UNITED STATES DISTRICT COURT
DISTRICT OF CONNECTICUT

FILED

2015 APR 23 P 4:25

US DISTRICT COURT
HARTFORD CT

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UNITED STATES OF AMERICA, :

Plaintiff, : CRIMINAL NO. 3:15CR62 (RNC)

- v. - :

DB GROUP SERVICES UK LIMITED, :

Defendant. :

- - - - - - - - - - - - - - - - - x

PLEA AGREEMENT

The United States of America, by and through the Fraud Section of the Criminal Division ("Fraud Section") and the Antitrust Division of the United States Department of Justice (together, the "Department"), and DB GROUP SERVICES UK LIMITED ("defendant" or "DBGS"), by and through its undersigned attorneys, and through its authorized representative, pursuant to authority granted by DBGS's Board of Directors, hereby submit and enter into this plea agreement (the "Agreement"), pursuant to Rule 11(c)(1)(C) of the Federal Rules of Criminal Procedure. The terms and conditions of this Agreement are as follows:

The Defendant's Agreement

1. DBGS agrees to waive indictment and plead guilty to a one-count criminal Information filed in the District of Connecticut

charging DBGS with wire fraud, in violation of Title 18, United States Code, Section 1343. DBGS further agrees to persist in that plea through sentencing and, as set forth below, to cooperate fully with the Department in its investigation into all matters related to the conduct charged in the Information.

2. DBGS understands and agrees that this Agreement is between the Department and DBGS and does not bind any other division or section of the Department of Justice or any other federal, state, or local prosecuting, administrative, or regulatory authority. Nevertheless, the Department will bring this Agreement and the cooperation of DBGS, its direct or indirect affiliates, subsidiaries, and parent corporation, to the attention of other prosecuting authorities or other agencies, if requested by DBGS.

3. DBGS agrees that this Agreement will be executed by an authorized corporate representative. DBGS represents that a resolution duly adopted by DBGS's Board of Directors is attached to this Agreement as Exhibit 1 and represents that the signatures on this Agreement by DBGS and its counsel are authorized by DBGS's Board of Directors, on behalf of DBGS.

4. DBGS agrees that it has the full legal right, power, and authority to enter into and perform all of its obligations under this Agreement.

5. DBGS agrees to abide by all terms and obligations of this Agreement as described herein, including, but not limited to, the following:

(1) to plead guilty as set forth in this Agreement;

(2) to abide by all sentencing stipulations contained in this Agreement;

(3) to appear, through its duly appointed representatives, as ordered for all court appearances, and obey any other court order in this matter;

(4) to commit no further federal crimes;

(5) to be truthful at all times with the Court;

(6) to pay the applicable fine and special assessment; and

(7) to work with its parent corporation, Deutsche Bank AG ("Deutsche Bank"), in fulfilling the obligations described in the undertakings given by Deutsche Bank in connection with resolving investigations by the Department of Justice, the U.S. Commodity Futures Trading Commission ("CFTC") (attached to this Agreement as Exhibit 2) and the U.K. Financial Conduct Authority ("FCA").

6. DBGS agrees that in the event DBGS sells, merges, or transfers all or substantially all of its business operations as they exist as of the date of this Agreement, whether such sale(s) is/are structured as a stock or asset sale, merger, or transfer, DBGS shall include in any contract for sale, merger, or transfer a provision fully binding the purchaser(s) or any successor(s) in interest thereto to the obligations described in this Agreement.

7. DBGS agrees to continue to cooperate fully with the Department, the Federal Bureau of Investigation (the "FBI"), and any other law enforcement or government agency designated by the Department in a manner consistent with applicable law and regulations. At the request of the Department, DBGS shall also cooperate fully with foreign law enforcement authorities and agencies. DBGS shall, to the extent consistent with the foregoing, truthfully disclose to the Department all factual information not protected by a valid claim of attorney-client privilege or work product doctrine protection with respect to the activities of DBGS and its affiliates, its present and former directors, officers, employees, and agents, between the date of this Agreement and the expiration of the Deferred Prosecution Agreement dated April 23, 2015 between the Department and Deutsche Bank AG ("Attachment A" to the "DPA"), in *United States v. Deutsche Bank AG*, concerning all matters relating to (a) the manipulation, attempted manipulation, or

interbank coordination of USD LIBOR, EURIBOR, Yen LIBOR, CHF LIBOR, GBP LIBOR, and Euroyen TIBOR, or (b) violations of United States laws concerning fraud or antitrust, or governing securities or commodities markets, about which DBGS has any knowledge or about which the Department, the FBI, or any other law enforcement or government agency designated by the Department, or, at the request of the Department, any foreign law enforcement authorities and agencies, shall inquire. This obligation of truthful disclosure includes the obligation of DBGS to provide to the Department, upon request, any non-privileged or non-protected document, record, or other tangible evidence about which the aforementioned authorities and agencies shall inquire of DBGS, subject to the direction of the Department.

8. DBGS agrees that any fine or restitution imposed by the Court will be due and payable within ten (10) business days of sentencing, and DBGS will not attempt to avoid or delay payments. DBGS further agrees to pay the Clerk of the Court for the United States District Court for the District of Connecticut the mandatory special assessment of $400 within ten (10) business days from the date of sentencing.

9. DBGS will immediately file an application for a prohibited transaction exemption with the United States Department of Labor ("DoL") requesting that DBGS, its subsidiaries, and

affiliates be allowed to continue to be qualified as a Qualified Professional Asset Manager pursuant to Prohibited Transactions Exemption 84-14 (the "QPAM Exemption"). DBGS will seek such exemption in the form and manner that permits such exemption to be considered in the most expeditious manner possible, and will provide all information requested of it by DoL in a timely manner. The decision regarding whether or not to grant an exemption, temporary or otherwise, is committed to DoL, and the Department takes no position on whether or not an exemption should be granted. If DoL denies the exemption, or takes any other action adverse to DBGS, DBGS may not withdraw its plea or otherwise be released from any of its obligations under this Plea Agreement. The Department agrees that the Department will support a motion or request by DBGS that sentencing in this matter be adjourned until DoL has issued a ruling on DBGS's request for an exemption, temporary or otherwise, so long as DBGS is proceeding with the DoL in an expeditious manner.

10. To the extent that this Agreement triggers regulatory exclusions, disqualifications or penalties, the Fraud Section agrees that, if requested, it will advise the appropriate officials of any governmental agency considering such action, or any waiver or exemption therefrom, of the fact, manner, and extent of the cooperation of Deutsche Bank, its affiliates and subsidiaries, and the relevant facts regarding the charged conduct as a matter for

that agency to consider before determining what action, if any, to take. The triggering of any such regulatory exclusions, disqualifications or penalties by other governmental agencies does not entitle Deutsche Bank to withdraw its plea or otherwise be released from any of its obligations under this Agreement.

11. DBGS agrees that if the defendant company, its parent corporation, or any of its direct or indirect affiliates or subsidiaries issues a press release or holds a press conference in connection with this Agreement, DBGS shall first consult with the Department to determine whether (a) the text of the release or proposed statements at any press conference are true and accurate with respect to matters between the Department and DBGS; and (b) the Department has no objection to the release or statement. Statements at any press conference concerning this matter shall be consistent with such a press release.

The Department's Agreement

12. In exchange for the guilty plea of DBGS and the complete fulfillment of all of its obligations under this Agreement, the Department agrees it will not file additional criminal charges against DBGS relating to (a) any of the conduct described in the Statement of Facts attached hereto as Exhibit 3, (b) any of the conduct described in the Statement of Facts attached as Attachment A to the DPA, or (c) information disclosed by DBGS or Deutsche Bank to

the Department prior to the date of this Agreement relating to the manipulation, attempted manipulation, or interbank coordination of USD LIBOR, EURIBOR, Yen LIBOR, CHF LIBOR, GBP LIBOR, and Euroyen TIBOR. This paragraph does not provide any protection against prosecution for manipulation of interest rates, any scheme to defraud counterparties to interest rate derivatives trades placed on its behalf, or any antitrust violation in the future by DBGS or by any of its officers, directors, employees, or agents, whether or not disclosed by DBGS pursuant to the terms of this Agreement. This Agreement does not close or preclude the investigation or prosecution of any natural persons, including any officers, directors, employees, or agents of DBGS, who may have been involved in any of the matters set forth in the Information, Attachment A of the DPA, or in any other matters.

Factual Basis

13. DBGS is pleading guilty because it is guilty of the charge contained in the Information. DBGS admits, agrees, and stipulates that the factual allegations set forth in the Information are true and correct, that it is responsible for the acts of its present and former officers and employees described in the Statement of Facts attached hereto and incorporated herein as Exhibit 3, and that Exhibit 3 accurately reflects DBGS's criminal conduct. DBGS also admits, agrees, and stipulates that Attachment A to the DPA, to

the extent that Attachment A describes the conduct of employees of DBGS, is true and correct, and that DBGS is responsible for such conduct.

DBGS's Waiver of Rights,

Including the Right to Appeal

14. Federal Rule of Criminal Procedure 11(f) and Federal Rule of Evidence 410 limit the admissibility of statements made in the course of plea proceedings or plea discussions in both civil and criminal proceedings, if the guilty plea is later withdrawn. DBGS expressly warrants that it has discussed these rules with its counsel and understands them. Solely to the extent set forth below, DBGS voluntarily waives and gives up the rights enumerated in Federal Rule of Criminal Procedure 11(f) and Federal Rule of Evidence 410. Specifically, DBGS understands and agrees that any statements that it makes in the course of its guilty plea or in connection with the Agreement are admissible against it for any purpose in any U.S. federal criminal proceeding if, even though the Department has fulfilled all of its obligations under this Agreement and the Court has imposed the agreed-upon sentence, DBGS nevertheless withdraws its guilty plea.

15. DBGS knowingly, intelligently, and voluntarily waives its right to appeal the conviction in this case. DBGS similarly knowingly, intelligently, and voluntarily waives the right to appeal

the sentence imposed by the Court. In addition, DBGS knowingly, intelligently, and voluntarily waives the right to bring any collateral challenge, including challenges pursuant to Title 28, United States Code, Section 2255, challenging either the conviction, or the sentence imposed in this case. Nothing in this paragraph, however, will act as a bar to Deutsche Bank perfecting any legal remedies it may otherwise have on appeal or collateral attack respecting claims of ineffective assistance of counsel or prosecutorial misconduct. DBGS waives all defenses based on the statute of limitations and venue with respect to any prosecution that is not time-barred on the date that this Agreement is signed in the event that: (a) the conviction is later vacated for any reason; (b) DBGS violates this Agreement; or (c) the plea is later withdrawn, provided such prosecution is brought within one year of any such vacation of conviction, violation of agreement, or withdrawal of plea plus the remaining time period of the statute of limitations as of the date that this Agreement is signed. The Department is free to take any position on appeal or any other post-judgment matter.

Penalty

16. The statutory maximum sentence that the Court can impose for a violation of Title 18, United States Code, Section 1343, if the violation affects a financial institution, is a fine of

$1 million or twice the gross pecuniary gain or gross pecuniary loss resulting from the offense, whichever is greatest, Title 18, United States Code, Section 3571(c)(3),(d); five years' probation, Title 18, United States Code, Section 3561(c)(1); and a mandatory special assessment of $400, Title 18, United States Code, Section 3013(a)(2)(B).

Sentencing Recommendation

17. Pursuant to Fed. R. Crim. P. 11(c)(1)(C), the Department and DBGS have agreed to a specific sentence of a fine in the amount of $150,000,000 and a special assessment of $400. The Parties agree that this $150,000,000 fine and the $400 special assessment shall be paid to the Clerk of Court, United States District Court for the District of Connecticut, within ten (10) business days after sentencing. The Department and DBGS have agreed that all or a portion of the fine may be paid by one or more related Deutsche Bank entities, including DBGS's parent company, Deutsche Bank AG, on behalf of DBGS, consistent with Deutsche Bank policy and practice. DBGS acknowledges that no tax deduction may be sought in connection with the payment of this $150,000,000 fine.

18. The parties further agree, with the permission of the Court, to waive the requirement of a Pre-Sentence Investigation report pursuant to Federal Rule of Criminal Procedure 32(c)(1)(A)(ii), based on a finding by the Court that the record

contains information sufficient to enable the Court to meaningfully exercise its sentencing power. The parties agree, however, that in the event the Court orders the preparation of a pre-sentence report prior to sentencing, such order will not affect the agreement set forth herein.

19. In the event the Court directs the preparation of a Pre-Sentence Investigation report, the Department will fully inform the preparer of the pre-sentence report and the Court of the facts and law related to DBGS's case. Except as set forth in this Agreement, the parties reserve all other rights to make sentencing recommendations to address questions posed by the Court or the Probation Office and to respond to motions and arguments by the opposing party.

20. This agreement is presented to the Court pursuant to Fed. R. Crim. P. 11(c)(1)(C). DBGS understands that, if the Court rejects this Agreement, the Court must: (a) inform the parties that the Court rejects the Agreement; (b) advise DBGS's counsel that the Court is not required to follow the Agreement and afford DBGS the opportunity to withdraw its plea; and (c) advise DBGS that if the plea is not withdrawn, the Court may dispose of the case less favorably toward DBGS than the Agreement contemplated. DBGS further understands that if the Court refuses to accept any provision of

this Agreement, except paragraph 18 above, neither party shall be bound by the provisions of the Agreement.

Breach of Agreement

21. DBGS agrees that if it breaches this Agreement, commits any federal crime between the date of this Agreement and the expiration of the DPA, or has provided or provides deliberately false, incomplete, or misleading information in connection with this Agreement, the Department may, in its sole discretion, characterize such conduct as a breach of this Agreement. In the event of such a breach, (a) the Department will be free from its obligations under the Agreement and may take whatever position it believes appropriate as to the sentence; (b) DBGS will not have the right to withdraw the guilty plea; (c) DBGS shall be fully subject to criminal prosecution for any other crimes that it has committed or might commit, if any, including perjury and obstruction of justice; and (d) the Department will be free to use against DBGS, directly and indirectly, in any criminal or civil proceeding any of the information or materials provided by DBGS pursuant to this Agreement, as well as the admitted Statement of Facts attached as Exhibit 3.

22. In the event of a breach of this Agreement by DBGS, if the Department elects to pursue criminal charges, or any civil or administrative action that was not filed as a result of this Agreement, then:

a. DBGS agrees that any applicable statute of limitations is tolled between the date of DBGS's signing of this Agreement and the discovery by the Department of any breach by DBGS plus one year; and

b. DBGS gives up all defenses based on the statute of limitations (as described in Paragraph 14), any claim of pre-indictment delay, venue, or any speedy trial claim with respect to any such prosecution or action, except to the extent that such defenses existed as of the date of the signing of this Agreement.

Complete Agreement

23. This document states the full extent of the agreement between the parties. There are no other promises or agreements, express or implied. Any modification of this Agreement shall be valid only if set forth in writing in a supplemental or revised plea agreement signed by all parties.

AGREED:

FOR DB GROUP SERVICES UK LIMITED:

Date: 4/23/15 By: ______________________

Steven F. Reich
General Counsel - Americas
Deutsche Bank AG

Date: ________ By: ______________________________
Roberto Finzi, Esq.
Andrew Finch, Esq.
Theodore V. Wells, Jr., Esq.
Paul, Weiss, Rifkind, Wharton &
Garrison LLP

____

Steven F. Reich
General Counsel - Americas
Deutsche Bank AG

Date: 4/23/15

By: Roberto Finzi

Roberto Finzi, Esq.
Andrew Finch, Esq.
Theodore V. Wells, Jr., Esq.
Paul, Weiss, Rifkind, Wharton &
Garrison LLP

FOR THE DEPARTMENT OF JUSTICE, CRIMINAL DIVISION, FRAUD SECTION:

ANDREW WEISSMANN
Chief, Fraud Section
Benjamin D. Singer
Deputy Chief, Fraud Section
Criminal Division
United States Department of Justice

Date: 4/23/15 By: Jennifer L. Saulino
Jennifer L. Saulino
Assistant Chief, Fraud Section

Date: 4/23/15 By: Alison Anderson
Alison L. Anderson
Trial Attorney, Fraud Section

FOR THE DEPARTMENT OF JUSTICE, ANTITRUST DIVISION:

JEFFREY D. MARTINO
Chief, New York Field Office
Antitrust Division
United States Department of Justice

Date: 4/23/15 By: Richard A. Powers
Richard A. Powers
Trial Attorney, Antitrust Division

CERTIFICATE OF COUNSEL

We are counsel for DB Group Services (UK) Ltd. ("DBGS") in the matter covered by this Agreement. In connection with such representation, we have examined relevant DBGS documents and have discussed the terms of this Agreement with DBGS's Board of Directors. Based on our review of the foregoing materials and discussions, we are of the opinion that the representative of DBGS has been duly authorized to enter into this Agreement on behalf of DBGS and that this Agreement has been duly and validly authorized, executed, and delivered on behalf of DBGS and is a valid and binding obligation of DBGS. Further, we have carefully reviewed the terms of this Agreement with the Board of Directors and the legal counsel of DBGS. We have fully advised them of the rights of DBGS, of possible defenses, of the Sentencing Guidelines' provisions, and of the consequences of entering into this Agreement. To our knowledge, the decision of DBGS to enter into this Agreement, based on the authorization of the Board of Directors, is an informed and voluntary one.

Date: April 23, 2015

By: Roberto Finzi

Roberto Finzi, Esq.
Paul, Weiss, Rifkind, Wharton & Garrison LLP
Counsel for DBGS

By: Andrew C. Finch

Andrew C. Finch, Esq.
Paul, Weiss, Rifkind, Wharton & Garrison LLP
Counsel for DBGS

By: Theodore V. Wells/ACF

Theodore V. Wells, Jr., Esq.
Paul, Weiss, Rifkind, Wharton & Garrison LLP
Counsel for DBGS

COMPANY OFFICER'S CERTIFICATE

I have read this Agreement and carefully reviewed every part of it with outside counsel for DB GROUP SERVICES UK LIMITED ("DBGS"). I understand the terms of this Agreement and voluntarily agree, on behalf of DBGS, to each of its terms. Before signing this Agreement, I consulted outside counsel for DBGS. Counsel fully advised me of the rights of DBGS, of possible defenses, of the Sentencing Guidelines' provisions, and of the consequences of entering into this Agreement.

I understand that outside counsel for DBGS has advised the Board of Directors fully of the rights of DBGS, of possible defenses, of the Sentencing Guidelines' provisions, and of the consequences of entering into the Agreement.

No promises or inducements have been made other than those contained in this Agreement. Furthermore, no one has threatened or forced me, or to my knowledge any person authorizing this Agreement on behalf of DBGS, in any way to enter into this Agreement. I am also satisfied with outside counsel's representation in this matter. I certify that I am General Counsel - Americas for Deutsche Bank AG and am duly authorized by DBGS to execute this Agreement on behalf of DBGS.

Date: April 23, 2015

DB Group Services UK Limited

By: ______________________

Steven F. Reich
General Counsel - Americas
Deutsche Bank AG

EXHIBIT 1

Certificate of Corporate Resolutions

A copy of the executed Certificate of Corporate Resolutions is annexed hereto as "Exhibit 1."

COPY OF THE RESOLUTIONS OF THE BOARD OF DIRECTORS

OF

DB GROUP SERVICES (UK) LIMITED

Background

On 22 April 2015, the board of directors (the **Board**) of DB Group Services (UK) Limited (the **Company**) considered:

(a) the discussions between the Company, through its legal counsel, and the United States Department of Justice, Criminal Division, Fraud Section, and the Antitrust Division (together, the **DOJ**) regarding its investigation into potential criminal violations related to the London Interbank Offered Rate (**LIBOR**) and the Euro Interbank Offered Rate (**EURIBOR**) (the **LIBOR Investigation**);

(b) a pack of settlement documents, pursuant to which the Company and Deutsche Bank AG (**DBAG**) proposed to settle the LIBOR Investigation, including:

(i) a draft Plea Agreement, with appendices, between the Company and the DOJ (the **Draft Plea Agreement**);

(ii) as an appendix to the Draft Plea Agreement, a draft statement of facts relating to the involvement of the Company's employees in misconduct in relation to the LIBOR and EURIBOR benchmarks; and

(iii) a draft Information expected to be filed in the U.S. District Court for the District of Connecticut, charging the Company with one count of wire fraud, in violation of Title 18, United States Code, Section 1343.

(c) a draft written special resolution to be passed by the Company's sole shareholder (the **Written Shareholder Resolution**) containing a direction in relation to the matters referred to in sub-paragraphs (a) and (b) above;

(d) the terms of a proposed resolution of the board of DBAG (the **DBAG Resolution**) to the effect that DBAG be authorised to sign and execute any documents and take all other steps that are necessary or deemed useful to ensure and facilitate, to the extent legally possible, the entering of a guilty plea in the U.S. vis-à-vis the DOJ by the Company; and

(e) the advice to the Board from its legal counsel regarding the terms of the Draft Plea Agreement, as well as advice regarding the waiver of rights and other consequences of signing the Draft Plea Agreement.

Resolutions

After careful consideration the Board **RESOLVED**, conditionally upon receipt by the Board of (i) a copy of the DBAG Resolution duly passed and (ii) a copy of the signed Written Shareholder Resolution, **THAT**:

1. It was in the best commercial interests of the Company and would promote the success of the Company for the benefit of its members as a whole, having regard to the factors set out in section

172 of the Companies Act 2006 and other factors, for the Company to enter into the Draft Plea Agreement and to enter into the guilty plea referred to therein (the **Guilty Plea**).

