may influence the market value of the ETNs. Credit Suisse cannot predict with certainty what impact, if any, the reopening described above will have on the public trading price of the ETNs. It is possible that the resumption of new issuances of the ETNs, even on a limited basis, could reduce or remove any premium in the trading price of the ETNs over their indicative value. Investors are cautioned that paying a premium purchase price over the indicative value of the ETNs could lead to significant losses in the event the investor sells such ETNs at a time when the premium is no longer present in the market place or the ETNs are accelerated (including at our option), in which case investors will receive a cash payment in an amount equal to the closing indicative value on the accelerated valuation date.

The pricing supplement relating to the ETNs can be found on EDGAR, the SEC website at: www.sec.gov.

74. This press release failed to disclose the criteria for Credit Suisse's "internal limits" and failed to explain why Credit Suisse would begin to reissue TVIX ETNs at that time, nor did it explain why the market price collapsed in advance of the press release.

75. The March 22, 2012 press release also alluded to other previously undisclosed risks inherent in the TVIX ETNs, stating:

Also, beginning as soon as March 28, 2012, Credit Suisse may issue additional ETNs from time to time to be sold solely to authorized market makers. Credit Suisse may condition its acceptance of a market maker's offer to purchase the ETNs on its agreeing to sell to Credit Suisse specified hedging instruments consistent with Credit Suisse's hedging strategy, including but not limited to swaps. Any such hedging instruments will be executed on the basis of the indicative value of the ETNs at that time, will not reflect any premium or discount in the trading price of the ETNs over their indicative value and will be on terms acceptable to Credit Suisse, including the counterparty meeting Credit Suisse's creditworthiness requirements, margin requirements, minimum size and duration requirements and such other terms as Credit Suisse deems appropriate in its sole discretion.

76. The press release above reveals that the TVIX ETNs were exposed to risk by Credit Suisse's vertical, non-open platform and that the Pricing Supplement failed to disclose that those risks could be mitigated if market-makers were used and required to sell Credit Suisse offsetting hedging instruments as a condition to serve as a market-maker.

77. On March 23, 2012, the TVIX ETNs opened for trading and further declined by another 30%, and the gap between the market price and indicative value declined dramatically by 23%, as demonstrated by the following chart:



78. Investors in the TVIX ETNs suffered severe economic damage because they purchased the securities without adequate disclosures. Bloomberg reported that TVIX ETN investors lost more than \$340 million when the securities plummeted in price by more than 50% during the relevant period.

COUNT 1
Violations of Section 11 of the 1933 Act
(All Defendants)

79. Plaintiffs incorporate all preceding paragraphs by reference.

80. Credit Suisse AG was the issuer of the TVIX ETNs sold pursuant to the Offering Documents. The Director and Officer Defendants were signatories or authorizers of the Registration Statement and incorporated Pricing Supplement.

81. Credit Suisse is strictly liable for the misrepresentations and omissions of material fact in the Offering Documents. The remaining Defendants owed TVIX ETN purchasers the duty to make a reasonable investigation of the statements contained in the Offering Documents, including the Pricing Supplement, to ensure that the statements therein were true and that there was no omission of any material fact required to be disclosed in order to make the statements

contained therein not misleading. The Defendants knew or, in the exercise of reasonable care, should have known of the misrepresentations and omissions of material fact contained in the Offering Documents.

82. As signatories to or authorizers of the Registration Statement, officers or directors of Credit Suisse or controlling persons of the issuers, Defendants owed TVIX ETN purchasers, including the Plaintiffs and the class members, the duty to make a reasonable and diligent investigation of the statements contained in the Offering Documents at the time they became effective, to ensure the statements therein were true and that there were no omissions of material fact required in order to make the statements contained therein not misleading. Defendants knew or, in the exercise of reasonable care, should have known of the misrepresentations and omissions of material fact contained in the Offering Documents. Accordingly, Defendants are liable to the Plaintiffs and the class members.