2. Any director of the Company (a **Director**), Christian Sewing, Richard Walker, Simon Dodds, Christof von Dryander, Kieran Garvey, Maureen Lewis and Gayathri Kamalanathan and Roberto Finzi, Andrew C. Finch and Theodore V. Wells, Jr. of the U.S. law firm Paul, Weiss, Rifkind, Wharton & Garrison LLP, acting individually or jointly, be authorised on behalf of the Company to:

   (a) agree any amendment to the Draft Plea Agreement prior to execution provided that the plea agreement to be entered into by the Company be substantially in the same form and substance as the Draft Plea Agreement;

   (b) agree the terms of, and sign on behalf of the Company, any related document; and

   (c) take any and all actions as may be necessary or appropriate, and to approve the forms, terms and provisions of any agreement or other documents as may be necessary or appropriate, to carry out or give effect to the purpose and intent of these Resolutions (including signing and delivering any such agreement or document on behalf of the Company).

3. The execution of any relevant document as a deed in relation to these Resolutions be authorised and that this be effected by that document being signed by any Director in the presence of a witness or by any two Directors or by any one Director and either of the joint company secretaries of the Company, in each case on behalf of the Company.

4. Christian Sewing, Richard Walker, Simon Dodds, Christof von Dryander, Kieran Garvey, Maureen Lewis and Gayathri Kamalanathan and Roberto Finzi, Andrew C. Finch and Theodore V. Wells, Jr. of the U.S. law firm Paul, Weiss, Rifkind, Wharton & Garrison LLP, or any delegate who he/she may select, acting individually or jointly, be authorised:

   (a) to execute the Draft Plea Agreement on behalf of the Company with any such amendments as may have been approved in accordance with these Resolutions provided that the plea agreement executed on behalf of the Company be substantially in the same form and substance as the Draft Plea Agreement;

   (b) to act and speak on behalf of the Company in any proceeding, or as otherwise necessary, for the purpose of executing the Draft Plea Agreement (with any amendments as referred to above), including the entry of the Guilty Plea on behalf of the Company; and

   (c) to take such further action as appears to him/her necessary or desirable to carry into effect the intent and purpose of these Resolutions.

5. All of the actions of the Directors and any individuals authorised to act on behalf of the Company by the above Resolutions, which actions would have been within the scope of and authorised by the above Resolutions except that such actions were taken prior to the passing of such Resolutions, be severally ratified, confirmed, approved and adopted as actions on behalf of the Company;

6. Any Director and Joanne Bagshaw and Andrew Bartlett, both joint company secretaries of the Company, who was in attendance at the Board meeting at which these Resolutions were passed, be individually authorised to certify a copy of these Resolutions.

7. Christian Sewing, Richard Walker, Simon Dodds, Christof von Dryander, Kieran Garvey, Maureen Lewis and Gayathri Kamalanathan and Roberto Finzi, Andrew C. Finch and Theodore V. Wells, Jr.

of the U.S. law firm Paul, Weiss, Rifkind, Wharton & Garrison LLP be individually authorised to provide to the DOJ a certified copy of these Resolutions.

8. Each joint company secretary of the Company be individually authorised to file with the Registrar of Companies a record of the Written Shareholder Resolution and the relevant forms.

I, Joanne Bagshaw, being the joint company secretary of the Company, certify that the resolutions set out above are the resolutions that were passed by the Directors of the Company at a board meeting duly held on 22 April 2015.

JBagshaw

Joint Company Secretary

EXHIBIT 2

Corporate Compliance Undertakings

Attached are the relevant excerpts of the agreements entered into by DBGS Limited's parent, Deutsche Bank AG ("Deutsche Bank"), in resolving regulatory investigations in this matter with the United States Commodity Futures Trading Commission.

UNITED STATES OF AMERICA
Before the
COMMODITY FUTURES TRADING COMMISSION

In the Matter of:	)	
	)	
Deutsche Bank AG,	)	CFTC Docket No. 15 – 20
	)	
Respondent.	)	
	)	

ORDER INSTITUTING PROCEEDINGS PURSUANT TO SECTIONS 6(c) AND 6(d) OF THE COMMODITY EXCHANGE ACT, MAKING FINDINGS, AND IMPOSING REMEDIAL SANCTIONS

I.

The Commodity Futures Trading Commission ("Commission" or "CFTC") has reason to believe that Deutsche Bank AG ("Deutsche Bank" or "Respondent") has violated Sections 6(c), 6(d) and 9(a)(2) of the Commodity Exchange Act (the "Act" or the "CEA"), 7 U.S.C. §§ 9, 13b and 13(a)(2) (2006). Therefore, the Commission deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted to determine whether Respondent has engaged in the violations set forth herein, and to determine whether any order shall be issued imposing remedial sanctions.

II.

In anticipation of the institution of an administrative proceeding, Respondent has submitted an Offer of Settlement ("Offer"), which the Commission has determined to accept. Without admitting or denying the findings or conclusions herein, except to the extent Respondent admits those findings in any related action against Deutsche Bank by, or any agreement with, the Department of Justice or any other governmental agency or office, Respondent herein consents to the entry and acknowledges service of this Order Instituting Proceedings Pursuant to Sections 6(c) and 6(d) of the Commodity Exchange Act, Making Findings, and Imposing Remedial Sanctions ("Order").[1]

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[1] Respondent consents to the entry of this Order and to the use of these findings in this proceeding and in any other proceeding brought by the Commission or to which the Commission is a party; provided, however, that Respondent does not consent to the use of the Offer, or the findings or conclusions in this Order, as the sole basis for any other proceeding brought by the Commission, other than in a proceeding in bankruptcy or to enforce the terms of this Order. Nor does Respondent consent to the use of the Offer or this Order, or the findings or conclusions in this Order consented to in the Offer, by any other party in any other proceeding.

III.

The Commission finds the following:

A. Summary

For more than six years, from at least 2005 through early 2011 (the "relevant period"), Deutsche Bank, by and through the acts of certain employees, engaged in systemic and pervasive misconduct directed at manipulating critical, international financial benchmark rates, the London Interbank Offered Rate ("LIBOR") and the Euro Interbank Offered Rate ("Euribor"). Deutsche Bank's profit-driven misconduct undermined the integrity of LIBOR and Euribor and the integrity of the U.S. and global financial markets.

LIBOR and Euribor are the basis for trillions of dollars of financial instruments, particularly derivatives contracts, including interest rate swaps and futures contracts. The Eurodollar futures contract traded on the Chicago Mercantile Exchange ("CME") is one of the largest futures contract in the world based on open interest and notional value of trading volume and settles against U.S. Dollar LIBOR. Rates for consumer loans, such as mortgages, student loans, car loans, and credit card accounts, are tied to LIBOR. Markets, investors and consumers around the world rely on the integrity of these benchmark rates.

The benchmark rates are determined by contributions from select panel banks, including Deutsche Bank, and are supposed to reflect each bank's honest assessment of the costs of borrowing unsecured funds in the cash markets. More than two dozen Deutsche Bank traders and benchmark submitters violated this fundamental precept by focusing on the need to generate trading profits instead of providing honest and accurate information to the relevant cash markets. As a result, Deutsche Bank routinely based its U.S. Dollar, Yen, Sterling, and Swiss Franc LIBOR and Euribor submissions on its cash and derivatives trading positions, the profitability of which were tied to LIBOR and Euribor. Through its regular, false LIBOR and Euribor submissions, Deutsche Bank routinely attempted to manipulate LIBOR and Euribor in order to ensure that the published rates for each benchmark benefited its trading positions. At times, Deutsche Bank was successful in its attempts to manipulate LIBOR for U.S. Dollar, Yen, Sterling, and Swiss Franc, and Euribor.

Over this more than six year period and across currencies, Deutsche Bank's submitters routinely took into account other Deutsche Bank traders' derivatives trading positions, as well as their own cash and derivatives trading positions, when making the bank's LIBOR and Euribor submissions. On other occasions, Deutsche Bank aided and abetted other panel banks' attempts to manipulate Euribor and Yen LIBOR. The conduct of Deutsche Bank's submitters, traders, desk managers, and at least one senior manager was systemic and pervasive, occurring across multiple trading desks and offices, including London, Frankfurt, New York, Tokyo,[2] and Singapore.[3]

Allowing submitters and traders to prioritize profit motives over appropriate submission considerations, Deutsche Bank permitted a culture of trader self-interest to exist and created conflicts of interest, which allowed the misconduct to occur. Certain managers encouraged continual information sharing between derivatives traders, money market traders, and submitters for the various benchmarks, even restructuring business lines such that, in Deutsche Bank's London office, derivatives traders and submitters sat together. In addition to making routine written requests for beneficial LIBOR and Euribor submissions, the traders often shouted their requests for beneficial submissions across the trading floor to the submitters.[4] A senior manager[5] regularly sat with the traders and encouraged them and their counterparts in other offices to communicate and exchange trading positions, so submitters became clearly aware of the submissions that were most favorable to the various desks' trading positions. Senior desk managers in London, Frankfurt, New York, and in the Deutsche Tokyo Subsidiary also made requests to benefit their own trading positions, facilitated the requests from their traders for beneficial submissions, and generally promoted the practice of inappropriately using benchmark interest rate submissions to help the traders increase profits and minimize losses on their and the desk's trading positions. The cash and derivatives trading on the desks responsible for Deutsche Bank's misconduct increased throughout the relevant period and the desks generated significant revenues for Deutsche Bank, particularly during the global financial crisis of 2007 through 2009.

Despite the obvious conflict of interest, Deutsche Bank, at times, allowed its traders who primarily traded derivatives, such as its Yen derivatives trader, to be responsible for making its submissions, thus making it easy to skew the bank's submissions to benefit their own positions and to accommodate the requests of their fellow derivatives traders.[6] These improper submission

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2 The Deutsche Bank Tokyo office referenced herein is Deutsche Securities, Inc. Japan ("Deutsche Tokyo Subsidiary"). The Deutsche Tokyo Subsidiary is the brokerage and investment banking arm located in Tokyo, Japan for Deutsche Bank AG. It is not registered with the Commission in any capacity.

3 Deutsche Bank's misconduct extended beyond the LIBOR and Euribor benchmarks. Through its internal investigation, Deutsche Bank identified evidence of similar misconduct with respect to attempts to influence, and at times attempts to manipulate, other interest rate benchmarks, including, but not limited to, Singapore Interbank Offered Rate, Singapore Swap Offer Rate, and Tom/Next Indexed Swaps for the Swiss Franc.

4 For purposes of this Order, the term "request" means a request for a preferential LIBOR or Euribor submission for a particular tenor.

5 The term "senior management" or "senior manager" refers to Deutsche Bank employees with responsibilities (formally or informally delegated) broader than the management of trading desks, although their responsibilities may have at times included managing trading desks. The term "senior management" or "senior manager" does not include executive managers or members of Deutsche Bank's Management Board, Supervisory Board, or Group Executive Committee.

6 In June 2008, the British Bankers' Association ("BBA") clarified in guidance provided to panel banks that the basis for a bank's submission must be the rates at which bank staff members primarily responsible for management of the bank's cash, rather than the bank's derivative trading book, consider

practices continued even after the BBA, the trade association responsible for the management and publication of LIBOR, clarified in June 2008 that submissions should be made by those who are responsible for management of the bank's cash, rather than the bank's derivatives trading book. One particular Deutsche Bank derivatives trader-submitter used his position as the bank's submitter to assist the senior yen trader at UBS ("UBS Senior Yen Trader") in his massive scheme to manipulate Yen LIBOR over the same relevant period.[7]

As a result of this profit-based submission process, improper written and oral submission requests were common practice, and LIBOR and Euribor submitters routinely skewed Deutsche Bank's contributions, routinely made false submissions, and routinely attempted to manipulate, and, at times, successfully manipulated LIBOR and Euribor. Thus, Deutsche Bank's LIBOR and Euribor submissions were not a reflection of Deutsche Bank's honest assessment of the costs of borrowing funds in the relevant interbank markets, as required by each of the benchmarks' definitions.

Deutsche Bank's traders were able to accommodate and facilitate the attempts to manipulate LIBOR and Euribor for years because Deutsche Bank lacked internal controls, procedures and policies concerning its LIBOR and Euribor submission processes, and failed to adequately supervise its trading desks and traders. Deutsche Bank did not have any policies, internal controls, or procedures for determining or monitoring its submissions to ensure that Deutsche Bank's LIBOR and Euribor submissions reflected an honest assessment of the costs of borrowing unsecured funds in the interbank markets. Deutsche Bank's failure to provide internal training or implement standards addressing benchmark interest rate submissions, allowance of inappropriate communications amongst traders and submitters, and related conflicts of interest amplified the potential for misconduct and permitted the misconduct to continue for a number of years. Deutsche Bank engaged in this wrongful conduct even after the Division of Enforcement requested in April 2010 that Deutsche Bank conduct an internal investigation of its U.S. Dollar LIBOR submission practices. In fact, Deutsche Bank did not make meaningful improvements in its internal controls until mid-2011 and did not formalize a policy about conflicts of interest among traders and submitters relating to benchmark submissions until February, 2013.

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that the bank can borrow unsecured interbank funds in the London market. The BBA also clarified that panel banks could not contribute a rate based on the pricing of any derivative financial instrument.

[7] On December 19, 2012, the Commission issued an Order Instituting Proceedings Pursuant to Sections 6(c) and 6(d) of the Commodity Exchange Act Making Findings and Imposing Remedial Sanctions against UBS AG and UBS, finding, among other things, that UBS AG and UBS, through the UBS Senior Yen Trader, attempted to manipulate Yen LIBOR, at times successfully, through multiple methods. The Commission's Order found that one of the UBS Senior Yen Trader's strategies included coordinating with traders at other Yen panel banks, including Deutsche Bank, identified in the Order as the Yen Bank F, to attempt to manipulate Yen LIBOR by making false Yen LIBOR submissions beneficial to their respective derivatives trading positions. *See In re UBS AG et al.*, CFTC Docket No. 13-09 (CFTC filed December 19, 2012), *available at* http://www.cftc.gov/ucm/groups/public/@lrenforcementactions/documents/legalpleading/enfubsorder121912.pdf.

In accepting Deutsche Bank's Offer, the Commission recognizes Respondent's cooperation with the Division of Enforcement's investigation of this matter. The Commission notes that at the outset of the Division of Enforcement's investigation in April 2010 and continuing until mid-2011, Deutsche Bank's cooperation was not sufficient, and, in part, this affected a timely resolution of this matter. After mid-2011, Deutsche Bank provided significant cooperation and assistance to the Division of Enforcement.

B. Respondent

Deutsche Bank AG is a German global banking and financial services company headquartered in Frankfurt, Germany. Deutsche Bank operates in over 70 countries and has offices in major financial centers including Frankfurt, London, New York City, Tokyo, Singapore, and Hong Kong. On December 31, 2012, Deutsche Bank AG was provisionally registered as a swap dealer with the Commission.

C. Facts

1. The Fixing of LIBOR and Euribor

a. LIBOR and its Fixing

LIBOR is the most widely used benchmark interest rate in the world and affects market participants and consumers throughout the world, including in the United States. LIBOR is used as a barometer to measure strain in money markets and is often a gauge of the market's expectation of future central bank interest rates. LIBOR is used in interest rate transactions, including loans, over-the-counter swaps, and exchange-traded interest rate futures and options contracts on many of the world's major futures and options exchanges. For example, U.S. Dollar LIBOR is used as the basis for settlement of the CME's Eurodollar futures contracts. The products indexed to LIBOR have an approximate notional value of $500 trillion.

During the relevant period, under the auspices of the BBA,[8] LIBORs were issued on a daily basis for ten currencies, including U.S. Dollar, Yen, Sterling, and Swiss Franc, with fifteen tenors (*i.e.*, durations for interest rates) ranging from overnight through twelve months.[9] Certain currencies, such as U.S. Dollar, Yen, Sterling, and Swiss Franc are more widely referenced in interest rate contracts. One, three and six-months are the most common tenors referenced in LIBOR-indexed transactions.

According to the BBA, LIBOR "is based on offered inter-bank deposit rates contributed in accordance with the Instructions to BBA LIBOR Contributor banks." The BBA explained that:

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[8] On February 1, 2014, ICE Benchmark Administration Limited was appointed as the new administrator for LIBOR, following authorization by the U.K. Financial Conduct Authority ("FCA").

[9] In 2013, the BBA discontinued publication of LIBOR for five currencies, namely the Canadian Dollar, Australian Dollar, New Zealand Dollar, Danish Krone, and Swedish Krona.

> [a]n individual BBA LIBOR Contributor Panel Bank will contribute the rate at which it could borrow funds, were it to do so by asking for and then accepting inter-bank offers in reasonable market size just prior to [11:00 a.m. London time].[10]

Every business day shortly before 11:00 a.m. London time, the banks on the LIBOR panels submitted their rates to Thomson Reuters. A trimmed averaging process excluded the top and bottom quartile of rates and the remaining rates were averaged for each tenor. That averaged rate became the official BBA daily LIBOR (the "LIBOR fixing") for each tenor.

The BBA made public the daily LIBOR fixing for each currency and tenor, as well as the daily submissions of each panel bank, through Thomson Reuters and the other data vendors licensed by the BBA. This information was made available and relied upon by market participants and others throughout the world, including in the United States.

By its definition, LIBOR requires that the submitting panel banks exercise their judgment to determine the rates at which they may obtain unsecured funds in the London interbank market. These definitions require that submissions relate to funding and do not permit consideration of factors unrelated to the costs of borrowing unsecured funds, such as the benefit to a bank's derivatives or money market trading positions.[11]

b. *Euribor and its Fixing*

Euribor is used internationally in derivatives contracts, including interest rate swaps and futures contracts.[12] According to the Bank for International Settlements, over-the-counter interest rate derivatives, such as swaps and FRAs, comprised contracts worth over $187 trillion in notional value at the end of 2012.

During the relevant period, daily Euribors were issued on behalf of the European Banking Federation ("EBF")[13] for fifteen tenors, ranging from one week to twelve months. One, three and six months are the most common tenors referenced in Euribor-indexed transactions.

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10 This definition of LIBOR has been used since 1998 to the present.

11 In June 2008, the BBA clarified that panel banks could not contribute a rate based on the pricing of any derivative financial instrument. BBA guidelines issued in October 2009 further clarified that LIBOR submitters "should not ask intermediaries where they believe LIBOR rates will set on a given day and use this as a basis for submissions. This misses the point of the benchmark, and is a circular process that would rapidly lead to inaccurate rates."

12 In October 2011, the CME launched the Euribor Futures contract, which settles based on the three-month Euribor.

13 The EBF is an unregulated non-profit association of the European banking sector based in Brussels, Belgium. Among other functions, the EBF oversees the publication of Euribor.

According to the EBF, Euribor is defined as the rate "at which Euro interbank term deposits are offered by one prime bank to another prime bank" within the Economic and Monetary Union of the European Union ("EMU") at 11:00 a.m. Central European Time ("CET") daily.

Euribor is determined using submissions from a panel of over 40 mostly European banks considered to be the most active in the Euro zone with the highest volume of business in the EMU. According to the EBF instructions, panel banks "must quote the required euro rates to the best of their knowledge," based on their observations of where the Euro is trading in that market.

Like the BBA panel banks, the Euribor panel banks submit their rates electronically to Thomson Reuters, which manages the official Euribor process by collecting the submitted rates from the contributing banks, calculating the rate, and then releasing it for publication just before noon CET. Thomson Reuters computes that day's published Euribor by eliminating the highest and lowest fifteen percent of submissions collected, and averaging the remaining submissions. That average rate becomes the official daily EBF Euribor (the "Euribor fixing"). On behalf of EBF, Thomson Reuters then issues the Euribor fixing and the submissions of each panel bank to its subscribers and other data vendors. Through these licensing agreements with third parties, such as Thomson Reuters, EBF disseminates the information throughout the world, including in the United States.

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By their definitions, LIBOR and Euribor require that the submitting panel banks exercise their judgment to determine the rates at which, depending on the benchmark, they or a prime bank may obtain unsecured funds in the respective London and Euro interbank markets. These definitions require that submissions relate to funding and do not permit consideration of factors unrelated to the costs of borrowing unsecured funds, such as cash or derivatives trading positions.

2. Deutsche Bank's LIBOR and Euribor Submission Processes and the Embedded Conflicts of Interest

a. Deutsche Bank's Submission Processes in London and Frankfurt

Deutsche Bank is a member of both the BBA and the EBF, and is one of the panel banks that submits rates for the determination of LIBOR for various currencies, including U.S. Dollar, Yen, Sterling, and Swiss Franc, and Euribor.[14] During the relevant period, Deutsche Bank made its LIBOR submissions for U.S. Dollar, Sterling, and Yen out of its London office and made Swiss Franc LIBOR and Euribor submissions out of its Frankfurt office. Deutsche Bank's LIBOR and Euribor submission processes and the traders and trading desks involved in this misconduct were part of the Global Finance and Foreign Exchange Group ("GFFX").

[14] During the relevant period, Deutsche Bank was also a member of the LIBOR panels for the Canadian Dollar, Australian Dollar, Danish Krone, New Zealand Dollar, and, beginning in June, 2006, the Swedish Krona.

Deutsche Bank's GFFX Group consisted of two main lines of businesses, including Global Finance and FX Forwards. Included in this group were Pool Trading desks and Money Market Derivatives ("MMD") desks. Deutsche Bank's LIBOR and Euribor submitters sat on the Pool Trading desks, where they traded both cash and derivatives trading products. While the submitters and other pool traders regularly transacted in interbank cash deposits and loans to meet the bank's funding needs each day in all currencies, they also had their own derivatives trading books that allowed them not only to hedge risk in their cash trading but also to generate profits for the desk in a proprietary fashion. MMD traders, who also held proprietary books, primarily traded derivatives trading products with a focus on short term maturities from overnight to two years. Some of the derivatives products traded by both pool and MMD traders included futures (including the CME Eurodollar futures contract), interest rate swaps, forward rate agreements, overnight index swaps and tenor basis swaps. The cash and derivatives positions held by the Deutsche Bank pool traders and MMD traders were often priced off of LIBOR and Euribor. Some of these positions settled or reset on International Monetary Market ("IMM") dates, which are quarterly dates in March, June, September, and December.

The Pool Trading and MMD desks were organized by currency and comprised of senior traders who oversaw the desks and often trained junior traders. A regional manager in Deutsche Bank's Frankfurt and New York offices oversaw the business lines for that location, including the Pool Trading and MMD desks. One senior manager located in London had global responsibility for the Pool Trading and MMD desks ("Global Senior Manager"). Prior to 2006, the Pool Trading desks and MMD desks operated mostly independent of each other, despite their overlapping trading responsibilities.

b. The LIBOR and Euribor Submitters' Conflicts of Interest Created by Deutsche Bank

In 2006, Deutsche Bank merged the Pool Trading and MMD desks in its bank branches in an effort to increase the bank's trading profits through an alignment of the desks' related trading positions. The merger of the business lines resulted in the MMD derivatives traders in Deutsche Bank's London office sitting next to, or in close proximity to, Deutsche Bank cash traders. Some of those cash traders were the bank's LIBOR submitters. From London, the Global Senior Manager instructed all traders to have open communication across offices and instilled an expectation that the derivatives traders and submitters would communicate routinely about relevant market conditions and individual trading positions.

This commingling of business lines caused a significant cultural shift within the bank globally, where traders were incentivized to engage in improper communications with the bank's LIBOR and Euribor submitters. As a result, traders routinely communicated to submitters their preferential requests for LIBOR and Euribor submissions which were beneficial to individual and desk trading positions. Because the bank's Euribor and Swiss Franc LIBOR submissions were set in Frankfurt, the Global Senior Manager encouraged the Frankfurt Euribor and Swiss Franc LIBOR submitters to contact derivatives traders in London to obtain the preferred rates to submit each day. In addition to the pervasive oral requests, some of which were shouted across the combined trading desks, submitters and traders routinely communicated on Bloomberg chat terminals or internal Deutsche Bank messaging systems to discuss preferential LIBOR and

Euribor requests. The Global Senior Manager regularly sat amongst the traders on the trading floor and was aware of the many oral and written requests for preferential LIBOR and Euribor submissions.

Deutsche Bank further embedded this inherent conflict of interest in its Pool Trading desks when it allowed its pool traders to fill dual roles as both submitters and derivatives traders. This enabled submitters to prioritize their individual and the desk's profits over their responsibility to make honest assessment of the costs of borrowing unsecured funds when submitting rates to the BBA and EBF. Not only did the submitters routinely take into account the traders' preferential LIBOR and Euribor requests, the submitters also regularly and improperly considered their own trading positions when determining their LIBOR and Euribor submissions.

Deutsche Bank's merger of Pool Trading and MMD desks proved successful and resulted in significant profits for the bank. For example, throughout the relevant period, the Pool Trading and MMD desks together utilized a basis spread trading strategy (*i.e.*, trading the spread between two or more tenors) to generate profits. By mid-2008, during the global financial crisis, rates among the different tenors of LIBOR and Euribor began to widen dramatically. The Global Senior Manager and the London manager of the MMD desks ("London MMD Manager"), one of the most senior, highly regarded and highly compensated derivatives traders at Deutsche Bank,[15] recognized the basis spread trading strategy as a way to generate significant profits off of the turbulent interest rate markets, and Deutsche Bank's traders entered into massive derivatives basis trading positions based upon the bet that the spread between tenors would continue to widen.

The Global Senior Manager and other senior traders often discussed this strategy openly during weekly meetings, ensuring that their strategy was well known and utilized across currency desks in both Pool Trading and MMD. As a result, Deutsche Bank's LIBOR and Euribor submitters were aware of this strategy, particularly during the financial crisis, and were cognizant of the particular LIBOR and Euribor submissions desired by traders to benefit those positions based on this strategy. As such, the submitters routinely built this bias into Deutsche Bank's LIBOR and Euribor submissions, even in the absence of oral or written communications from traders. Deutsche Bank's Pool Trading and MMD desks posted tremendous profits during 2008 and 2009, at the height of the financial crisis, due in part to this trading strategy.[16]

By failing to separate responsibilities for making LIBOR and Euribor submissions from its trading functions, Deutsche Bank allowed an environment to exist that yielded significant opportunities for traders and submitters to attempt to manipulate LIBOR and Euribor submissions to the benefit of the bank's trading positions, and the traders and submitters took full

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[15] The London MMD Manager relocated to Deutsche Bank's Singapore office in March 2010, where he became the Global Manager of MMD.

[16] In 2007, Deutsche Bank's MMD desks reported trading revenue and commissions of €399 million (1.29% of total bank revenue); in 2008, €1.942 billion (14.27% of total revenue); and in 2009, €992 million (3.55% of total revenue).

advantage of those opportunities. As a result, the submitters routinely skewed Deutsche Bank's LIBOR and Euribor submissions to benefit the bank's trading positions by attempting to manipulate the fixings of LIBOR and Euribor. At times, their attempts to manipulate U.S. Dollar, Yen, Sterling, and Swiss Franc LIBOR and Euribor were successful.

3. Deutsche Bank's Inadequate Internal Controls and Failure to Appreciate the Scope of Misconduct

During the relevant period, Deutsche Bank allowed the conflicts of interest to flourish by failing to put in place sufficient benchmark-specific systems or controls surrounding risk and compliance to adequately supervise its derivatives traders and submitters. Deutsche Bank did not have any policies, internal controls, or procedures for determining, monitoring, or supervising its LIBOR and Euribor submissions to ensure that Deutsche Bank's submissions reflected an honest assessment of the costs of borrowing unsecured funds in the relevant interbank markets. Deutsche Bank's failure to provide internal training or standards addressing benchmark interest rate submissions, allowance of inappropriate communications amongst traders and submitters, and related conflicts of interest amplified the potential for misconduct and permitted it to continue for over six years. Further, Deutsche Bank did not begin to put into place any specific policies, procedures, or controls around its benchmark submission processes until mid-2011, and the Bank did not formalize a policy addressing conflicts of interests between traders and submitters for another two years, in February 2013.

In investigating the conduct at issue here, Deutsche Bank failed to appreciate until mid-2011 the extent to which it had systemic and pervasive manipulative conduct by its traders and managers across multiple lines of businesses in offices around the world. As a result, this conduct continued well after the Division of Enforcement began its investigation of Deutsche Bank's U.S. Dollar LIBOR submissions in early 2010.

4. Deutsche Bank's False Reporting, Attempted Manipulation, and Manipulation of U.S. Dollar LIBOR

During the relevant period, Deutsche Bank, through its submitters and traders, routinely made false U.S. Dollar LIBOR submissions in furtherance of its attempts to manipulate U.S. Dollar LIBOR. At times, they were successful in their attempts to manipulate. This misconduct originated primarily out of Deutsche Bank's London offices, and at times, its New York and Frankfurt offices.

The U.S. Dollar Pool Trading desk in London was responsible for submitting Deutsche Bank's U.S. Dollar LIBOR submissions. The head of the U.S. Dollar pool trading desk ("London Pool Trading Manager") oversaw various junior traders who worked daily with him and made the bank's U.S. Dollar LIBOR submissions under his direction. Similar to the London MMD Manager, the London Pool Trading Manager was a well-respected Deutsche Bank trader and highly compensated. From 2004 throughout the rest of the relevant period, a trader supervised by the London Pool Trading Manager ("U.S. Dollar LIBOR Submitter") became the primary U.S. Dollar LIBOR submitter and, at times, the London Pool Trading Manager acted as a back-up submitter.

During the relevant period, Deutsche Bank pool and MMD traders in London routinely made requests to the U.S. Dollar LIBOR Submitter or the London Pool Trading Manager for submissions that would benefit their derivatives trading positions. As described above, as a result of the pool and MMD traders working side-by-side, this conduct was pervasive with requests for beneficial U.S. Dollar LIBOR submissions being either shouted across the trading floor, passed from one trader to another trader sitting next to the submitter, or sent to submitters through electronic communications. On occasion, pool and MMD traders and managers in Deutsche Bank's New York office and at least one pool trader in Frankfurt also asked for LIBOR submissions that benefited their positions. The U.S. Dollar LIBOR Submitter, at times, contacted the pool and MMD traders in the various offices to solicit whether they had requests for beneficial LIBOR submissions. The submitter resolved any conflicts between the requests by first checking with the London Pool Trading Manager. The U.S. Dollar LIBOR Submitter routinely accommodated the traders' requests in making Deutsche Bank's U.S. Dollar LIBOR submissions.

The U.S. Dollar LIBOR Submitter also acted as a trader but only occasionally traded his own book. Rather, he worked closely with the London Pool Trading Manager and other pool and MMD traders, and was expected to understand and be aware of their derivatives trading positions. Over the relevant period, the submitter became so familiar with the trading positions of the U.S. Dollar traders that he either informed the traders of his intent to submit a skewed LIBOR without waiting for a request or he simply submitted U.S. Dollar LIBOR submissions in a manner he believed would benefit their derivatives trading positions.

As described above, Deutsche Bank U.S. Dollar pool and MMD traders, particularly the London Pool Trading Manager, utilized the basis spread trading strategy promoted by the Global Senior Manager and the London MMD Manager. The U.S. Dollar LIBOR Submitter was clearly aware of this trading strategy and, throughout the relevant period, but primarily during the global financial crisis of 2008 through 2009, often skewed, without written or oral requests from traders, Deutsche Bank's U.S. Dollar LIBOR submissions in order to benefit the bank's trading positions based on this strategy. Deutsche Bank's U.S. Dollar Pool and MMD trading desks were some of the most highly profitable trading desks during this time.

Below are examples of the requests that numerous traders communicated to the U.S. Dollar Submitter and the London Pool Trading Manager:[17]

March 22, 2005: (emphasis added)

<u>U.S. Dollar LIBOR Submitter:</u>	**if you need something in particular in the libors i.e. you have an interest in a high or a low fix let me know and there's a high chance i'll be able to go in a different level. just give**

[17] The communications quoted in this Order contain shorthand trader language and many typographical errors. The shorthand and errors are explained in brackets within the quotations only when deemed necessary to assist with understanding the discussion. Unless otherwise noted the communications are by email, chat, or other electronic messaging system.

	me a shout the day before or send an email from your blackberry first thing.
New York U.S. Dollar Trader 1:	Thanks - our CP guys have been looking for it a bit higher - not a big deal
U.S. Dollar LIBOR Submitter:	if anything the cash has actually cheapened up since yesterday too albeit by 1/2 tick - true could get some sub 75 days thru the next week

April 1, 2005: (emphasis added)

London U.S. Dollar Trader 1:	**COULD WE PLS HAVE A LOW 6MTH FIX TODAY OLD BEAN?**

September 21, 2005: (emphasis added)

London MMD Manager:	Subject: "$ LIBORS: 83, 89, 96 and 11 **LOWER MATE LOWER !!**
U.S. Dollar LIBOR Submitter:	will see what i can do but it'll be tough as the cash is pretty well bid
London MMD Manager:	**[Another U.S. Dollar Panel Bank] IS DOIN IT ON PURPOSE BECAUSE THEY HAVE THE EXACT OPPOSITE POSITION** - ON WHICH THEY LOST 25MIO SO FAR - LETS TAKE THEM ON!!
U.S. Dollar LIBOR Submitter:	**ok, let's see if we can hurt them a little bit more then**

November 28, 2005: (emphasis added)

London Pool Trading Manager:	**[an]ything either way from you guys? we are still short basis in 1 mth so lowere the better**
New York Regional Manager:	HAHAHAH, NEVER FAILS. WE WOULD PREFER IT HIGHER... WE HAVE ABOUT 15BB 1MO RECEIVES...**THANKS, JUST ASKING IS VERY MUCH APPRECIATED**....
London Pool Trading Manager:	will do like [U.S. Dollar LIBOR Submitter] then - ask, and do the opposite... let us know the days you rec, first fix tom will set the tone
New York Regional Manager:	JUST TOMOORROW ON THE REC, THEN PAYING 15BB 12/12 THRU

December 29, 2006: (emphasis added)

London U.S. Dollar Trader 2:	Hello [U.S. Dollar LIBOR Submitter] Come on 32 on 1. Mth Cu my frd
U.S. Dollar LIBOR Submitter:	ok **will try to give you a belated christmas present...**! have a good new year

February 28, 2007: (emphasis added)

New York U.S. Dollar Trader 2:	**LIBOR HIGHER TOMORROW?**
U.S. Dollar LIBOR Submitter:	shouldn't be
New York U.S. Dollar Trader 2:	COME ON. **WE ALWAYS NEED HIGHER LIBORS** !!! HAHA
U.S. Dollar LIBOR Submitter:	**haha, i'll do my best fkcer**
New York U.S. Dollar Trader 2:	NO WORRIES. JUST CURIOUS, U SURVE THE DEBACLE OF TH PAST 24 HRS>

March 28, 2007:

Frankfurt Non-Euro Desk Manager:	...I WOULD NEED A HIGH 3MTS LIBOR TODAY, BUT I THINK YOU DO TOO!!
London Pool Trading Manager:	35?
Frankfurt Non-Euro Desk Manager:	YEP PSE

August 13, 2008: (response to U.S. Dollar LIBOR Submitter's email) (emphasis added)

New York U.S. Dollar Senior Trader:	**Subject: $ lsbors unch** **Oh bullshit.....strap on a pair and jack up the 3M. Hahahahaha**

In addition to the LIBOR requests traders made to benefit specific trading positions, traders also requested gradual movements in LIBOR in order to set the trend in upcoming LIBOR fixings to benefit longer term derivatives trading positions, which the U.S. Dollar LIBOR submitter routinely accommodated. Similarly, the U.S. Dollar LIBOR submitter was also aware of month-end derivatives trading positions held by the traders and often submitted Deutsche Bank U.S. Dollar contributions skewed to benefit those positions. The submitter routinely accommodated these requests by skewing Deutsche Bank's daily U.S. Dollar LIBOR contributions at month-end, over a period of days, weeks, or even months. Below are examples of such requests:

November 28, 2006: (email to London Pool Trading Manager) (emphasis added)

New York U.S. Dollar Senior Trader:	**Altho I don't have a huge 1 mL fix tomw, I am paying 1 mL on about 40bn throughout December so I was hoping for a low 1 mL fix tomw to set the tone**

August 12, 2007: (emphasis added)

New York Regional Manager:	**If possible, we need in NY 1mo libor as low as possible next few days....tons of pays coming up overall**....thanks!
U.S. Dollar LIBOR Submitter:	**Will do our best** [New York Regional Manager]. **I'll coordinate the overnight in the same way as we did last week** with [New York U.S. Dollar Trader 1] tomorrow

December 13, 2007: (emphasis added)

Frankfurt Non-Euro Desk Manager:	[London Pool Trading Manager], **I NEED YOUR HELP...IF IT SUITS YOU CAN WE PUT IN A HIGH LIBOR TILL NEXT TUESDAY IN THE 3 MTS?**
London Pool Trading Manager:	ok

On a handful of occasions, either the London Pool Trading Manager or the U.S. Dollar LIBOR submitter contacted interdealer brokers in attempts to influence the overall LIBOR fixing by requesting the brokers to make preferential LIBOR predictions in specific tenors.[18] Below are examples of these communications:

March 14, 2007:

London Pool Trading Manager:	These markets falling in is not good for us personally. We need good old fashioned boom time [. . .]
U.S. Dollar LIBOR Submitter:	[. . .][Broker 1] reckon 3s libor only 34.75 fyg even with edh where it is now which is bllx
London Pool Trading Manager:	Get it lower, we need it. [. . .]
U.S. Dollar LIBOR Submitter:	just spoke to him. now thinking 34.5, i think should be lower still will keep pressing will do

February 27, 2008:

Broker 2:	which direction do you want tom 1 mth libor pushed ?
London Pool Trading Manager:	lower and 3mth higher
Broker 2:	imafraid thats not going to happen big boy
London Pool Trading Manager:	its worked so far
Broker 2:	13-08 for them tom

Accordingly, throughout the relevant period, Deutsche Bank routinely made false reports regarding U.S. Dollar LIBOR and attempted to manipulate U.S. Dollar LIBOR in order to benefit Deutsche Bank's trading positions. As such, Deutsche Bank's U.S. Dollar LIBOR submissions were not made in accordance with the BBA definitions and criteria for LIBOR submissions. At times, they were successful in their attempted manipulations.

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[18] Brokers act as intermediaries between major dealers in the cash and derivatives markets to facilitate execution of interdealer trades. Brokers assist banks in obtaining funding by facilitating the negotiation of deposits and loans, and in hedging those transactions with derivatives trades often referenced to LIBOR.

5. Deutsche Bank's False Reporting, Attempted Manipulation, and Manipulation of Euribor

Over the relevant period, Deutsche Bank's Euribor submitters routinely skewed Euribor submissions based upon requests from Deutsche Bank derivatives traders for rates set to benefit derivatives trading positions that were linked to Euribor. The Frankfurt-based submitters also routinely took their own trading positions into account in making the bank's Euribor submissions. In addition, Deutsche Bank derivatives traders coordinated on several occasions with derivatives traders at other Euribor panel banks to ensure Euribor contributions benefited their respective trading positions. Deutsche Bank routinely made false Euribor contributions in furtherance of its attempts to manipulate Euribor. At times, Deutsche Bank was successful in its attempts to manipulate Euribor.

The London MMD Manager made the majority of the traders' requests, although several traders on multiple desks also made such requests. The London MMD Manager, Deutsche Bank's highly regarded senior trader, routinely used several means in his attempts to manipulate the Euribor fixing. His approach to manipulating Euribor encompassed the following: (1) he regularly requested Deutsche Bank's Frankfurt-based submitters to make Euribor submissions beneficial to his derivatives trading positions; (2) he at times worked with the Euribor submitters to make bids or offers in the market at rates intended to influence market perception of prevailing cash rates (known as "pushing cash"), and, thereby, potentially influence other banks' Euribor submissions; (3) he coordinated on several occasions with derivatives traders at other Euribor panel banks by entering into agreements to make requests for preferential Euribor submissions to their respective submitters; and (4) he coordinated with traders at other Euribor panel banks to convince interdealer brokers to post false rates on their cash market screens for the purpose of potentially influencing other banks' Euribor submissions.

a. Deutsche Bank's Internal Attempts to Manipulate Euribor in Order to Benefit Trading Positions

Deutsche Bank assigned responsibility for making its Euribor submissions to traders and managers on the Euro Pool Trading desk in Frankfurt. Among other duties, these pool traders had responsibility for raising cash in Euro, Swiss Franc and other currencies, and traded Euro-based interest rate swaps and forward rate agreements generally tied to various tenors of Euribor.[19]

The Euribor submitters, some of whom were desk managers, continued the systemic practice of focusing on their derivatives trading positions as a basis for their Euribor submissions. The submitters also maintained daily contact with MMD Euro traders in London, including the London MMD Manager, to ensure they were aware of the bank's various trading positions tied to Euribor. Multiple traders regularly and openly made requests to the submitters

[19] At least one of the traders on the Frankfurt Non-Euro Pool Trading Desk also had responsibility for making the bank's Euribor submissions, either as a back-up submitter or, as of mid-2010, as part of the team of Euribor submitters. The Deutsche Bank Swiss Franc submitter(s) involved in the Euribor conduct described here also routinely attempted to manipulate Swiss Franc LIBOR. *See infra*, pp. 32-35.

for Euribor submissions beneficial to their derivatives trading positions. When requests were not forthcoming from London, the Euribor submitters actively solicited them from the traders as part of their effort to coordinate the offices' trading books and the bank's Euribor submissions in a manner to maximize their profits.

The Euribor submitters regularly accommodated these requests unless at times the requests conflicted with their own needs for their derivatives trading positions. As the London MMD Manager's stature as a successful trader grew within the bank, his requests for beneficial Euribor submissions often were accommodated over competing requests from other traders. When the basis trading strategy implemented by the Global Senior Manager and the London MMD Manager began to generate significant profits in mid-2008, the Euribor submitters understood the Euribor submission(s) needed each day to benefit the spread positions and made their Euribor submissions accordingly, even absent a specific request from traders.

The following are some examples of the many improper communications between the Euribor submitters and the MMD Euro traders:

July 10, 2005: (emphasis added)

London MMD Manager:	HI FRDS **ANY CHANCE TO PUSH UP YOUR CONTRIBUTION TO THE 3MTH EURIBOR FIX?**
Euribor Submitter:	HI [Euribor Submitter] **HERE USUALLY IT WOULD BE 11 ON OUR SIDE SO DO U REALLY NEED A 12 FOR TODAY AS DB CONTRIBUTION?**
London MMD Manager:	EONIA AT 2.068 AND O/N TRADING 2.08 IT WUD MAKE SENSE TO HAVE A HIGHER 3MTH FIX. **WE SHORT A LOT OF JUNES ABOUT 40000 LOTS**
Euribor Submitter:	**OK WE WILL CONTRIBUTE A 12 FOR TODAY AND MONDAY** HAVE A NICE WEEKEND
London MMD Manager:	THX A LOT [. . .]