83. Each Defendant violated, or controlled a person who violated, Section 11 of the Securities Act. As a direct and proximate result of Defendants' wrongful conduct, the market price of the TVIX ETNs were materially different than the prices that the Defendants misled the Plaintiffs and the class members to believe they would be. Plaintiffs relied on the false and misleading Offering Documents, causing Plaintiffs and the class members to suffer damages in connection with the purchase of the TVIX ETNs.

84. Plaintiffs and the class members purchased the TVIX ETNs issued pursuant to or traceable to the Offering Documents.

85. At the time they purchased the TVIX ETNs, Plaintiffs and the class members were without knowledge of the facts concerning the wrongful conduct alleged herein and could not have reasonably discovered the misrepresentations and omissions of material fact prior to the

present date, or at least until March 23, 2012. Defendants have maintained exclusive possession and control over the material facts and documents at all relevant times, and the unforeseeable risks had not materialized until March 23, 2012.

86. Less than a year has elapsed from the time the Plaintiffs and the class members discovered or reasonably could have discovered the facts alleged herein. Less than three years has elapsed between the time that the TVIX ETN securities were offered to the public and the time the Plaintiffs first filed the various complaints in this action.

87. This action is filed in a timely manner under Section 13 of the 1933 Securities Act.

COUNT 2
Violation of Section 12(a)(2) of the 1933 Act
(All Defendants)

88. Plaintiffs incorporate all preceding paragraphs by reference.

89. The Offering Documents contained untrue statements of material fact, and concealed and failed to disclose material facts as detailed herein. Defendants owed to Plaintiffs and the class members a duty to make a reasonable and diligent investigation of the statements contained in the Offering Documents to ensure that those statements were true and that there was no omission of material fact required to be stated in order to make the statements therein not misleading. The Defendants, in the exercise of reasonable care, should have known of the misstatements and omissions of material fact in the Offering Documents.

90. Plaintiffs did not know, nor in the exercise of reasonable diligence could have known, of the untruths and omissions in the Offering Documents at the time Plaintiffs acquired the TVIX ETNs.

91. As a direct and proximate result of Defendants' wrongful conduct in violation of § 12(a)(2) of the 1933 Act, Plaintiffs and the class members sustained damages in connection with their purchases of the TVIX ETNs. Plaintiffs and the class members have the right to rescind and recover the consideration paid for the securities, and hereby tender their securities to the Defendants. Class members who have sold their TVIX ETNs seek damages to the extent permitted by federal law.

COUNT 3
Violation of Section 15 of the Securities Act
(Director and Officer Defendants)

92. Plaintiffs incorporate all preceding paragraphs by reference.

93. The Director and Officer Defendants acted as controlling persons of the TVIX ETNs within the meaning of Section 15 of the Securities Act. The Director and Officer Defendants were each officers or directors or otherwise control persons of Credit Suisse, charged with legal responsibility to oversee its operations. Each controlling person had the power to influence, and did exercise that influence, to cause his or her controlled person to engage in the unlawful acts and conduct alleged herein.

94. Through such conduct, the Director and Officer Defendants are liable pursuant to Section 15 of the Securities Act for the securities law violations set forth herein.

95. As a direct and proximate cause of the Director and Officer Defendants' wrongful conduct, Plaintiffs and the class members suffered damages in connection with their purchases of the TVIX ETNs.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for relief and judgment, as follows:

A. Certifying this matter as a class action pursuant to Fed. R. Civ. P. 23;

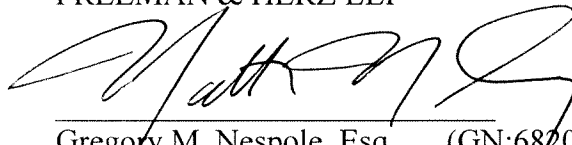
- B. Naming the Plaintiffs as class representatives;
- C. Naming Plaintiffs' counsel as class counsel;
- D. Awarding damages in favor of the Plaintiffs and the class members against all Defendants for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;
- E. Awarding Plaintiffs their reasonable costs and expenses incurred in this action, including counsel fees and expert fees;
- F. Awarding Plaintiffs and the class members prejudgment interest;
- G. Awarding rescission or a rescissionary measure of damages; and
- H. Such equitable/injunctive or other relief as deemed appropriate by the Court.