July 6, 2006: (emphasis added)

Frankfurt Euro Desk Manager:	HIHI [London MMD Manager], **I JUST WANT TO CHECK WHETHER WE HAVE CONFLICTING INTERESTS IN THE JUNE 06 SETTLEMENT. IT DOESN'T MAKE SENSE IF WE TRY TO PUSH ONE WAY AND U WLD LIKE TO HAVE IT THE OTHER WAY AROUND. WE WLD PREFER A LOW 3ME FIXING TO PUSH JUNE06 HIGH. IS THIS UR PREFERENCE AS WELL?**

London MMD Manager:	**THX VM FOR CHECKING** [Frankfurt Euro Desk Manager] - **YES WE WOULD PREFER A LOW FIXING AS WELL**
Frankfurt Euro Desk Manager:	THX [London MMD Manager], **THAT WILL MAKE US MORE POWERFUL IN PUSHING THE FIX WE WANT IT.**

March 23, 2007: (emphasis added)

Frankfurt Euro Desk Manager:	**FIXINGS AS USUAL MONSIEUR? LOW 1M HIGH 6M (SAME HERE)**
London MMD Manager:	**yes please** - thank you very much [Frankfurt Euro Desk Manager]
Frankfurt Euro Desk Manager:	DE RIEN

July 26, 2007: (emphasis added)

London MMD Euro Trader:	[. . .]... **IS IT TOO LATER TO ASK FOR SOME NICE LIBOR FIXINGS?**
Frankfurt Regional Manager:	ILL PUT LOW 1M OK FOR U
London MMD Euro Trader:	WE ACTUALLY NEED HJIGHEE EVERYTHING
Frankfurt Regional Manager:	I AM SORRY I SHOULD KNOW UR SIDE
London MMD Euro Trader:	SO YOU HAVE ALREADY SENT THNM?
Frankfurt Regional Manager:	THEY REE WE CAN CHANGE IT UNTIL11:59 ... SO WE HAVE ENOUGH TIME .. **TELL ME EXACTLY WHICH RATE U WANT TO HAVE IN**
London MMD Euro Trader:	**WE NEED HIGH 6M PLS, AS MUCH AS YOU CAN PUSH IT**
Frankfurt Regional Manager:	WELL EEEE WILL PUT 39 FOR U IN AND WHAT IS ABOUT 1 AND 3 M
London MMD Euro Trader:	WE HAVE SMALL 1M - NEED HIGH AS WELL .. AND NOTHING IN 3M SO .. THANK YOU VERY MUCH!
Frankfurt Regional Manager:	1M WILL PUT 4.11 OK FOR U
London MMD Euro Trader:	GREAT THANK EEEEEEEEE MOM SORRY SORRY JUST HIGH 6M... THE ONE MONTH WE ACTUALLY NEED LOW, EVEN THOUGH WE HAVE IT THE OTHER WAY ROUND TODAY WE NEED IT LOW TO PREPARE FOR THE FIXINGS IN AUG.. SO LOW 1M 3M DONT HAVE 6M HIGH
Frankfurt Regional Manager:	SO THAT WAS ALSO MY IDEA.. LOW 1M FOR U TALKED TO [London MMD Manager] YESTERDAY.. WAS VERY SURPRICE WHEN YOU TOLD ME HIOGH.. THAT IS

	FINE I CHEANGE IT TO 09 AS BEFORE .. ALL OK NOW
London MMD Euro Trader:	GREAT THXS, SORRY FOR MISSUNDERSTANDING, WAS JUST LOOKING ONLY AT TODAY'S FIXINGS.. THXS BIBIBI FN

July 03, 2008: (emphasis added)

London MMD Manager:	[Frankfurt Regional Manager], **I have a big favor to ask you.**
Frankfurt Regional Manager:	Tell me.
London MMD Manager:	And, uh ... **a big, big, big favor.**
Frankfurt Regional Manager:	Ok.
London MMD Manager:	Bon. In March ...
Frankfurt Regional Manager:	Yes.
London MMD Manager:	We have, eh, we **have 20 yards of a 6 month fixing.** [. . .] A lot in in March. **So, basically, um, basically, uh, we need high 6 month.**
Frankfurt Regional Manager:	You need high 6 month, ok.
London MMD Manager:	High 6 month, yes.
Frankfurt Regional Manager:	**Sure, we will get high 6 month, no worries.**
London MMD Manager:	High.
Frankfurt Regional Manager:	We will get high 6 month.
London MMD Manager:	Es . . . **especially on the IMM, on the 19th I have 7 yards.**

September 26, 2008: (emphasis added)

London MMD Euro Trader 2:	**Just to let you know, it would suit me very much to have a high LIBOR tomorrow.** So, I don't know if you can put it high or not or whatever it is, just to let you know, tomorrow it suits me to have high 3s.
Euribor Submitter:	Umm. Yeh, there's one thing. **We have to be careful. Usually we quote below Euribor, and right now we usually quote around 4 to 5 basis points below the expected Euribor just to show that we are on the better quality of the range of the contributors.**
London MMD Euro Trader 2:	I see ...
Euribor Submitter:	So that's why, right now, if you look at our quote compared to the other contributors . . .
London MMD Euro Trader 2:	I know, **I've been noticing that, that's why I thought I would ask you if there is there any chance if you can put it up for me.** I would really appreciate that. Just for tomorrow, ok?

Euribor Submitter:	**My coworker here says something, maybe 21 is possible.**

June 4, 2009:

Euribor Submitter:	we will know until tom morning how the others apply trichets comments in the market i think for fixings it sounds like a non event
London MMD Manager:	apart from lower 1mth and higher 6m pleaaaaaaaaaaaaase
Euribor Submitter:	its likely that many contributors keep their rates unchanged :-) except for 1m and 6m of cause :-)

The Euribor submitters and the London MMD Manager also coordinated, at times, to "push cash" in the market, or, in other words, make bids or offers in the market at rates other than what they normally would have bid or offered. By this practice, the traders intended to signal to other market participants (including other Euribor panel bank submitters) that market prices were moving in a certain direction. The Deutsche Bank MMD traders and submitters wanted the other banks' Euribor submitters to factor these market moves into their Euribor submissions, thereby increasing Deutsche Bank's chances that the Euribor fixing would move in the direction they desired.

The following are examples of the traders and the submitters openly discussing their strategy of pushing cash in the market:

April 13, 2007: (to Yen Desk Manager) (emphasis added)

Frankfurt Euro Desk Manager:	**HI MATE, JUST FOR UR GUIDE. WE TRY TO BID UP IN THE 3M TO PUSH THE FIX A BIT.**

June 21, 2007: (to London MMD Manager) (emphasis added)

Frankfurt Euro Desk Manager:	**WE CONTINUE TO OFFER 1M CASH IN THE MARKTE TO KEEP 1ME FIX ON THE LOW SIDE.**

b. Deutsche Bank's Coordination with Other Euribor Panel Banks to Manipulate Euribor

From at least 2005 through at least 2008, the London MMD Manager coordinated with derivatives traders at other Euribor panel banks on several occasions in attempts to manipulate the Euribor fixing. In addition to his regular internal requests to Deutsche Bank Euribor submitters, the London MMD Manager also utilized his friendships and past working relationships with derivatives traders at other Euribor panel banks to further his attempts to manipulate Euribor. While he spoke daily to traders at several banks and other financial institutions, he primarily coordinated with derivatives traders at Barclays[20] ("Barclays Senior Euro Swaps Trader") and at Euribor Bank A ("Euribor Bank A Swaps Trader[21]").

The London MMD Manager and these derivatives traders regularly exchanged information about their derivatives trading positions and the Euribor fixing that they preferred to benefit those positions. They agreed, at times, to transmit requests to their respective Euribor submitters for Euribor submissions that would benefit their trading positions. They also discussed reaching out to other Euribor panel banks to influence those banks' Euribor submissions in furtherance of their attempts to manipulate the Euribor fixings. When the London MMD Manager was not available, he instructed the London MMD Euro Trader to communicate his positions and Euribor preferences to at least the Barclays Senior Euro Trader or his junior traders, and to the Deutsche Bank Euribor submitters.

The following are examples of the communications between the London MMD Manager and the derivatives traders with whom he coordinated:

June 9, 2005: (emphasis added)

Bank A Euro Swaps Trader:	**Amigo checked with my FFT their 3m euribor contribution which seems v low at 2.11 like ur FFT have u checked with yuoyr guys???**
London MMD Manager:	**will tell them from tomorrow to put a higher fix..its way too low**

September 29, 2005: (emphasis added)

London MMD Manager:	**DON'T FORGET TO SET A HIGH FIX TODAY!**
Barclays Senior Euro Swaps Trader:	I told them they're going to set it at 2.13
London MMD Manager:	goodness! that's going to hurt

That same day:

London MMD Manager:	**DONT FORGET THIS HIGH 3M FIX FOR THE FRA/EONIA SPREADS**

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20 On June 27, 2012, the Commission issued an Order Instituting Proceedings Pursuant to Sections 6(c) and 6(d) of the Commodity Exchange Act, As Amended, Making Findings and Imposing Remedial Sanctions against Barclays, finding, among other things, that the London MMD Manager, identified in the Barclays Order as Trader at Bank A, and a Barclays Senior Euro Swaps Trader coordinated in their attempts to manipulate Euribor. *See In re Barclays PLC, Barclays Bank PLC and Barclays Capital Inc.*, CFTC Docket No. 12-25 (June 27, 2012), pp. 16-17; *available at* http://www.cftc.gov/ucm/groups/public/@lrenforcementactions/documents/legalpleading/enfbarclaysorder062712.pdf.

21 In mid-2006, Euribor Bank A Swaps Trader moved to another Euribor panel bank. The London MMD Manager continued to have regular discussions with him regarding their respective trading positions, and, at times, made requests of each other for preferential Euribor submissions.

Bank A Euro Swaps Trader:	**we go for 18**
London MMD Manager:	**hoping to go as high as that as well**

September 11, 2006: (emphasis added)

London MMD Manager:	**in October, we'll set the fixings at the sky, or that's not good for you?**
Barclays Senior Euro Swaps Trader:	no, no, **at the sky is good better for me**

September 28, 2006: (emphasis added)

Bank B Euro Swaps Trader:	mate how u positionned on 3mth fras at the moment? u have interest in a high or low libors?
London MMD Manager:	wud still love high rates mate, but i have to say that i bought loads of them some six months ago and sold back at high levels to our mutual clients let s say on emonth ago . . . so, nothing huge in my book for now . . . i reckon u' re in the same position right?
Bank B Euro Swaps Trader:	**I need high libors in octobers and lower in november WOULD LOVE IT . . . do u speak to ur guys in frankfurter for the fixing? [. . .]**
London MMD Manager:	**yes and to [Bank A Euro Swaps Trader] as well - my fft will put a high fix all along october. . can u speak to your cash guys if it suits u ?**
Bank B Euro Swaps Trader:	**will try, certainly**

October 2, 2006:

Barclays Euro Swaps Trader:	[London MMD Euro Trader], if it suits you as well, could you ask your cash guys to put a high 6m fixing?
London MMD Manager:	i will
Barclays Euro Swaps Trader:	thanks a lot

December 29, 2006: (emphasis added)

Barclays Euro Swaps Trader:	**today we need a low 3 month fixing, could you tell your guys as well if it suits you**
London MMD Euro Trader:	**oh yes!!**

January 18, 2007:

London MMD Manager:	put the 1mth low please
Barclays Senior Euro Swaps Trader:	ok

March 15, 2007:

Barclays Senior Euro Swaps Trader:	put 90 for the fixing please
London MMD Manager:	ok mate
Barclays Senior Euro Swaps Trader:	I want a basis at 5 max it will make up for my losses

April 9, 2008: (emphasis added)

London MMD Manager:	**you're going to help me, promise me?????**
Barclays Senior Euro Swaps Trader:	ahaah of course, mate, it looks like it wants to move big time [. . .]
London MMD Manager:	**seriously mate, are you really helping [London MMD Euro Trader]**
Barclays Senior Euro Swaps Trader:	**I'm going to help her big time**

At times, the London MMD Manager and the derivatives traders at the other banks attempted to manipulate Euribor to the benefit of their trading positions through the information interdealer brokers provided to the market. They requested interdealer brokers to enter false rates on the market screens the brokers provided to market participants in order to influence market perception regarding prevailing cash rates. The traders believed that this could potentially influence other banks' Euribor submitters to make Euribor submissions that would reflect these false rates, and, thereby, potentially move the Euribor fixing in a direction beneficial to their respective trading positions.

The following are examples of the London MMD Manager's discussions regarding broker screens:

December 22, 2006:

Barclays Senior Euro Swaps Trader:	tell [Broker 2] to raise the 6m mate important
London MMD Manager:	yes yes

May 28, 2008: (telephone call to Barclays Euro Swaps Trader) (emphasis added)

London MMD Manager:	**Every day, every day I speak to my cash desk, to the cash brokers. I say "You have to raise the six month, you have to raise the six month!"**

January 28, 2009: (in telephone call to another Euro derivatives trader)

London MMD Manager:	. . . we are still working on the, on the brokers so that . . . they, they re-steepen the curve.

Accordingly, throughout the relevant period, Deutsche Bank routinely made false reports regarding Euribor in attempts to manipulate Euribor in order to benefit Deutsche Bank's trading positions. As such, Deutsche Bank's Euribor submissions were not made in accordance with the EBF's definitions and criteria for Euribor submissions. At times, they were successful in their attempted manipulations of Euribor.

6. Deutsche Bank's False Reporting, Attempted Manipulation, and Manipulation of Yen LIBOR, and Coordination with UBS Senior Yen Trader

During the relevant period, Deutsche Bank, through its submitters and traders, routinely made false submissions in attempts to manipulate Yen LIBOR. From mid-2008 through mid-2010, one Deutsche Bank derivatives trader also routinely coordinated with a derivatives trader at UBS in their attempts to manipulate Yen LIBOR. The Yen LIBOR misconduct perpetrated by the Deutsche Bank traders and submitters originated out of Deutsche Bank's London office primarily, and, on occasion, out of the Deutsche Tokyo Subsidiary. At times, Deutsche Bank was successful in its attempts to manipulate Yen LIBOR.

a. Deutsche Bank's Attempts to Manipulate Yen LIBOR in Order to Benefit Internal Trading Positions.

During the relevant period, several London-based Deutsche Bank traders handled the responsibility for making the bank's Yen LIBOR submissions, including the manager of the Yen and Euro Pool Trading Desk ("Yen Desk Manager") in London. Prior to mid-2008, the submission process was handled by a senior Yen Pool trader ("Senior Yen LIBOR Submitter") with a junior trader ("Junior Yen LIBOR Submitter") providing assistance.

The submitters on the Yen Pool Trading desk coordinated regularly with other Deutsche Bank yen derivatives traders on MMD desks in London and, on occasion, with the Deutsche Tokyo Subsidiary MMD traders, to make Yen LIBOR submissions that were beneficial to their respective derivatives trading positions. One of the senior traders involved in making requests on occasion was a manager in the Deutsche Tokyo Subsidiary ("Tokyo Regional Manager"). One London-based MMD trader who made requests ("Senior Yen Trader-Submitter") eventually became the Yen LIBOR submitter in mid-2008, further entrenching the inherent conflict of interest permitted by Deutsche Bank.[22]

Over the relevant period, the Deutsche Bank Yen LIBOR submitters regularly took into account the oral or written requests by Deutsche Bank traders for beneficial Yen LIBOR submissions. The submitters even openly solicited requests. Although the Yen Desk Manager usually did not make Yen LIBOR submissions himself, he was aware of the open and pervasive LIBOR requests being made by traders and the accommodation of those requests by the submitters. On occasion, he received the traders' requests and agreed to pass them along to the submitters to ensure that the submissions matched the traders' needs.

The submitters also consistently took their own trading positions into account when making LIBOR submissions on behalf of the bank, even communicating with each other when out of the office to ensure that the submissions were made in accordance with their trading positions. They also coordinated with other MMD traders to ensure their respective trading positions were not in conflict when making submissions to benefit those positions. As the Senior

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[22] Although the Senior Yen Trader-Submitter formally reported to other supervisors, his daily MMD reporting supervisor was the London MMD Manager throughout the relevant period; with respect to his Yen LIBOR submission duties, he reported to the Yen Desk Manager.

Yen Trader-Submitter stated to another trader, "ON JPY WE TRY TO HAVE OUT LIBORS WITH OUR POSITIONS NOT AGAINS[T]." This practice of making Yen LIBOR submissions to benefit the various traders' cash and derivatives trading positions persisted as responsibility for making the submissions passed from Senior Yen LIBOR Submitter to Senior Yen Trader-Submitter to, finally, in mid-2010, the Yen Desk Manager.

The following are examples of improper communications between Deutsche Bank Yen LIBOR submitters and Yen traders:

June 27-28, 2006: (emphasis added)

Senior Yen LIBOR Submitter: **i will need high 1m jpy tomorrow, and low on thursday if u can have a look. i think 18.5 and 17.5 should work.** thanks.

Junior Yen LIBOR Submitter: going in 0.19 in 1mth today....ubs went in at 21 yday so should be fine.....

September 18, 2006: (email to Junior Yen LIBOR Submitter)

Senior Yen Trader-Submitter: Hello Mate, Could you put 6m jpy libor at 48.5 pls 1m at 36.5 3m at 42 Thanks

September 29, 2006: (emphasis added)

Senior Yen Trader-Tokyo: Hi, [Senior Yen LIBOR Submitter]. **I like to have a lower 3&6 month Libor today.** [Senior Yen Trader-Tokyo]

Senior Yen LIBOR Submitter: **OK NO PB**

Senior Yen Trader-Tokyo: **Tks vm, I don't like the spread between Libor and the implied is too wide** ... Good day.

December 21, 2006: (emphasis added)

Tokyo Regional Manager: **are you doing libors today, esp JPY or is [Senior Yen LIBOR Submitter]?**

Junior Yen LIBOR Submitter: **shld be [Yen Desk Manager] setting, let him know yr axes...i'll be inputting next week if need anything then mate . . .**

Tokyo Regional Manager: **[Senior Yen Trader-Tokyo] will BBG you next week if he needs anything..** cheers mate

Follow-up instant message to Yen Desk Manager the same day:

Tokyo Regional Manager: is [Senior Yen LIBOR Submitter] in or are you doing JPY libors today?

Yen Desk Manager: [Senior Yen LIBOR Submitter] is doing it

Tokyo Regional Manager: he is not picking [Senior Yen Trader-Tokyo] up ... could you ask him to go high in 1m and 6m?

August 31, 2007: (emphasis added)

Senior Yen LIBOR Submitter:	**I don't have much in JPY fixings next week, just need to keep 3m and 6m on the high side I will try to send you levels will be on bbry if anything** thanks very much
Junior Yen LIBOR Submitter:	**Cool, cheers and enjoy your holiday mate**

October 4, 2007: (emphasis added)

Tokyo Regional Manager:	Morning Monsieur, couple of questions... -**Do you have a special axe re Libor settings at the moment? I've noticed you tend to be on the high side.. if you don't mind, lower fixings would suit us better in general** [. . . .]
Yen Desk Manager:	**Hi mate , the libors are set by [Senior Yen LIBOR Submitter] as he got more exposure on the fixing than in the cash book , I ll fwd ur message to him**

January 18, 2008: (emphasis added)

Tokyo Regional Manager:	Hi [Senior Yen LIBOR Submitter], thanks very much for FRA trades you've done for us... another favour to ask: **could we get low 1m and high 3m fixing today?** thanks!
Senior Yen LIBOR Submitter:	**i will try**

Follow-up message sent later that day:

Tokyo Regional Manager:	**why did you go in low 3m fixing? we had 17 trillion [yen] so it coming lower cost us a lot**
Senior Yen LIBOR Submitter:	**sorry I messed up that one, i thought i had left 91**
Tokyo Regional Manager:	**you owe me a drink!**

b. Deutsche Bank's Coordination with the UBS Senior Yen Trader to Manipulate Yen LIBOR

From mid-2008 through mid-2010, the Senior Yen Trader-Submitter coordinated with a senior yen derivatives trader at a subsidiary of UBS AG ("UBS Senior Yen Trader") regarding Yen LIBOR submissions.[23] The Senior Yen Trader-Submitter communicated regularly with the UBS Senior Yen Trader, discussing the market and their relative trading positions, and, eventually, discussing beneficial Yen LIBOR submissions. The Senior Yen Trader-Submitter knew the UBS Senior Yen Trader to be highly active and successful, one who provided liquidity and movement to the Yen derivatives market. When the UBS Senior Yen Trader began to request his assistance in making Deutsche Bank's Yen LIBOR submissions in a manner to

[23] In the Commission's Order against UBS, Deutsche Bank's Senior Yen Trader-Submitter is identified in the Order as the Yen Bank F Trader-Submitter.

benefit his trading, the Senior Yen Trader-Submitter readily accommodated him. The Senior Yen Trader-Submitter knew his control over the bank's Yen LIBOR submissions enabled him to make submissions to benefit his and the UBS Senior Yen Trader's derivatives trading positions. The UBS Senior Yen Trader also offered to assist the Deutsche Bank submitter by having his submitters make submissions that would benefit the Senior Yen Trader-Submitter. The traders at times aligned their trading positions so they could each equally benefit from the altered Yen LIBOR submissions made by both banks.[24]

The following are examples of the coordination of their attempts to manipulate Yen LIBOR:

August 28, 2008: (emphasis added)

UBS Senior Yen Trader:	look i appreciate the business and the calls **we should try to share info where possible also let me know if you need fixes one way or the other**
Senior Yen Trader-Submitter:	sure sorry mate have to go too busy on many things
UBS Senior Yen Trader:	**and i'll do the same if you have any joy with your setters**
Senior Yen Trader-Submitter:	**no prob**

September 1, 2008:

Senior Yen Trader-Submitter:	[. . .] but going to put high libors today
UBS Senior Yen Trader:	sure i think you guys are top in 1m anyways
Senior Yen Trader-Submitter:	i am mate need it high!

September 18, 2008: (emphasis added)

UBS Senior Yen Trader:	**you got any ax on 6m fix tonight?**
Senior Yen Trader-Submitter:	**absoluetly none but i can help**
UBS Senior Yen Trader:	**can you set low as a favour for me?**
Senior Yen Trader-Submitter:	**done**
UBS Senior Yen Trader:	**i'll return favour when i can just ask** have 75m m jpy a bp tonight
Senior Yen Trader-Submitter:	np
UBS Senior Yen Trader:	thanks so much
Senior Yen Trader-Submitter:	[. . .] 73/90/99 am putting libors
UBS Senior Yen Trader:	great thanks mate

24 When aligning their positions, they also often discussed Euroyen TIBOR, or the Tokyo Interbank Offered Rate, a Tokyo-based rate similar to LIBOR. Some of their derivatives trading positions were tied to this rate. Both Deutsche Bank and UBS were banks who made submissions for this rate. On a few occasions, the Senior Yen Trader-Submitter and the UBS Senior Yen Trader discussed trying to have their respective submitters alter their TIBOR submissions to benefit their trading positions. The Senior Yen Trader-Submitter even attempted internally on a handful of occasions, once at the behest of the UBS Senior Yen Trader, to contact the Deutsche Bank TIBOR submitter. He was unsuccessful in his attempts.

In a follow-up message the next day, the UBS Senior Yen Trader offered the Senior Yen Trader-Submitter a deal, stating, "**in fact cause you helped me on 6m yday.**"

May 21, 2009: (emphasis added)

UBS Senior Yen Trader:	**cld you do me a favour would you mind moving you 6m libor up a bit today, i have a gigantic fix** i am limit short can't sell anymore just watch
Senior Yen Trader-Submitter:	**i can do that**
UBS Senior Yen Trader:	thx

Follow-up message the next day:

Senior Yen Trader-Submitter:	**u happy with me yesterday?**
UBS Senior Yen Trader:	**thx** i don't see it going up again today
Senior Yen Trader-Submitter:	me too
UBS Senior Yen Trader:	only you and [Yen Panel Bank A] moved

In the summer of 2009, the UBS Senior Yen Trader began extended campaigns to manipulate the six-month tenor of Yen LIBOR to benefit massive trading positions he held tied to one-, three-, and six-month Yen LIBOR. His plan first required moving the six-month Yen LIBOR fixing higher by the fixing date at the end of June, and then, second, to keep it high through July. Finally, he wanted the six-month Yen LIBOR fixing to drop dramatically by mid-August. To assist him, the Deutsche Bank Senior Yen Trader-Submitter became an active and necessary participant in his plan. The UBS Senior Yen Trader also offered to enter into trades at rates detrimental to him but beneficial to the Senior Yen Trader-Submitter to ensure the Senior Yen Trader-Submitter's involvement in his plans and to entice him to make Deutsche Bank's Yen LIBOR submissions in the manner he desired. The Senior Yen Trader-Submitter readily accepted those trades and made the submissions as requested by the UBS Senior Yen Trader; at times, he would ask the next day whether the UBS Senior Yen Trader was pleased with his efforts.

The following are examples of their specific coordination to manipulate Yen LIBOR over the summer of 2009:

June 15, 2009:

UBS Senior Yen Trader:	is there any chance you cld set a high 6m tonight, just tonight, i have 1..5m usd bp fix no worries if you can't god knows where that all came from
Senior Yen Trader-Submitter:	hum i think my libors will be unch for a while now….my led is quite high and i do not want 3m libor up
UBS Senior Yen Trader:	me neither i need low 3m no prob ustnd you will help me out when 6m goes over the turn tho? i have 1m usd a bp that day too

June 26, 2009: (emphasis added)

Senior Yen Trader-Submitter:	Hello big boy
UBS Senior Yen Trader:	hi
Senior Yen Trader-Submitter:	is there a date u see we could have 6m libor ot is no point being stubborn in that direction an i do sthing else sorry 6m lower hopeviuosly no for teh next 3 weeks
[. . .]	
UBS Senior Yen Trader:	basically i will help you in 2 weeks time i am the saem way
Senior Yen Trader-Submitter:	perfect
UBS Senior Yen Trader:	but **for the next 2weeks i really really need you to put 6m higfher**
[. . .]	
UBS Senior Yen Trader:	**after that i need 6m to crash off like you**
Senior Yen Trader-Submitter:	**that is no problem for me, i do nothing with the cash guys until then**
UBS Senior Yen Trader:	i need you to move 6m up for 2 weeks mate
[. . .]	
UBS Senior Yen Trader:	but please move 6m up on Monday
Senior Yen Trader-Submitter:	understood
UBS Senior Yen Trader:	thx i need you in the panel on Monday
Senior Yen Trader-Submitter:	ok enough cheers
UBS Senior Yen Trader:	i will then get our 6m way down after july 18th it is . . . and will try to get everyone else down too
[. . .]	
UBS Senior Yen Trader:	only reason i on bid is i have huge huge position that way so am happy for to come lower after the 17th
Senior Yen Trader-Submitter:	ok enough enough **on my fra switch it is your best?**
UBS Senior Yen Trader:	**tell me what you need to see i have a vested interest in making sure our fixings match** just don't rip me off too much i had those round mid i got to go soon
Senior Yen Trader-Submitter:	**ok -1.5 and -1 am i asking too much?**
UBS Senior Yen Trader:	**thats fine**
[. . .]	
UBS Senior Yen Trader:	pls make sure you put the 6m up for me thx
Senior Yen Trader-Submitter:	oof enough enough
UBS Senior Yen Trader:	ok i'll shut up now
Senior Yen Trader-Submitter:	of course

June 29, 2009: (emphasis added)

UBS Senior Yen Trader:	pls remember 6m today...
Senior Yen Trader-Submitter:	yah no worries…**6m libor today good contrib?**
UBS Senior Yen Trader:	**high pls as high as you can manage we are going 75 anyway whatever you can do thx**
Senior Yen Trader-Submitter:	**sure np…**

July 21, 2009: (emphasis added)

UBS Senior Yen Trader:	i been asked to reduce risk a bit
Senior Yen Trader-Submitter:	ok
UBS Senior Yen Trader:	**i still going for lower 6m next month but position is huge if you want to do some 1y l/t 1 wld help me on risk limits obviously i am still very much paid and need a low 6m from next week** [. . .]
Senior Yen Trader-Submitter:	**does not suit me taht much today need high 6m libor today.....**
UBS Senior Yen Trader:	same how about we do Ov6 spot as well ? so no fix today i just need to keep the risk guys at bay 200b 1y will bring me in limit **i will pay you .665 for Ov6 today in same amount to knock the fix out if you need** i think it does nothing today the fix that is wld be a massive favour
[. . .]	
Senior Yen Trader-Submitter:	**can i do 200 and lower my 6m quote? oor we cross fra up to you mate**
UBS Senior Yen Trader:	**rahter just cross the fra pls**
Senior Yen Trader-Submitter:	**that is fair ok we done**
UBS Senior Yen Trader:	thanks

July 23, 2009: (emphasis added)

UBS Senior Yen Trader:	**ok we need to cordinarte the 6m drop when do you need it falling?**
Senior Yen Trader-Submitter:	**whenever**
UBS Senior Yen Trader:	**ok we need aug 11th you are back by then?** if you need earlier let me know i am going to be away the whole of august almost if you need anything i am in london and zurich offices oon blackberry __________@ubs.com will be pushinh lower 6m from aug 11th
Senior Yen Trader-Submitter:	**back on the 10th in ldn**
UBS Senior Yen Trader:	ok well lets sort 6m out from 11th will make a massive push

The Senior Yen Trader-Submitter continued to coordinate with the UBS Senior Yen Trader regarding beneficial Yen LIBOR submissions into mid-2010, even after the UBS Senior Yen Trader left UBS for another Yen panel bank. At this point, however, the Senior Yen Trader-Submitter was no longer responsible for Deutsche Bank's Yen LIBOR submissions.

Accordingly, throughout the relevant period, Deutsche Bank routinely made false reports regarding Yen LIBOR and attempted to manipulate Yen LIBOR in order to benefit Deutsche Bank's trading positions. As such, Deutsche Bank's Yen LIBOR submissions were not made in accordance with the BBA definitions and criteria for LIBOR submissions. At times, they were successful in their attempted manipulations of Yen LIBOR.

7. Deutsche Bank's False Reporting, Attempted Manipulation, and Manipulation of Sterling LIBOR

During the relevant period, Deutsche Bank, through its submitters and traders, routinely made false LIBOR submissions in furtherance of their attempts to manipulate Sterling LIBOR. At times, they were successful in their attempts. The head of Deutsche Bank's Sterling Pool Trading desk in London ("Sterling Desk Manager") and another trader assigned to the desk ("Sterling LIBOR Submitter") were responsible for submitting Deutsche Bank's Sterling LIBOR submissions. Both traders maintained the desk's trading book which included proprietary derivatives trading positions. The secondary Sterling trader, acting as the primary Sterling LIBOR submitter, communicated regularly, often daily, with the Sterling Desk Manager regarding the trading positions held in the Sterling Pool trading book.

Throughout the relevant period, Deutsche Bank's Sterling Desk Manager and the Sterling submitter routinely took their LIBOR-based trading positions into account when determining the bank's Sterling LIBOR submissions, and, accordingly, made false Sterling LIBOR contributions routinely in order to benefit those positions. On occasion, the Sterling Desk Manager and Sterling submitter received preferential requests from at least one Sterling MMD derivatives trader which they, at times, accommodated when making Deutsche Bank's LIBOR submissions. Throughout the relevant period, Deutsche Bank's Sterling LIBOR submissions were routinely skewed in order to benefit the Deutsche Bank's Sterling LIBOR derivatives trading positions. The following are examples of communications between the Sterling Desk Manager and Sterling submitter, and the requests from the Sterling MMD trader:

December 5, 2006: (to Sterling Desk Manager) (emphasis added)

<u>Senior MMD Sterling Trader</u>: **HI MATE IF WE COULD GO FOR A 28 ON 3S LIBOR TODAY THAT WOULD BE GREAT**

August 8, 2007: (email to Sterling Desk Manager)

<u>Senior MMD Sterling Trader</u>: LET US KNOW WHEN YOU DO LIBORS. NEED LOW 1S LOW3

February 18, 2008:

Sterling LIBOR Submitter:	Yeah. [Unintelligible] It's very cold here so it must be very cold where you are.
Sterling Desk Manager:	It's really cold but there is sunshine, so it's quite nice.
Sterling LIBOR Submitter:	It's cold but there is a beautiful blue sky. Lovely. Perfect conditions mate. Listen, I've got your message here. Obviously, if these markets rally, you just want to get out some of the March, don't you front March?
Sterling Desk Manager:	Yeah. What message did I leave there?
Sterling LIBOR Submitter:	[Unintelligible] [. . .]. Six month, one year [unintelligible] on the rally. I'm assuming you are long six [unintelligible] in March now [unintelligible] three or four ticks we just get out of it.
Sterling Desk Manager:	We'll get out of some of it yeah.
[. . .]	
Sterling Desk Manager:	Okay at three months. Three months LIBOR was 63 or 64.
Sterling LIBOR Submitter:	65, 65. Yeah yeah yeah.
Sterling Desk Manager:	Yeah.
Sterling LIBOR Submitter:	Oh yeah I'll put that up a bit yeah yeah yeah
Sterling Desk Manager:	So you've got to do that. We've also, we've got week going out, so put that higher.
Sterling LIBOR Submitter:	All right, yeah. [. . .]

August 1, 2008: (emphasis added)

Sterling LIBOR Submitter:	[. . .] Um, **we've got the two fixings up today, we we need a high LIBOR in the ones. Got a yard...**
Sterling Desk Manager:	**Yeah**
Sterling LIBOR Submitter:	**...going out so we need a high uh high LIBOR in the ones and we'd need a low screen on the threes.** I've got it at forty base points the LIBOR's coming in at like seventy-eight and I've I've moved our screen to like thirty-eight so I've got to modify that ticket at eleven yeah?

January 28, 2009: (emphasis added)

Sterling LIBOR Submitter:	**Tomorrow we got the 1.3 billion that will be going out so you' ll want to leave that one month at one sixty, which you put the LIBOR is.**
Sterling Desk Manager:	**Yeah**

Sterling LIBOR Submitter:	Umm, **other than that, you want, you want the three months low again didn't you?** Oh that, that spread is eighty... ah, probably eighty eight and a half, eighty five at the moment.
Sterling Desk Manager:	Oh is it?
Sterling LIBOR Submitter:	Yeah, that's what the last I heard.
Sterling Desk Manager:	Fine
Sterling LIBOR Submitter:	Yeah, um, ni, ninety eight, six five, eighty eight and a half [unintelligible]...
Sterling Desk Manager:	Yeah
Sterling LIBOR Submitter:	...eighty, eighty-five bids [unintelligible]...
Sterling Desk Manager:	I'm a, I'm a, I'm happy with that.

August 31, 2010: (emphasis added)

Sterling LIBOR Submitter:	**[Senior MMD Sterling Trader's] come over, he wants 3s [unintelligible] libor down a tick** [unintelligible]
Sterling Desk Manager:	**No, no, no, no, no.**
Sterling LIBOR Submitter:	No, **he's got a fixing, he said. I said we've got stuff about the 15th of September. We need higher libors, don't we.**
Sterling Desk Manager:	Yeah
[. . .]	
Sterling LIBOR Submitter:	But you need it, we need 3s to go to 76 and 77.
Sterling Desk Manager:	**Yeah, I want it higher libor.**

Accordingly, throughout the relevant period, Deutsche Bank routinely made false reports regarding Sterling LIBOR in attempts to manipulate Sterling LIBOR in order to benefit Deutsche Bank's trading positions. As such, Deutsche Bank's Sterling LIBOR submissions were not made in accordance with the BBA definitions and criteria for LIBOR submissions. At times, they were successful in their attempted manipulations of Sterling LIBOR.

8. Deutsche Bank's False Reporting, Attempted Manipulation, and Manipulation of Swiss Franc LIBOR

During the relevant period, Deutsche Bank, through its submitters and traders, routinely made false submissions for Swiss Franc LIBOR in furtherance of its attempts to manipulate Swiss Franc LIBOR. At times, they were successful in their attempts to manipulate Swiss Franc LIBOR.

Deutsche Bank's Swiss Franc LIBOR submissions were made by the Deutsche Bank Non-Euro Pool Trading desk based in Frankfurt. The primary Swiss Franc LIBOR submitter changed over the relevant period, one of whom was the Non-Euro Desk Manager.

Over the relevant period into 2010, one Swiss Franc Pool trader (Swiss Franc Submitter 1) received from Deutsche Bank MMD derivatives traders in London, including the

Senior Yen Trader-Submitter, regular requests for preferential Swiss Franc LIBOR submissions to benefit their derivatives trading positions. The Swiss Franc Submitter 1 routinely obliged these trader requests and at times proactively reached out to the derivatives traders to ask whether they had requests for that day's LIBOR submission. When the Swiss Franc Submitter 1 was unavailable, the Non-Euro Desk Manager also adjusted Deutsche Bank's Swiss Franc LIBOR submissions to benefit the Senior Yen Trader-Submitter derivatives trading positions.

The Swiss Franc Submitter 1 was methodical in determining how submissions might affect the Swiss Franc LIBOR submissions. During a telephone discussion between the Swiss Franc Submitter 1 and the Senior Yen Trader-Submitter on August 19, 2009, the Swiss Franc Submitter 1 explained that he maintained a spreadsheet in which he used a "LIBOR contribution simulation" to determine how a particular Deutsche Bank Swiss Franc LIBOR submission would affect the Swiss Franc LIBOR fixing.

Examples of requests from the traders to the Swiss Franc Submitter 1 and the Non-Euro Desk Manager are as follows:

March 26, 2007:

London MMD Swiss Franc Trader 1:	hello sir, welcome back, you missed nothing, not sure if matches with you but my int is for a lower fixing, thanks
Swiss Franc Submitter 1:	HI [London MMD Swiss Franc Trader 1], NOTED N LET U KNOW.....NO PROBL CIAOOO

September 17, 2007: (emphasis added)

Swiss Franc Submitter 1:	**LET ME KNOW ON THE FIXINGS IN CASE U NEED SOMETHG SPECIAL**
London MMD Swiss Franc Trader 1:	i have been trying to run as little as possible in the tn (as it was just costing me money),.. **another nice low 3m tom would be nice**

September 25, 2008: (emphasis added)

Senior Yen Trader-Submitter:	**can you put a high 3m please?**
Swiss Franc Submitter 1:	**sure 83?**
Senior Yen Trader-Submitter:	many thanks **really need low 1 month today** . . . just for tpday . . .
Swiss Franc Submitter 1:	**wud do 61 if u agree . . . . problem is not to quote too low to be deleted in the calculation process**

November 28, 2008: (emphasis added)

Senior Yen Trader-Submitter:	**can we leave 1m unchanged tuesday? sorry until tuesday** also will check dbqf sorry about that...

Swiss Franc Submitter 1: **sure no probl will quote unchgd 1.00 for 1,2 and 3 mths if ok**

Senior Yen Trader-Submitter: **many Thanks**

December 3, 2008:

Swiss Franc Submitter 1: morning mate.....do u still need high 1m fix, rite?

Senior Yen Trader-Submitter: Hi [Swiss Franc Submitter 1] no gig axe all out

Swiss Franc Submitter 1: ok gr8 in that case i will lower our quote

July 2, 2009: (emphasis added)

Non-Euro Desk Manager: **Hi morning mate! Do you have any special requests for the libor?**

Senior Yen Trader-Submitter: **keep 1m, 3m and 6m where they are please**

Non-Euro Desk Manager: **ok will be done mate**

March 10, 2010: (emphasis added)

Senior Yen Trader-Submitter: **what ahppened withyour 6m libor**

Swiss Franc Submitter 1: sh........**did u have a refix?**

Senior Yen Trader-Submitter: **no not today back to 1 please**

Swiss Franc Submitter 1: **sure will take care tom**

Later in mid-2010, the Swiss Franc Submitter 2 became responsible for Deutsche Bank's Swiss Franc LIBOR submissions. The Swiss Franc Submitter 2 often reached out to traders to inform them of the bank's intended Swiss Franc LIBOR submissions to determine whether there any preferential rates needed by the derivatives traders. On occasion, the Swiss Franc Submitter 2 received specific requests from MMD traders and skewed submissions to benefit their trading positions. The Swiss Franc Submitter 2 continued this LIBOR submission practice until early 2011, more than a year after the start of the bank's internal LIBOR investigation. Examples of these communications are as follows:

September 9, 2010:

London MMD Swiss Franc Trader 2: Hi [Swiss Franc Submitter 2], good day to you. just to let you know if you can help..well or at least dont kill on that one pls. Got quite big fixings today; I am for: Lower fix in 1m higher fix in 3m lower fix in 6m txs same tomorrow in 6s3s and reverse monday...the beauty of stupid mismatches

Swiss Franc Submitter 2: only helps you if relative to each other, right? i actually think a higher 3m fixing relative to 1m and 6m would perfectly reflect market movements today, should be no problem :-)

London MMD Swiss Franc Trader 2: i like your thinking! tks

Swiss Franc Submitter 2:	won't have any effect though I'm just realizing. my fixings are among the highest, they are not counting into the average right now anyway
London MMD Swiss Franc Trader 2:	haha, ok
Swiss Franc Submitter 2:	sorry. I'm long :-)

September 22, 2010: (email to several Pool and MMD traders)

Swiss Franc Submitter 2:	hi! libors unchanged today.

October 4, 2010:

London MMD Swiss Franc Trader 2:	hello hello, so have u sorted when u coming around? also, we re not the highest in fixings anymore, do you think you could increase your 3m slightly from tomorrow on if suits obviously....bloody cs moved lower today and i m paid for the next 3 weeks or so

April 18, 2011: (email to several Pool and MMD traders)

Swiss Franc Submitter 2:	hihi, chf libors unchanged please.

Accordingly, throughout the relevant period, Deutsche Bank routinely made false reports regarding Swiss Franc LIBOR in attempts to manipulate Swiss Franc LIBOR in order to benefit Deutsche Bank's trading positions. As such, Deutsche Bank's Swiss Franc LIBOR submissions were not made in accordance with the BBA definitions and criteria for LIBOR submissions. At times, they were successful in their attempted manipulations of Swiss Franc LIBOR.

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As described above, Deutsche Bank made repeated and regular attempts to manipulate U.S. Dollar, Yen, Sterling, and Swiss Franc LIBOR and Euribor in order to affect the official fixings of LIBOR and Euribor in a manner that would benefit its cash and derivatives trading positions. Deutsche Bank, through its derivatives traders and submitters, knew it was improper to consider derivatives trading positions in determining the bank's LIBOR and Euribor submissions. A bank's derivatives trading positions are not legitimate or permissible factors on which to base a bank's daily LIBOR or Euribor submissions. By basing its LIBOR and Euribor submissions on rates that benefited Deutsche Bank's derivatives trading positions, Deutsche Bank's submissions were not made in accordance with the definitions and criteria for LIBOR and Euribor submissions. Instead, Deutsche Bank knowingly conveyed false, misleading, or knowingly inaccurate reports that its submitted rates for LIBOR and Euribor were based on and solely reflected its assessment of the costs of borrowing unsecured funds in the relevant interbank money markets. Accordingly, Deutsche Bank regularly attempted to manipulate the official fixings for U.S. Dollar, Yen, Sterling, and Swiss Franc LIBOR and Euribor, and knowingly delivered false, misleading, or knowingly inaccurate reports concerning U.S. Dollar, Yen, Sterling, and Swiss Franc LIBOR and Euribor, which are commodities in interstate commerce.

IV.