JURY DEMAND

Plaintiffs and the class members hereby demand a trial by jury.

DATED July 16, 2012

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Counsel for the Plaintiffs

CERTIFICATION OF GRACE TRADING, LLC

Grace Trading, LLC ("Grace Trading") declares under penalty of perjury as to the claims asserted under the federal securities laws that:

1. Grace Trading has reviewed the complaint and consents to participate therein.
2. Grace Trading did not purchase the security that is the subject of this action at the direction of his counsel or in order to participate in this private action.
3. Grace Trading is willing to serve as a representative party on behalf of the class, including providing testimony at deposition and trial, if necessary.
4. Grace Trading's transactions in VelocityShares Daily 2x VIX Short Term Exchange Traded Notes linked to the S&P 500 VIX Short-Term Futures Index securities during the Class Period specified in the Complaint are as follows:

<u>Date</u>	<u># of Shares Purchased</u>	<u># of Shares Sold</u>	<u>Price</u>
01/26/2012	5,000	0	17.50
01/26/2012	5,000	0	16.92
02/01/2012	5,000	0	16.50
02/10/2012	0	5,000	18.72
02/10/2012	0	5,000	19.74

02/27/2012	5,000	0	17.46
03/06/2012	5,000	0	16.82
03/08/2012	5,000	0	15.68

5. During the three years prior to the date of this Certificate, Grace Trading has not sought to serve or served as a representative party for a class in an action filed under the securities laws.

6. Grace Trading will not accept any payment for serving as a representative party on behalf of the class beyond his pro rata share of any recovery, except such reasonable costs and expenses (including lost wages) directly relating to the representation of the class as ordered or approved by the Court.

I declare under penalty of perjury that the foregoing is correct and true.

Executed this 9th day of July, 2012.



By: Daniel Nicolosi,
Manager of Grace Trading, LLC

CERTIFICATION OF ANN NICOLOSI

Ann Nicolosi ("Nicolosi") declares under penalty of perjury as to the claims asserted under the federal securities laws that:

1. Nicolosi has reviewed the complaint and consents to participate therein.
2. Nicolosi did not purchase the security that is the subject of this action at the direction of his counsel or in order to participate in this private action.
3. Nicolosi is willing to serve as a representative party on behalf of the class, including providing testimony at deposition and trial, if necessary.
4. Nicolosi's transactions in VelocityShares Daily 2x VIX Short Term Exchange Traded Notes linked to the S&P 500 VIX Short-Term Futures Index securities during the Class Period specified in the Complaint are as follows:

<u>Date</u>	<u># of Shares Purchased</u>	<u># of Shares Sold</u>	<u>Price</u>
03/05/2012	1,000	0	16.35
03/06/2012	100	0	16.81
03/06/2012	100	0	16.79
03/06/2012	0	1,000	17.52
03/06/2012	0	100	17.36
03/06/2012		100	17.36

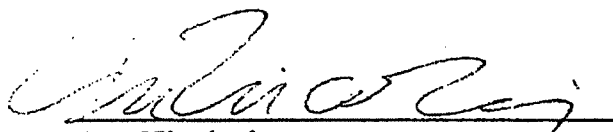
03/07/2012	2,500	0	16.69
03/09/2012	5,000	0	14.57

5. During the three years prior to the date of this Certificate, Nicolosi has not sought to serve or served as a representative party for a class in an action filed under the securities laws.

6. Nicolosi will not accept any payment for serving as a representative party on behalf of the class beyond his pro rata share of any recovery, except such reasonable costs and expenses (including lost wages) directly relating to the representation of the class as ordered or approved by the Court.

I declare under penalty of perjury that the foregoing is correct and true.

Executed this 30 day of June, 2012.


Ann Nicolosi