LEGAL DISCUSSION

A. Deutsche Bank Made False, Misleading, or Knowingly Inaccurate Reports Concerning the Costs of Borrowing Unsecured Funds in Violation of Section 9(a)(2) of the Act

Section 9(a)(2) of the Act makes it unlawful for any person "knowingly to deliver or cause to be delivered for transmission through the mails or interstate commerce by telegraph, telephone, wireless, or other means of communication false or misleading or knowingly inaccurate reports concerning crop or market information or conditions that affect or tend to affect the price of any commodity in interstate commerce . . . ." 7 U.S.C. § 13(a)(2) (2006); *United States v. Brooks*, 681 F.3d 678, 691 (5th Cir. 2012); *United States v. Valencia*, 394 F.3d 352, 354-355 (5th Cir. 2004); *see also CFTC v. Johnson*, 408 F. Supp. 2d 259, 267 (S.D. Tex. 2005).

On a daily basis, Deutsche Bank knowingly delivered or caused to be delivered its U.S. Dollar, Yen, Sterling, and Swiss Franc LIBOR and Euribor submissions through the mails or interstate commerce by transmitting its submissions electronically to the service provider of the BBA and EBF, who calculates their official fixings (*i.e.*, Thomson Reuters). Deutsche Bank's submissions were also caused to be delivered through the mails or interstate commerce through the daily dissemination and publication globally, including into the United States, of the panel banks' submissions, as well as the daily official benchmark interest rates, by at least Thomson Reuters on behalf of the BBA and EBF, and by other third party vendors. The panel banks' submissions are used to determine the official published rates for LIBOR and Euribor, which are calculated based on a trimmed average of the submissions. Deutsche Bank's daily LIBOR and Euribor submissions contained market information concerning the costs of borrowing unsecured funds in particular currencies and tenors, the liquidity conditions and stress in the money markets, and Deutsche Bank's ability to borrow funds in the particular markets. Such market information affects or tends to affect the prices of commodities in interstate commerce, including the daily rates at which U.S. Dollar, Yen, Sterling, and Swiss Franc LIBOR and Euribor are fixed.[25]

During the relevant period, Deutsche Bank's submissions for U.S. Dollar, Yen, Sterling, and Swiss Franc LIBOR and Euribor were false, misleading, or knowingly inaccurate because they were based in whole or in part on impermissible and illegitimate factors, specifically Deutsche Bank's cash and derivatives trading positions. By using these impermissible and illegitimate factors in making its LIBOR and Euribor submissions, Deutsche Bank conveyed false, misleading, or knowingly inaccurate information that the rates it submitted were based on and related solely to the costs of borrowing unsecured funds in the relevant interbank markets, and were truthful and reliable. Moreover, certain of Deutsche Bank's traders, submitters, and

[25] LIBOR and Euribor as benchmark interest rates are commodities under the Act. *See* Sections 1a(4) and 1a(13) of the Act, 7 U.S.C. §§ 1a(4) and 1a(13) (2006) (pre-Dodd Frank) and Sections 1a(9) and 1a(19) of the Act, 7 U.S.C. §§ 1a(9) and 1a(19) (2012) (post-Dodd Frank).

managers, including a senior manager, knew that Deutsche Bank's U.S. Dollar, Yen, Sterling, and Swiss Franc LIBOR and Euribor submissions contained false, misleading and knowingly inaccurate information concerning the submitted rates. By such conduct, Respondent violated Section 9(a)(2) of the Act, 7 U.S.C. § 13(a)(2) (2006).

B. Deutsche Bank Manipulated U.S. Dollar LIBOR, Euribor, Yen LIBOR, Sterling LIBOR, and Swiss Franc LIBOR at Times for Certain Tenors

Together, Sections 6(c), 6(d), and 9(a)(2) of the Act prohibit acts of manipulation or attempted manipulation. Section 9(a)(2) of the Act makes it unlawful for "[a]ny person to manipulate or attempt to manipulate the price of any commodity in interstate commerce, or for future delivery on or subject to the rules of any registered entity . . . ." 7 U.S.C. § 13(a)(2) (2006). Section 6(c) of the Act authorizes the Commission to serve a complaint and provide for the imposition of, among other things, civil monetary penalties and cease and desist orders if the Commission "has reason to believe that any person . . . is manipulating or attempting to manipulate or has manipulated or attempted to manipulate the market price of any commodity, in interstate commerce, or for future delivery on or subject to the rules of any registered entity, . . . or otherwise is violating or has violated any of the provisions of [the] Act . . . ." 7 U.S.C. § 9 (2006). Section 6(d) of the Act is substantially identical to Section 6(c). *See* 7 U.S.C. § 13b (2006).

Manipulation under the Act is the "intentional exaction of a price determined by forces other than supply or demand." *Frey v. CFTC*, 931 F.2d 1171, 1175 (7th Cir. 1991). The following four elements must be met, by a preponderance of the evidence, to show a successful manipulation has occurred:

> (1) the [respondent] had the ability to influence market prices;
> (2) the [respondent] specifically intended to do so;
> (3) artificial prices existed; and
> (4) the [respondent] caused an artificial price.

In re Cox, [1986-1987 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶ 23,786, at 34,061 (CFTC July 15, 1987). The test for manipulation, however, is a practical one:

> We think the test of manipulation must largely be a practical one if the purposes of the Commodity Exchange Act are to be accomplished. The methods and techniques of manipulation are limited only the ingenuity of man. The aim must be therefore to discover whether conduct has been intentionally engaged in which has resulted in a price which does not reflect basic forces of supply and demand.

Cargill v. Hardin, 452 F.2d 1154, 1163 (8th Cir. 1971).

"[I]ntent is the essence of manipulation." *Indiana Farm Bureau Cooperative Ass'n, Inc.*, [1982-1984 Transfer Binder] Comm. Fut. L. Rep (CCH) ¶ 21,796, at 27,282 (CFTC Dec. 17, 1982). The manipulator's intent separates "lawful business conduct from unlawful manipulative activity." *Id.* at 27,283. To prove the intent element of manipulation, it must be shown that Deutsche Bank "acted (or failed to act) with the purpose or conscious object of causing or effecting a price or price trend in the market that did not reflect the legitimate forces of supply and demand." *Id.*

The Commission has observed that "intent must of necessity be inferred from the objective facts and may, of course, be inferred by a person's actions and the totality of the circumstances." *In re Hohenberg Bros.*, [1975-1977 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶ 20,271, at 21,477 (CFTC Feb. 18, 1977). "[O]nce it is demonstrated that the alleged manipulator sought, by act or omission, to move the market away from the equilibrium or efficient price – the price which reflects market forces of supply and demand – the mental element of manipulation may be inferred." *Indiana Farm Bureau Cooperative Ass'n, Inc.*, [1982-1984 Transfer Binder] Comm. Fut. L. Rep (CCH) at 27,283. "It is enough to present evidence from which it may reasonably be inferred that the accused 'consciously desire[d] that result, whatever the likelihood of that result happening from his conduct.'" *Id.* (quoting *United States v. United States Gypsum Co.*, 438 U.S. 442, 445 (1978)). A profit motive may also be evidence of intent, although profit motive is not a necessary element of an attempted manipulation. *See In re DiPlacido*, [2007-2009 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶ 30,970, at 62,484 (CFTC Nov. 5, 2008) (citing *In re Hohenberg Bros. Co.*, Comm. Fut. L. Rep. (CCH) ¶ 20,271, at 21,478)), *aff'd*, 364 Fed. Appx. 657, No. 08-5559-ag, 2009 WL 3326624 (2d Cir. 2009).

An artificial price (also termed a "distorted" price) is one "that does not reflect market or economic forces of supply and demand." *In re Cox*, [1986-1987 Transfer Binder] Comm. Fut. L. Rep. (CCH) at 34,064; *Indiana Farm Bureau Cooperative Ass'n, Inc.*, [1982-1984 Transfer Binder] Comm. Fut. L. Rep (CCH) at 27,288 n. 2. As the Commission noted with approval in *DiPlacido*, ¶ 30,970, at 62,484 (quoting *Indiana Farm Bureau Cooperative Ass'n, Inc.*, [1982-1984 Transfer Binder] Comm. Fut. L. Rep (CCH) at 27,300 (Commissioner Stone concurring)), a Commissioner has commented: "[t]his is more an axiom than a test." In determining whether an artificial price has occurred:

> [O]ne must look at the aggregate forces of supply and demand and search for those factors which are extraneous to the pricing system, are not a legitimate part of the economic pricing of the commodity, or are extrinsic to that commodity market. When the aggregate forces of supply and demand bearing down on a particular market are all legitimate, it follows that the price will not be artificial. On the other hand when a price is effected by a factor which is not legitimate, the resulting price is necessarily artificial. Thus, the focus should not be as much on the ultimate price as on the nature of the factors causing it.

Indiana Farm Bureau Cooperative Ass'n, Inc., [1982-1984 Transfer Binder] Comm. Fut. L. Rep (CCH) at 27,288 n.2. *See also In re DiPlacido*, [2007-2009 Transfer Binder] Comm. Fut. L. Rep. (CCH) at 62,484 (finding that the placement of uneconomic bids or offers results in artificial prices because those prices are not determined by the free forces of supply and demand on the exchange).

Causation of artificial prices is established when it is demonstrated that artificial market prices resulted from the conduct of a trader, or group of traders acting in concert, rather than legitimate forces of supply and demand. *See Cargill, Inc. v. Hardin*, 452 F.2d 1154, 1171-72 (8th Cir. 1971) (price squeeze "intentionally brought about and exploited by Cargill"); *In re Cox*, [1986-1987 Transfer Binder] Comm. Fut. L. Rep. (CCH) at 34,067 (proof of causation requires the Division to show that "the respondents' conduct 'resulted in' artificial prices").

There can be multiple causes of an artificial price. *In re DiPlacido*, [2007-2009 Transfer Binder] Comm. Fut. L. Rep. (CCH) at 62,485. The manipulator's actions need not be the sole cause of the artificial price. "It is enough for purposes of a finding of manipulation in violation of Sections 6(b) and 9 of the Act that respondents' action contributed to the price [movement]." *In re Kosuga*, 19 A.D. 603, 624 (1960); *see also In re Cox*, [1986-1987 Transfer Binder] Comm. Fut. L. Rep. (CCH) at 34,066 (recognizing there can be multiple causes of an artificial price and holding that a charge of manipulation can be sustained where respondents' acts are a proximate cause of the artificial price).

Here, as a member of the BBA's U.S. Dollar, Yen, Sterling, and Swiss Franc LIBOR panels and the Euribor panel, Deutsche Bank made daily submissions that purported to reflect its assessments of the costs of borrowing unsecured funds in the relevant interbank markets for U.S. Dollar, Yen, Sterling, Swiss Franc, and Euro across tenors. The official LIBOR and Euribor fixings are calculated using a trimmed average methodology applied to the rates submitted by the panel banks. By virtue of this methodology, Deutsche Bank had the ability to influence or affect the rates that would become the official fixings for U.S. Dollar, Yen, Sterling, and Swiss Franc LIBOR and Euribor for any tenor.

As evidenced by the extensive communications and other facts set forth above, in making the false LIBOR and Euribor submissions, more than two dozen Deutsche Bank traders, submitters, and managers specifically intended to affect the daily U.S. Dollar, Yen, Sterling, and Swiss Franc LIBOR and Euribor for certain tenors, including one-month, three-month, and six-month. Their intent is also made clear by the evidence that the derivatives traders and submitters' motives were to benefit Deutsche Bank's derivatives and at times cash trading positions, or, at times, the derivatives trading positions of other panel banks with whom certain Deutsche Bank derivatives traders coordinated.

On certain occasions, Deutsche Bank's false, misleading, or knowingly inaccurate LIBOR and Euribor submissions were illegitimate factors in the pricing of the daily LIBOR and Euribor fixings and affected the official LIBOR and Euribor for certain tenors, resulting in artificial LIBOR and Euribor fixings. Thus, Deutsche Bank's actions were a proximate cause of the artificial LIBOR and Euribor fixings.

Accordingly, at times, Deutsche Bank manipulated certain tenors of U.S. Dollar, Yen, Sterling, and Swiss Franc LIBOR and Euribor, commodities in interstate commerce, in violation of Sections 6(c), 6(d), and 9(a)(2) of the Act.

C. Deutsche Bank Attempted to Manipulate U.S. Dollar, Yen, Sterling, and Swiss Franc LIBOR and Euribor

To prove attempted manipulation, two elements are required: (1) an intent to affect the market price; and (2) an overt act in furtherance of that intent. *See In re Hohenberg Bros. Co.*, [1975-77 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶ 20,271, at 21,477 (CFTC Feb. 18, 1977); *CFTC v. Bradley*, 408 F. Supp. 2d 1214, 1220 (N.D. Okla. 2005). The intent standard is the same as that for manipulation. *See Indiana Farm Bureau and Hohenberg Bros., supra.*

As found above, more than two dozen Deutsche Bank derivatives traders, submitters, and managers specifically intended to affect the rate at which the daily LIBOR for U.S. Dollar, Yen, Sterling, and Swiss Franc and the daily Euribor would be fixed to benefit Deutsche Bank's derivatives trading and, at times, money market positions, or, in the case of Euribor and Yen LIBOR, to benefit the derivatives trading positions of traders at other banks with whom certain Deutsche Bank traders coordinated. The Deutsche Bank derivatives traders' requests for beneficial LIBOR and Euribor submissions and the Deutsche Bank submitters making submissions based on those requests, or making submissions to benefit their own derivatives trading positions, constitute overt acts in furtherance of their intent to affect the fixings of LIBOR for various currencies and the fixings of Euribor. By doing so, Deutsche Bank engaged in repeated acts of attempted manipulation in violation of Sections 6(c), 6(d), and 9(a)(2) of the Act, 7 U.S.C. §§ 9, 13b, and 13(a)(2) (2006).

D. Deutsche Bank Aided and Abetted the Attempts of Traders at Other Banks to Manipulate Yen LIBOR and Euribor

Pursuant to Section 13(a) of the Act, Deutsche Bank aided and abetted the attempts of traders at other banks to manipulate Yen LIBOR and Euribor in violation of the Act. 7 U.S.C. § 13c(a) (2006). Liability as an aider and abettor requires proof that: (1) the Act was violated; (2) the aider and abettor had knowledge of the wrongdoing underlying the violation; and (3) the aider and abettor intentionally assisted the primary wrongdoer. *See In re Nikkhah*, [1999-2000 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶ 28,129, at 49,888 n.28 (CFTC May 12, 2000). Although actual knowledge of the primary wrongdoer's conduct is required, knowledge of the unlawfulness of such conduct need not be demonstrated. *See In re Lincolnwood Commodities, Inc.*, [1982-1984 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶ 21,986, at 28,255 (CFTC Jan. 31, 1984). Knowing assistance can be inferred from the surrounding facts and circumstances. *Id.*

As evidenced by the communications set forth above, Deutsche Bank's Senior Yen Trader-Submitter and London MMD Manager and derivatives traders at other panel banks coordinated on several occasions about Yen LIBOR and Euribor submissions that would benefit their banks' respective cash and derivatives trading positions. At times, the traders at the other panel banks asked Deutsche Bank traders to submit a certain rate, or submit a rate in a direction higher or lower, that would benefit the cash and derivatives trading positions of the traders at the other panel banks. The Deutsche Bank Senior Yen Trader-Submitter agreed and submitted the requested preferential rates for Yen LIBOR. The London MMD Manager also agreed and passed along the requested Euribor submissions to Deutsche Bank's Euribor submitters, who accommodated the requests. Accordingly, by seeking to affect the rates at which Yen LIBOR and Euribor were fixed, traders at the other banks attempted to manipulate Yen LIBOR and Euribor in violation of Sections 6(c), 6(d), and 9(a)(2) of the Act, 7 U.S.C. §§ 9, 13b, and 13(a)(2) (2006). Deutsche Bank's Senior Yen Trader-Submitter and London MMD Manager had knowledge of and intentionally assisted the attempts of the traders at the other banks to manipulate the rates at which Yen LIBOR and Euribor were fixed. By such acts of those Deutsche Bank employees, Deutsche Bank aided and abetted the attempts of traders at other banks to manipulate Yen LIBOR and Euribor in violation of Sections 6(c), 6(d), and 9(a)(2) of the Act, 7 U.S.C. §§ 9, 13b, and 13(a)(2) (2006).

E. Deutsche Bank is Liable for the Acts of Its Agents

Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B), and Regulation 1.2, 17 C.F.R. § 1.2 (2012), provide that the act, omission, or failure of any official, agent, or other person acting for any individual, association, partnership, corporation, or trust within the scope of his employment or office shall be deemed the act, omission, or failure of such individual, association, partnership, corporation, or trust. Pursuant to Section 2(a)(1)(B) of the CEA and Commission Regulation 1.2, strict liability is imposed on principals for the actions of their agents. *See, e.g., Rosenthal & Co. v. CFTC*, 802 F.2d 963, 966 (7th Cir. 1986); *Dohmen-Ramirez & Wellington Advisory, Inc. v. CFTC*, 837 F.2d 847, 857-58 (9th Cir. 1988).

Deutsche Bank is liable for the acts, omissions, and failures of the traders, managers, and submitters who acted as its employees and/or agents in the conduct described above and accordingly, violated Sections 6(c), 6(d), and 9(a)(2) of the Act, 7 U.S.C. §§ 9, 13b, and 13(a)(2) (2006), as set forth above.

V.

FINDINGS OF VIOLATIONS

Based on the foregoing, the Commission finds that Respondent violated Sections 6(c), 6(d), and 9(a)(2) of the Act, 7 U.S.C. §§ 9, 13b, and 13(a)(2) (2006).

VI.

OFFER OF SETTLEMENT

Respondent, without admitting or denying the findings or conclusions herein, except to the extent Respondent admits those findings in any related action against Respondent by, or any agreement with, the Department of Justice or any other governmental agency or office, has submitted the Offer in which it:

A. Acknowledges receipt of service of this Order;

B. Admits the jurisdiction of the Commission with respect to all matters set forth in this Order and for any action or proceeding brought or authorized by the Commission based on violation of or enforcement of this Order;

C. Waives:

1. the service and filing of a complaint and notice of hearing;

2. a hearing;

3. all post-hearing procedures;

4. judicial review by any court;

5. any and all objections to the participation by any member of the Commission's staff in the Commission's consideration of the Offer;

6. any and all claims that Respondent may possess under the Equal Access to Justice Act, 5 U.S.C. § 504 (2006) and 28 U.S.C. § 2412 (2006), and/or the rules promulgated by the Commission in conformity therewith, Part 148 of the Commission's Regulations, 17 C.F.R. §§ 148.1-30 (2012), relating to, or arising from, this proceeding;

7. any and all claims that Respondent may possess under the Small Business Regulatory Enforcement Fairness Act of 1996, Pub. L. No. 104-121, §§ 201-253, 110 Stat. 847, 857-868 (1996), as amended by Pub. L. No. 110-28, § 8302, 121 Stat. 112, 204-205 (2007), relating to, or arising from, this proceeding; and

8. any claims of Double Jeopardy based on the institution of this proceeding or the entry in this proceeding of any order imposing a civil monetary penalty or any other relief;

D. Stipulates that the record basis on which this Order is entered shall consist solely of the findings contained in this Order to which Respondent has consented in the Offer; and

E. Consents, solely on the basis of the Offer, to the Commission's entry of this Order that:

1. makes findings by the Commission that Respondent violated Section 6(c), 6(d), and 9(a)(2) of the Act, 7 U.S.C. §§ 9, 13b, and 13(a)(2) (2006);

2. orders Respondent to cease and desist from violating Sections 6(c), 6(d), and 9(a)(2) of the Act, 7 U.S.C. §§ 9, 13b, and 13(a)(2) (2006);

3. orders Respondent to pay a civil monetary penalty in the amount of Eight Hundred Million U.S. Dollars ($800,000,000) plus post-judgment interest; and

4. orders Respondent and its successors and assigns to comply with the conditions and undertakings consented to in the Offer and as set forth in Part VII of this Order.

Upon consideration, the Commission has determined to accept the Offer.

VII.

ORDER

Accordingly, IT IS HEREBY ORDERED THAT:

A. Respondent shall cease and desist from violating Sections 6(c), 6(d), and 9(a)(2) of the Act, 7 U.S.C. §§ 9, 13b, and 13(a)(2) (2006) of the Act.

B. Respondent shall pay a civil monetary penalty of Eight Hundred Million Dollars ($800,000,000) within ten (10) days of the date of entry of this Order (the "CMP Obligation").[26] If the CMP Obligation is not paid in full within ten (10) days of the date of entry of this Order, then post-judgment interest shall accrue on the CMP Obligation beginning on the date of entry of this Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Order pursuant to 28 U.S.C. § 1961 (2006). Respondent shall pay the CMP Obligation by electronic funds transfer, U.S. postal money order, certified check, bank cashier's check, or bank money order. If payment is to be made other than by electronic funds transfer, then the payment shall be made payable to the Commodity Futures Trading Commission and sent to the address below:

Commodity Futures Trading Commission
Division of Enforcement
ATTN: Accounts Receivables
DOT/FAA/MMAC/AMZ-341
CFTC/CPSC/SEC
6500 S. MacArthur Blvd.
Oklahoma City, OK 73169
(405) 954-7262 office
(405) 954-1620 fax
nikki.gibson@faa.gov

If payment is to be made by electronic funds transfer, Respondent shall contact Nikki Gibson or her successor at the above address to receive payment instructions and shall fully comply with those instructions. Respondent shall accompany payment of the CMP Obligation with a cover letter that identifies the paying Respondent and the name and docket number of this proceeding. The paying Respondent shall simultaneously transmit

[26] Effective June 18, 2008, the Act imposes a $1,000,000 civil monetary penalty for each act of attempted and completed manipulation in violation of the Act. Certain of Respondent's violations of the Act for attempted and completed manipulation occurred after June 18, 2008.

copies of the cover letter and the form of payment to the Chief Financial Officer, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, D.C. 20581.

C. Pursuant to Rule 506(d)(1)(iii)(B), 17 C.F.R.§ 230.506(d)(1)(iii)(B), of the Securities & Exchange Commission's Regulation D, this Order constitutes a Commission final order based on a violation of law or regulation, as specifically set forth within this Order, that prohibits fraudulent, manipulative, or deceptive conduct. Under the specific and unique facts and circumstances presented here, pursuant to Rule 506(d)(2)(iii), disqualification under Rule 506(d)(1) of the Regulation D exemption should not arise as a consequence of this Order.

D. Respondent and its successors and assigns shall comply with the following conditions and undertakings set forth in the Offer. Respondent represents that it has already undertaken and implemented, or is implementing certain compliance and supervisory controls or enhancements consistent with these Undertakings:

1. PRINCIPLES[27]

i. Respondent agrees to undertake the following: (1) to ensure the integrity and reliability of its Benchmark Interest Rate Submission(s), presently and in the future; and (2) to identify, construct and promote effective methodologies and processes of setting Benchmark Interest Rates, in coordination with efforts by Benchmark Publishers, in order to ensure the integrity and reliability of Benchmark Interest Rates in the future.

ii. Respondent represents and undertakes that each Benchmark Interest Rate Submission by Respondent shall be based upon a rigorous and honest assessment of information, and shall not be influenced by internal or external conflicts of interest, or other factors or information extraneous to any rules applicable to the setting of a Benchmark Interest Rate.

[27] The following terms are defined as follows:

Benchmark Interest Rate: An interest rate for a currency and maturity/tenor that is calculated based on data received from market participants and published to the market on a regular, periodic basis, such as LIBOR and Euribor;

Benchmark Publisher: A banking association or other entity that is responsible for or oversees the calculation and publication of a Benchmark Interest Rate;

Submission(s): The interest rate(s) submitted for each currency and maturity/tenor to a Benchmark Publisher. For example, if Respondent submits a rate for one-month and three-month U.S. Dollar LIBOR, that would constitute two Submissions;

Submitter(s): The person(s) responsible for determining and/or transmitting the Submission(s); and

Supervisor(s): The person(s) immediately and directly responsible for supervising any portion of the process of Submission(s) and/or any of the Submitter(s).

2. INTEGRITY AND RELIABILITY OF BENCHMARK INTEREST RATE SUBMISSIONS

i. <u>DETERMINATION OF SUBMISSIONS</u>: Respondent shall determine its Submission(s) based on the following Factors, Adjustments and Considerations, unless otherwise prohibited by or contrary to an affirmative obligation imposed by any law or regulation, or the rules or definitions issued by a Benchmark Publisher. Respondent's transactions shall be given the greatest weight in determining its Submissions, subject to applying appropriate Adjustments and Considerations in order to reflect the market measured by the Benchmark Interest Rate.[28]

Respondent shall determine its Submissions as described in these Undertakings within fourteen (14) days of the entry of this Order.

- <u>Factor 1 — Respondent's Borrowing or Lending Transactions Observed by Respondent's Submitters</u>:

  a. Respondent's transactions in the market as defined by the Benchmark Publisher for the particular Benchmark Interest Rate;

  b. Respondent's transactions in other markets for unsecured funds, including, but not limited to, certificates of deposit and issuances of commercial paper; and

  c. Respondent's transactions in various related markets, including, but not limited to, Overnight Index Swaps, foreign currency forwards, repurchase agreements, futures, and Fed Funds.

- <u>Factor 2 — Third Party Transactions Observed by Respondent's Submitters</u>:

  a. Transactions in the market as defined by the Benchmark Interest Rate relevant to each of the Submission(s);

  b. Transactions in other markets for unsecured funds, including, but not limited to, certificates of deposit and issuances of commercial paper; and

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28 The rules used by Benchmark Publishers to determine Benchmark Interest Rates vary, may not be consistent with each other, and provide different levels of guidance as to how to make Submissions.

c. Transactions in various related markets, including, but not limited to, Overnight Index Swaps, foreign currency forwards, repurchase agreements, futures, and Fed Funds.

- Factor 3 – Third Party Offers Observed by Respondent's Submitters:

    a. Third party offers to Respondent in the market as defined by the Benchmark Publisher relevant to each of the Submission(s);

    b. Third party offers in other markets for unsecured funds, including, but not limited to, certificates of deposit and issuances of commercial paper, provided to Respondent by interdealer brokers (*e.g.,* voice brokers); and

    c. Third party offers provided to Respondent in various related markets, including, but not limited to, Overnight Index Swaps, foreign currency forwards, repurchase agreements, and Fed Funds.

- Adjustments and Considerations: All of the following Adjustments and Considerations may be applied with respect to each of the Factors above:

    a. Time: With respect to the Factors considered above, proximity in time to the Submission(s) increases the relevance of that Factor;

    b. Market Events: Respondent may adjust its Submission(s) based upon market events, including price variations in related markets, that occur prior to the time at which the Submission(s) must be made to the Benchmark Publisher. That adjustment shall reflect measurable effects on transacted rates, offers or bids;

    c. Term Structure: As Respondent applies the above Factors, if Respondent has data for any maturity/tenor described by a Factor, then Respondent may interpolate or extrapolate the remaining maturities/tenors from the available data;

    d. Credit Standards: As Respondent applies the above Factors, adjustments may be made to reflect Respondent's credit standing and/or the credit spread between the market as defined by the Benchmark Publisher and transactions or offers in the related markets used in the Factors above.

Additionally, Respondent may take into account counterparties' credit standings, access to funds, and borrowing or lending requirements, and third party offers considered in connection with the above Factors; and

e. Non-representative Transactions: To the extent a transaction included among the Factors above significantly diverges in an objective manner from other transactions, and that divergence is not due to market events as addressed above, Respondent may exclude such transactions from the determination of its Submission(s).

ii. SUPERVISOR(S) REVIEW: Effective within fourteen (14) days of the entry of this Order, each daily Submission shall be reviewed by a Supervisor on a daily basis after the Submission(s) are made to the Benchmark Publisher.

iii. QUALIFICATIONS OF SUBMITTER(S) AND SUPERVISOR(S): All Submitter(s) shall have significant experience in the markets for the Benchmark Interest Rate to which they are submitting or a comparable market, but may designate less experienced parties, who routinely work under their supervision, to make Submission(s) during limited periods of absence. All Supervisors shall have significant experience in the markets for the relevant Benchmark Interest Rate or a comparable market. Submitters, Supervisors and any parties designated to make Submission(s) when the Submitter(s) are absent shall not be assigned to any derivatives trading desk, unit or division within Respondent, or participate in derivatives trading other than that associated with Respondent's liquidity and liability management. The compensation of Submitter(s) and Supervisor(s) also shall not be directly based upon derivatives trading, other than that associated with Respondent's liquidity and liability management.

iv. FIREWALLS: INTERNAL CONTROLS REGARDING IMPROPER COMMUNICATIONS AND SUBMISSIONS: Respondent shall implement internal controls and procedures to prevent improper communications with Submitter(s) and Supervisor(s) regarding Submission(s) or prospective Submission(s) to ensure the integrity and reliability of its Submission(s). Such internal controls and procedures shall include, but not be limited to:

- The "firewalls" contemplated herein will be implemented through written policies and procedures that delineate proper and improper communications with Submitter(s) and Supervisor(s), whether internal or external to Respondent. For these purposes, improper communications shall be any attempt to influence Respondent's

Submission(s) for the benefit of any derivatives trading position (whether of Respondent or any third party) or any attempt to cause Respondent's Submitter(s) to violate any applicable Benchmark Publisher's rules or definitions, or Section 2 of these Undertakings; and

- A requirement that the Submitter(s) shall not be located in close proximity to traders who primarily deal in derivatives products that reference a Benchmark Interest Rate to which Respondent contributes any Submission(s). The two groups should be separated such that neither can hear the other.

v. DOCUMENTATION: Respondent shall provide the documents set forth below promptly and directly to the Commission upon request, without subpoena or other process, regardless of whether the records are held outside of the United States, to the extent permitted by law.

- For each Submission, Respondent shall contemporaneously memorialize, and retain in an easily accessible format for a period of five (5) years after the date of each Submission, the following information:

  a. The Factors, Adjustments and Considerations described in Section 2(i) above that Respondent used to determine its Submission(s), including, but not limited to, identifying any non-representative transactions excluded from the determination of the Submission(s) and the basis for such exclusions, as well as identifying all transactions given the greatest weight or considered to be the most relevant, and the basis for such conclusion;

  b. All models or other methods used in determining Respondent's Submission(s), such as models for credit standards and/or term structure, and any adjustments made to the Submission(s) based on such models or other methods;

  c. Relevant data and information received from interdealer brokers used in connection with determining Respondent's Submission(s) including, but not limited to, the following:

    - Identification of the specific offers and bids relied upon by Respondent when determining each Submission; and

- The name of each company and person from whom the information or data is obtained;

d. Respondent's assessment of "reasonable market size" for its Submission(s) (or any other such criteria for the relevancy of transactions to a Benchmark Interest Rate), to the extent that the rules for a Benchmark Interest Rate require that pertinent transactions considered in connection with Submission(s) be of "reasonable market size" (or any other such criteria);

e. Information regarding market events considered by Respondent in connection with determining its Submission(s), including, without limitation, the following:

- The specific market announcement(s) or event(s); and

- Any effect of such market event(s) on transacted rates, offers or bids in the relevant markets; and

f. The identity of the Submitter(s) who made, and the Supervisor(s) who reviewed, the Submission(s).

- For each Submission, Respondent shall retain for a period of five (5) years after the date of each Submission, the following transactional data used by Respondent to determine its Submission(s); the data shall be easily accessible and convertible into Microsoft Excel file format; the data shall include, without limitation, the following to the extent known to Respondent at the time of the Submission(s):

a. Instrument;
b. Maturity/tenor;
c. Trade type (*i.e.*, loan/deposit, placing/taking);
d. Buy/sell indicator;
e. Transaction date (in mmddyyyy or ddmmyyyy format);
f. Maturity date (in mmddyyyy or ddmmyyyy format);
g. Value date (in mmddyyyy or ddmmyyyy format);
h. Loan effective date;
i. Customer number/identifier;
j. Currency;
k. Ticket ID;
l. Timestamp;
m. Counterparty A (buyer/bidder);
n. Counterparty B (seller/offeror);

o. Nominal/notional size of the transaction;
p. Interest basis (360/365 day year);
q. The fixed interest rate; and
r. Any special or additional terms (*e.g.*, a repurchase agreement or some form of "non-vanilla agreement").

- Transaction Records: Respondent shall retain for a period of five (5) years trade transaction records and daily position and risk reports, including (without limitation) monthly and quarterly position and risk reports, related to the trading activities of Submitter(s) and traders who primarily deal in derivatives products that reference a Benchmark Interest Rate; the records and reports shall be easily accessible and convertible into Microsoft Excel file format.

- Requirement To Record Communications: Respondent shall record and retain to the greatest extent practicable all of the following communications:

    a. All communications concerning the determination and review of the Submission(s); and

    b. All communications of traders who primarily deal in derivatives products that reference a Benchmark Interest Rate concerning trades, transactions, prices, or trading strategies pertaining to any derivative that references any Benchmark Interest Rate (or the supervision thereof).

  The above communications shall not be conducted in a manner to prevent Respondent from recording such communications;

  Audio communications of Submitters and Supervisors shall be retained for a period of one (1) year. Audio communications of traders who primarily deal in derivatives products that reference a Benchmark Interest Rate, and who are located in at least the London, Frankfurt, New York, and Tokyo offices of Respondent, shall be retained for a period of six (6) months. Subject to a reasonable time to implement, Respondent's audio retention requirements pursuant to these Undertakings shall commence within a reasonable period after the entry of this Order and shall continue for a period of five (5) years thereafter;

  All communications except audio communications shall be retained for a period of five (5) years; and

Nothing in these Undertakings shall limit, restrict or narrow any obligations pursuant to the Act or the Commission Regulations promulgated thereunder, including but not limited to Regulations 1.31 and 1.35, 17 C.F.R. §§ 1.31 and 1.35 (2014), in effect now or in the future.

vi. MONITORING AND AUDITING:

- Monitoring: Respondent shall maintain or develop monitoring systems or electronic exception reporting systems that identify possible improper or unsubstantiated Submissions. Such reports will be reviewed on at least a weekly basis and if there is any significant deviation or issues, the underlying documentation for the Submission shall be reviewed to determine whether the Submission is adequately substantiated. If it is not substantiated, Respondent shall notify its chief compliance officer(s) and the Benchmark Publisher;

- Periodic Audits: Starting six (6) months from the date of the entry of this Order, and continuing every six (6) months thereafter, unless an annual audit is scheduled at the same time, Respondent shall conduct internal audits of reasonable, random samples of its Submission(s), the factors and all other evidence documenting the basis for such Submission(s), and communications of the Submitter(s) in order to verify the integrity and reliability of the process for determining Submission(s); and

- Annual Audits By Third Party Auditors: Starting one (1) year from the date of the entry of this Order, and continuing annually for four (4) additional years thereafter, Respondent shall retain an independent, third-party auditor to conduct an audit of its Submission(s) and the process for determining Submission(s), which shall include, without limitation, the following:

    a. Reviewing communications of Submitter(s) and Supervisor(s);

    b. Interviewing the Submitter(s) and Supervisor(s), to the extent they are still employed by Respondent;

    c. Obtaining written verification from the Submitter(s) and Supervisor(s), to the extent they are still employed by Respondent, that the Submission(s) were consistent with this Order, the policies and procedures in place for making Respondent's Submission(s), and the definitions applicable to the Benchmark Interest Rate for which Respondent made Submission(s); and

d. A written audit report to be provided to Respondent and the Commission (with copies addressed to the Commission's Division of Enforcement (the "Division")).

vii. POLICIES, PROCEDURES AND CONTROLS: Within sixty (60) days of the entry of this Order, Respondent shall develop policies, procedures, and controls to comply with each of the specific Undertakings set forth above with the goal of ensuring the integrity and reliability of its Submission(s). In addition, Respondent shall develop policies, procedures, and controls to ensure the following:

- The supervision of the Submission process;
- That any violations of the Undertakings or any questionable, unusual or unlawful activity concerning Respondent's Submissions are reported to and investigated by Respondent's compliance or legal personnel and reported, as necessary, to authorities and the Benchmark Publishers;
- The periodic but routine review of electronic communications and audio recordings of or relating to the Submission Process;
- Not less than monthly, the periodic physical presence of compliance personnel on the trading floors of the Submitter(s) and/or traders who primarily deal in derivatives products that reference a Benchmark Interest Rate in connection with these Policies, Procedures and Controls;
- The handling of complaints concerning the accuracy or integrity of Respondent's Submission(s) including:

    a. Memorializing all such complaints;

    b. Review and follow-up by the chief compliance officer(s) or his designee of such complaints; and

- The reporting of material complaints to the Chief Executive Officer and Board of Directors, relevant self-regulatory organizations, the relevant Benchmark Publisher, the Commission, and/or other appropriate regulators.

viii. TRAINING: Respondent shall develop training programs for all employees who are involved in its Submission(s), including, without limitation, Submitters and Supervisors, and all traders who primarily deal in derivatives products that reference a Benchmark Interest Rate. Submitters and Supervisors shall be provided with preliminary training regarding the policies, and procedures and controls developed pursuant to Section 2(vii) of these Undertakings. By no later than July 22, 2015, all Submitters, Supervisors, and traders who primarily deal in derivatives products that reference a Benchmark Interest Rate shall be fully trained in the application of these Undertakings to them, as set forth herein. Thereafter, such training will be provided promptly to employees newly assigned to any of the above listed responsibilities, and again to all Submitters, Supervisors, and traders who primarily deal in derivatives products that reference a Benchmark Interest Rate as part of Respondent's regular training programs. The training shall be based upon the individual's position and responsibilities, and as appropriate, address the following topics:

- The Undertakings set forth herein;
- The process of making Submission(s);
- The impropriety of attempting to influence the determination of Respondent's Submission(s);
- The requirement to conduct all business related to Respondent's Submission(s) on Respondent's recorded telephone and electronic communications systems, and not on personal telephones or other electronic devices, as set forth in Section 2(v) of these Undertakings;
- The requirement to conduct certain business related to derivatives products that reference a Benchmark Interest Rate on Respondent's recorded telephone and electronic communications systems, and not on personal devices or systems, as set forth in Section 2(v) of these Undertakings;
- The policies and procedures developed and instituted pursuant to these Undertakings; and
- The employment and other potential consequences if employees act unlawfully or improperly in connection with Respondent's Submission(s) or process for determining Submission(s).

ix. <u>REPORTS TO THE COMMISSION</u>:

- <u>Compliance with Undertakings</u>: Every four (4) months, starting 120 days from the entry of this Order, Respondent shall make interim reports to the Commission, through the Division, explaining its progress towards compliance with the Undertakings set forth herein. Within 365 days of the entry of this Order, Respondent shall submit a report to the Commission, through the Division, explaining how they have complied with the Undertakings set forth herein. The report shall attach copies of and describe the internal controls, policies and procedures that have been designed and implemented to satisfy the Undertakings. The report shall contain a certification from representatives of Respondent's Executive Management, after consultation with Respondent's chief compliance officer(s), that Respondent has complied with the Undertakings set forth above, and that they have established policies, procedures and controls to satisfy the Undertakings set forth in this Order;

- Submitter(s), Supervisor(s), and Heads of Appropriate Trading Desks: Within fourteen (14) days of the entry of this Order, or as soon as practicable thereafter, but no later than July 22, 2015, Respondent shall provide, meet with and explain these Undertakings to all Submitters, Supervisors, and the head of each trading desk that primarily deals in derivatives that reference a Benchmark Interest Rate. Within that same time frame, Respondent shall provide to the Commission, through the Division, written or electronic affirmations signed by each Submitter, Supervisor, and head of each trading desk that primarily deals in derivatives that reference a Benchmark Interest Rate, stating that he or she has received and read the Order and Undertakings herein, and that he or she understands these Undertakings to be effective immediately; and

- Disciplinary and Other Actions: Respondent shall promptly report to the Commission, through the Division, all improper conduct related to any Submission(s) or the attempted manipulation or manipulation of a Benchmark Interest Rate, as well as any disciplinary action, or other law enforcement or regulatory action related thereto, unless *de minimis* or otherwise prohibited by applicable laws or regulations.

3. DEVELOPMENT OF RIGOROUS STANDARDS FOR BENCHMARK INTEREST RATES

To the extent Respondent is or remains a contributor to any Benchmark Interest Rate, Respondent agrees to make its best efforts to participate in efforts by current and future Benchmark Publishers, other price reporting entities and/or regulators to ensure the reliability of Benchmark Interest Rates, and through its participation to encourage the following:

i. METHODOLOGY: Creating rigorous methodologies for the contributing panel members to formulate their Submissions. The aim of such methodologies should be to result in a Benchmark Interest Rate that accurately reflects the rates at which transactions are occurring in the market being measured by that Benchmark Interest Rate;

ii. VERIFICATION: Enforcing the use of those methodologies through an effective regime of documentation, monitoring, supervision and auditing, required by and performed by the Benchmark Publishers, and by the contributing panel members internally;

iii. INVESTIGATION: Facilitating the reporting of complaints and concerns regarding the accuracy or integrity of Submissions to Benchmark Interest Rates or the published Benchmark Interest Rate, and investigating those complaints and concerns thoroughly;

iv. DISCIPLINE: Taking appropriate action if, following a thorough confidential investigation, the Benchmark Publisher determines that a complaint or concern regarding the accuracy or integrity of a Submission or the published Benchmark Interest Rate has been substantiated;

v. TRANSPARENCY: Making regular reports to the public and the markets of facts relevant to the integrity and reliability of each Benchmark Interest Rate. Such reports should include, but not be limited to, the following:

- At the time each Benchmark Interest Rate is published, the Benchmark Publisher should display prominently whether each rate is based entirely on transactions in the market the rate is supposed to reflect, or whether it instead is based, in whole or in part, on other data or information;

- The Benchmark Publisher also should make periodic reports regarding the number and nature of complaints and concerns received regarding the accuracy or integrity of Submissions or the published Benchmark Interest Rate while maintaining the anonymity of all those who have reported or are the subject of complaints and concerns;

- The Benchmark Publisher should additionally make periodic reports regarding the results of all investigations into such complaints and concerns while maintaining the anonymity of all those involved in investigations that have not yet been completed; and

vi. FORMULATION: Periodically examining whether each Benchmark Interest Rate accurately reflects the rate at which transactions are occurring in the market being measured (using the statistical method prescribed by that Benchmark Interest Rate), and evaluating whether the definition and instructions should be revised, or the composition of the panel changed;

Such examinations should include a rigorous mathematical comparison of transactions in the relevant market with the published Benchmark Interest Rate on the same day over a specified period and a determination of whether any differences are statistically or commercially significant.

Every four (4) months, starting 120 days from the entry of this Order, Respondent shall report to the Commission, through the Division, either orally or in writing, on its participation in such efforts, to the extent that such reporting is not otherwise prohibited by law or regulations, by the rules issued by Benchmark Publishers, or by nondisclosure agreements by and between Respondent and Benchmark Publishers.

4. COOPERATION WITH THE COMMISSION

i. Respondent shall cooperate fully and expeditiously with the Commission, including the Division, and any other governmental agency in this action, and in any investigation, civil litigation or administrative matter related to the subject matter of this action or any current or future Commission investigation related thereto. As part of such cooperation, Respondent agrees to the following for a period of five (5) years from the date of the entry of this Order, or until all related investigations and litigation are concluded, including through the appellate review process, whichever period is longer:

- Preserve all records relating to the subject matter of this proceeding, including, but not limited to, audio files, electronic mail, other documented communications, and trading records;

- Subject to applicable laws and regulations, comply fully, promptly, completely, and truthfully with all inquiries and requests for information or documents;

- Provide authentication of documents and other evidentiary material;

- Subject to applicable laws and regulations, provide copies of documents within Respondent's possession, custody or control;

- Subject to applicable laws and regulations, Respondent will make its best efforts to produce any current (as of the time of the request) officer, director, employee, or agent of Respondent, regardless of the individual's location, and at such location that minimizes Commission travel expenditures, to provide assistance at any trial, proceeding, or Commission investigation related to the subject matter of this proceeding, including, but not limited to, requests for testimony, depositions, and/or interviews, and to encourage them to testify completely and truthfully in any such proceeding, trial, or investigation; and

- Subject to applicable laws and regulations, Respondent will make its best efforts to assist in locating and contacting any prior (as of the time of the request) officer, director, employee, or agent of Respondent;

ii. Respondent also agrees that it will not undertake any act, other than as required by applicable law, which would limit its ability to cooperate fully with the Commission. Respondent will designate an agent located in the United States of America to receive all requests for information pursuant to these Undertakings, and shall provide notice regarding the identity of such Agent to the Division upon entry of this Order. Should Respondent seek to change the designated agent to receive such requests, notice of such intention shall be given to the Division fourteen (14) days before it occurs. Any person designated to receive such request shall be located in the United States of America; and

iii. Respondent and the Commission agree that nothing in these Undertakings shall be construed so as to compel Respondent to continue to contribute Submission(s) related to any Benchmark Interest Rate. Without prior consultation with the Commission, Respondent remains free to withdraw from the panel of contributors to any Benchmark Interest Rate.

5. PROHIBITED OR CONFLICTING UNDERTAKINGS

Should the Undertakings herein be prohibited by, or be contrary to the provisions of any obligations imposed on Respondent by any presently existing, or hereinafter enacted or promulgated laws, regulations, regulatory mandates, or the rules or definitions issued by a Benchmark Publisher, then Respondent shall promptly transmit notice to the Commission (through the Division) of such prohibition or conflict, and shall meet and confer in good faith with the Commission (through the Division) to reach an agreement regarding possible modifications to the Undertakings herein sufficient to resolve such inconsistent obligations. In the interim, Respondent will abide by the obligations imposed by the law, regulations, regulatory mandates and Benchmark Publishers' rules and definitions. Nothing in these Undertakings shall limit, restrict or narrow any obligations pursuant to the Act or the Commission Regulations promulgated thereunder, including but not limited to Regulations 1.31 and 1.35, 17 C.F.R. §§ 1.31 and 1.35 (2014), in effect now or in the future.

6. PUBLIC STATEMENTS

Respondent agrees that neither it nor any of its successors and assigns, agents or employees under its authority or control shall take any action or make any public statement denying, directly or indirectly, any findings or conclusions in this Order or creating, or tending to create, the impression that this Order is without a factual basis; provided, however, that nothing in this provision shall affect Respondent's (i) testimonial obligations, or (ii) right to take legal positions in other proceedings to which the Commission is not a party. Respondent and its successors and assigns shall undertake all steps necessary to ensure that all of its agents and/or employees under its authority or control understand and comply with this agreement.

E. Partial Satisfaction: Respondent understands and agrees that any acceptance by the Commission of partial payment of Respondent's CMP Obligation shall not be deemed a waiver of its obligation to make further payments pursuant to this Order, or a waiver of the Commission's right to seek to compel payment of any remaining balance.

The provisions of this Order shall be effective as of this date.

By the Commission.

Christopher J. Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission

Dated: April 23, 2015

EXHIBIT 3

Statement of Facts

The following Statement of Facts is incorporated by reference as part of the Plea Agreement between the Fraud Section of the Criminal Division and the Antitrust Division of the United States Department of Justice (together, the "Department") and DB Group Services (UK) Limited ("DBGS") and DBGS hereby agrees and stipulates that the following information is true and accurate. DBGS admits, accepts, and acknowledges that it is responsible for the acts of its officers, employees, and agents as set forth below. Had this matter proceeded to a trial or sentencing hearing, the Department would have proven, by the applicable standard of proof and by admissible evidence, the facts alleged below and set forth in the criminal Information. This evidence would establish the following:

I.

BACKGROUND

A. LIBOR and EURIBOR

1. Since its inception in approximately 1986, the London Interbank Offered Rate ("LIBOR") has been a benchmark interest rate used in financial markets around the world. Futures, options, swaps, and other derivative financial instruments traded in the over-the-counter market

and on exchanges worldwide are settled based on LIBOR. The Bank of International Settlements has estimated that in the second half of 2009, for example, the notional amount of over-the-counter interest rate derivative contracts was valued at approximately $450 trillion. In addition, mortgages, credit cards, student loans, and other consumer lending products often use LIBOR as a reference rate.

2. During the relevant period, LIBOR was published under the auspices of the British Bankers' Association ("BBA"), a trade association with over 200 member banks that addresses issues involving the United Kingdom banking and financial services industries. The BBA defined LIBOR as:

> The rate at which an individual Contributor Panel bank could borrow funds, were it to do so by asking for and then accepting inter-bank offers in reasonable market size, just prior to 11:00 [a.m.] London time.

This definition had been in place since approximately 1998.

3. LIBOR rates were initially calculated for three currencies: the United States Dollar, the British Pound Sterling, and the Japanese Yen. Over time, the use of LIBOR expanded, and benchmark rates were calculated for ten currencies, including the original three.

4. During the relevant period, the LIBOR for a given currency was the result of a calculation based upon

submissions from a panel of banks for that currency (the "Contributor Panel") selected by the BBA. Each member of the Contributor Panel submitted its rates every London business day through electronic means to Thomson Reuters, as an agent for the BBA, by 11:10 a.m. London time. Once each Contributor Panel bank had submitted its rate, the contributed rates were ranked. The highest and lowest quartiles were excluded from the calculation, and the middle two quartiles (i.e., 50% of the submissions) were averaged to formulate the resulting LIBOR "fix" or "setting" for that particular currency and maturity.

5. The LIBOR contribution of each Contributor Panel bank was submitted to between two and five decimal places, and the LIBOR fix was rounded, if necessary, to five decimal places. In the context of measuring interest rates, one "basis point" (or "bp") is one-hundredth of one percent (0.01%).

6. Thomson Reuters calculated and published the rates each business day by approximately 11:30 a.m. London time. Fifteen maturities (or "tenors") were quoted for each currency, ranging from overnight to twelve months. The published rates were made available worldwide by Thomson Reuters and other data vendors through electronic means and through a variety of information sources. In

addition to the LIBOR fix resulting from the calculation, Thomson Reuters published each Contributor Panel bank's submitted rates along with the names of the banks.

7. According to the BBA, each Contributor Panel bank had to submit its rate without reference to rates contributed by other Contributor Panel banks. The basis for a Contributor Panel bank's submission, according to a clarification the BBA issued in June 2008, was to be the rate at which members of the bank's staff primarily responsible for management of the bank's cash, rather than the bank's derivatives trading book, believed that the bank could borrow unsecured inter-bank funds in the London money market. Further, according to the BBA, a Contributor Panel bank should not have contributed a rate based on the pricing of any derivative financial instrument. In other words, a Contributor Panel bank's LIBOR submissions should not have been influenced by its motive to maximize profit or minimize losses in derivatives transactions tied to LIBOR.

8. The Contributor Panel for United States Dollar ("USD") LIBOR from at least 2003 through 2010 was comprised of 16 banks, including Deutsche Bank AG ("DB"). The Contributor Panel for Yen LIBOR from at least 2006 through 2010 was comprised of 16 banks, including DB. The

Contributor Panel for Swiss Franc ("CHF") LIBOR from at least 2007 through 2011 was comprised of 12 banks, including DB. The Contributor Panel for Pound Sterling ("GBP") LIBOR from at least 2005 through 2010 was comprised of 16 banks, including DB.

9. From at least 2005 to at least 2011, DB was a member of the Contributor Panel for the Euro Interbank Offered Rate ("EURIBOR"). During that time, EURIBOR was a reference rate overseen by the European Banking Federation ("EBF"), which is based in Brussels, Belgium. From 2005 to 2011, the EURIBOR Contributor Panel was comprised of approximately 42 to 48 banks. EURIBOR was the rate at which Euro interbank term deposits within the Euro zone were expected to be offered by one prime bank to another, at 11:00 a.m. Brussels time.

10. Thomson Reuters, as an agent of the EBF, calculated and published the EURIBOR rates each day. Each Contributor Panel bank submitted its contributed rate to Thomson Reuters through electronic means, and then the contributed rates were ranked. The highest and lowest 15% of all the quotes were excluded from the calculation, and the remaining rates (i.e., the middle 70%) were averaged to formulate the resulting EURIBOR fix for each tenor. The published rates, and each Contributor Panel bank's

submitted rates, were made available worldwide through electronic means and through a variety of information sources.

11. Because of the widespread use of LIBOR, EURIBOR, and other benchmark interest rates in financial markets, these rates play a fundamentally important role in financial systems around the world.

B. Interest Rate Swaps

12. An interest rate swap ("swap") is a financial derivative instrument in which two parties, called counterparties, agree to exchange interest rate cash flows. If, for example, a party has a transaction in which it pays a fixed rate of interest but wishes to pay a floating rate of interest tied to a reference rate, it can enter into an interest rate swap to exchange its fixed rate obligation for a floating rate one. In the example above, Party A would pay a fixed rate to Party B, while Party B pays a floating interest rate to Party A indexed to a reference rate like LIBOR or EURIBOR. In other words, Party B's interest payments to Party A are variable and change based on the movements in LIBOR or EURIBOR. There is no exchange of principal amounts, which are commonly referred to as the "notional" amounts of the swap transactions. Interest rate swaps are traded over-the-counter in that they are

negotiated in transactions between counterparties and are not traded on exchanges.

C. Forward Rate Agreements

13. Similar to an interest rate swap, a forward rate agreement ("FRA") is an agreement between counterparties to exchange interest rate payments on a notional amount beginning at a future date and ending on some other future date. The interest rates are determined at the time of contracting. FRAs are commonly used to hedge future interest rate fluctuations. If, for example, a party wants to hedge against the risk of rising interest rates, that party can enter into a FRA at a fixed rate, guaranteeing the fixed rate at the future end date. Meanwhile, if a party desires to hedge against the risk of a decline in an interest rate, they may enter into a FRA at a floating rate, indexed to a reference rate like LIBOR or EURIBOR. FRAs are also utilized by speculators who in essence bet on future changes in interest rates. Like swaps, there is no exchange of notional amounts; instead, the only amount exchanged is the difference between the contracted interest rates.

D. DB and DBGS

14. Deutsche Bank AG ("DB") is a financial services corporation with headquarters located in Frankfurt,

Germany. DB has banking divisions and subsidiaries around the world, including in the United States, with its United States headquarters located in New York, New York. From 2006 to 2011, one of DB's business units was Global Finance and Foreign Exchange ("GFFX"), which in turn consisted of Global Finance and FX Forwards ("GFF") and Foreign Exchange ("FX"). The GFFX unit had employees in multiple legal entities associated with DB, and multiple locations around the world including London and New York. DB, through its GFFX unit, employed traders in both its Pool Trading groups and its Money Market Derivatives ("MMD") groups.[1] Many GFFX traders in London were employed by DBGS, a wholly owned, indirect subsidiary of DB. DB and DBGS's derivatives traders were responsible for trading a variety of financial instruments, some of which, such as interest rate swaps and forward rate agreements, were tied to reference rates such as LIBOR and EURIBOR.

15. DB's pool traders engaged in, among other things, cash trading and overseeing DB's internal funding and liquidity. In addition, DB's pool traders traded a variety

[1] While GFFX was the primary business unit involved in the conduct addressed in this Statement of Facts, traders from another business unit participated as well. For instance, Trader-19 – an employee of DBGS – worked in DB's Rates group beginning in 2008 as a DB EURIBOR trader in London who traded a significant amount of interest rate derivative products linked to EURIBOR during the relevant time period. Trader-19 made requests of the EURIBOR submitters similar to those made by other derivatives traders of their relevant submitters.

of financial instruments, some of which, such as interest rate swaps and forward rate agreements, were tied to LIBOR and EURIBOR. DB's pool traders were primarily responsible for formulating and submitting, on a daily basis, DB's LIBOR and EURIBOR contributions. DB's MMD traders were responsible for, among other things, trading a variety of financial instruments, some of which, such as interest rate swaps and forward rate agreements, were tied to LIBOR and EURIBOR. Both the pool traders and the MMD traders worked in close proximity and reported to the same chain of management. DBGS employed many of DB's London-based pool and MMD traders.

II.

THE SCHEME TO DEFRAUD

16. From at least 2003 through at least 2010, DB derivatives traders engaged in a scheme to defraud DB's counterparties by secretly attempting to manipulate and manipulating U.S. Dollar, Yen, and Pound Sterling LIBOR, as well as EURIBOR (collectively the "IBORs" or "IBOR"). They carried out this scheme by attempting to manipulate and manipulating the various IBOR submissions. These derivatives traders requested that the DB IBOR submitters send in benchmark interest rates that would benefit the traders' trading positions, rather than rates that complied

with the definitions of the IBORs. These derivatives traders either requested a particular IBOR contribution for a particular tenor and currency, or requested that the rate submitter contribute a higher, lower, or unchanged rate for a particular tenor and currency.

17. In light of the large notional values that form the basis of many derivatives trades tied to the IBORs, even small movements in the IBORs had a substantial impact on the profitability of trading positions.

18. In the instances when the published benchmark interest rates were manipulated in DB's favor due to DB's manipulation of its own or other banks' submissions, that manipulation benefitted DB derivatives traders, or minimized their losses, to the detriment of counterparties located in Connecticut and elsewhere, at least with respect to the particular transactions comprising the trading positions that the traders took into account in making their requests to the rate submitters. Certain DB pool and MMD derivatives traders who tried to manipulate LIBOR and EURIBOR submissions understood the features of the derivatives products tied to these benchmark interest rates; accordingly, they understood that to the extent they increased their profits or decreased their losses in certain transactions from their efforts to manipulate

rates, their counterparties would suffer corresponding adverse financial consequences with respect to those particular transactions. The derivatives traders did not inform their counterparties that the traders were engaging in efforts to manipulate the IBORs to which the profitability of their trades was tied.

19. When the requests of derivatives traders for favorable IBOR submissions were taken into account by the DB pool traders, DB's rate submissions were false and misleading. Those false and misleading LIBOR and EURIBOR contributions affected or tended to affect the value and cash flows of derivatives contracts, including interest rate swap contracts. Moreover, in making and in accommodating these requests, the derivatives traders and submitters were engaged in a deceptive course of conduct in an effort to gain an advantage over their counterparties. As part of that effort: (1) DB pool and MMD traders submitted and caused the submission of materially false and misleading IBOR contributions; and (2) derivatives traders, after initiating and continuing their effort to manipulate IBOR contributions, negotiated and entered into derivative transactions with counterparties that did not know that DB employees were often attempting to manipulate the relevant rate.

20. DB entered into interest rate derivatives transactions tied to the IBORs - such as derivatives and forward rate agreements - with counterparties to those transactions. Some of those counterparties were located in the United States. Those United States counterparties included, among others, asset management corporations, business corporations, universities, non-profit organizations, and insurance companies. Those counterparties also included banks and other financial institutions in the United States or located abroad with branches in the United States.

21. From the perspective of a counterparty, information that a derivatives trader on the opposite side of a trade was engaging in efforts to manipulate the IBORs to which the value of the trade was tied was material. False and misleading IBOR submissions that could affect the published rate were also material from a counterparty's perspective.

22. When DB derivatives traders made requests of DB pool traders in order to influence DB's benchmark interest rate submissions, and when the pool traders accommodated those requests, the manipulation of the submissions affected the fixed rates on various occasions.

23. DBGS derivatives traders who participated in the scheme described above devised and carried out a scheme to defraud their counterparties, and to obtain money and property from their counterparties by means of materially false and fraudulent pretenses and representations, knowing that they were false and fraudulent when made and acting with fraudulent intent. This deceptive scheme involved efforts by DBGS derivatives traders to manipulate hundreds of IBORs.

III.

EXECUTION OF THE SCHEME TO DEFRAUD

A. *USD LIBOR*

24. The global market for financial products linked to USD LIBOR is the largest and most active derivatives market in the world. Many of these products are traded in the United States and involve U.S.-based counterparties. Additionally, USD LIBOR is the variable rate for many forms of consumer debt such as mortgages, credit cards, and student loans.

25. From at least 2003 through at least 2010, DBGS employees regularly sought to manipulate USD LIBOR to benefit their trading positions and thereby benefit themselves and DB.

26. During most of this period, traders at DB who traded products linked to USD LIBOR were primarily located in London and New York. DBGS employed almost all of the USD LIBOR traders who were located in London and involved in the misconduct. DB's USD traders in London reported to Manager-1, a USD pool trader who supervised the USD pool trading desk and in 2009 had supervisory responsibilities over all of DB's GFF unit in London. Manager-1, along with a more junior USD pool trader, Submitter-1, was responsible for submitting USD LIBOR rates on behalf of DB. Manager-1 and Submitter-1 also traded derivative products tied to USD LIBOR. In fact, Manager-1 was one of the bank's largest volume USD derivatives traders. At times, between 2005 and 2007, DB's London office also employed two additional pool traders, Submitter-2 and Submitter-3, who traded, among other things, financial products tied to USD LIBOR. At times, these pool traders also submitted DB's USD LIBOR contribution as back-up submitters. Throughout the relevant period, DB's London office also had two derivatives traders on its MMD desk who primarily traded USD LIBOR-based derivative products: Trader-1 and Trader-2. Trader-1 and Trader-2 sat next to Manager-1 and Submitter-1, DB's USD LIBOR submitters, and both reported directly to Manager-1. Manager-1, who was a DBGS employee, reported

directly to Senior Manager-1, who was not a DBGS employee. Trader-3, the most profitable derivatives trader at DB during the relevant period, who in 2009 became the head of DB London MMD desk, also traded a substantial volume of financial products tied to USD LIBOR despite primarily being a Euro trader. Trader-3 was not a DBGS employee, but he regularly interacted with the DBGS employees as he sat in very close proximity with them.

27. DBGS employed Manager 1, Submitter 1, Trader 1, and Trader 2 who worked closely with other DB employees who traded USD LIBOR-based derivatives.

28. During the same time, DB had a MMD desk in New York that traded derivatives products tied to USD LIBOR. This group was not employed by DBGS but consisted of, among others, Manager-2, the head of DB's New York MMD desk between 2005 and 2007, and Trader-4, a derivatives trader who reported to Manager-2 during Manager-2's tenure at DB. Between 2005 and 2006, DB's New York MMD desk employed Trader-5, and at least one junior trader, Trader-6. Manager-2 reported directly to Manager-3, the head of DB's GFF unit in the Americas, who in turn reported to Senior Manager-1. After Manager-2 left DB in early 2008, Trader-4 reported to Manager-3 and Trader-3. In addition to a MMD desk, DB also operated a pool trading desk in New York.

This group consisted of, among others, Trader-8 who occasionally traded USD LIBOR-based derivative products. Throughout the relevant period, at least one pool trader in DB's Frankfurt office, Trader-9, also traded financial products tied to USD LIBOR.

29. Consistent with DB's plan to facilitate information sharing between pool traders and derivatives traders, throughout the relevant period, DB USD LIBOR submitters in London sat within feet of the USD LIBOR traders. This physical proximity enabled the traders and submitters to conspire to make and solicit requests for particular LIBOR submissions. Moreover, Manager-1 both supervised the USD submission process and was one of the bank's largest volume USD derivatives traders, and the USD submitters had access to his book and were aware of Manager-1's positions.

30. From 2003 until 2008, USD LIBOR-based derivatives traders made on average weekly verbal requests and occasional written requests for DB's USD LIBOR submissions that were typically accommodated. The purpose of the requests was to manipulate the ultimate rate to the benefit of DB traders' positions, conduct which was inconsistent with the definition of LIBOR. Moreover, DB's USD LIBOR submitter would not simply alter one or two of the tenors

for DB's daily USD LIBOR submissions. Instead, when the request was for a particular tenor, such as 3 month USD LIBOR, Submitter-1 often altered the other tenors so that the manipulation was not conspicuous. In other words, a request for a change in one DB USD LIBOR tenor, when accommodated, often resulted in a change to the bank's submission for most tenors on that day.

31. Also in an effort to conceal the manipulation and make it less conspicuous, Submitter-1 kept his submissions within or near a range he felt could be reasonably justified by market conditions. In other words, Submitter-1 would choose the lower or higher end of the range that would not look conspicuous, based on trader requests, but he typically did not exceed a reasonable range because he did not want the manipulation to be noticeable.

32. In 2008, the nature of USD LIBOR manipulation changed because of the financial crisis. During the financial crisis, derivatives traders at DB employed a trading strategy that bet on the widening of the spread between 1 month, 3 month, and 6 month USD LIBOR, among other currencies, that would result from the dislocation of financial markets. Traders at DB used this strategy from 2008-2009 and the bank profited substantially from its success. On almost every day during this time, Submitter-1

altered DB's USD LIBOR submissions to align with the needs of this trading strategy, *i.e.* persistently low 1 month and high 3 and 6 month USD LIBOR submissions. If DB's USD LIBOR submissions did not align with the trading strategy, then the DB USD derivatives traders – seated nearby Submitter-1 – complained to Submitter-1.

33. In addition to the frequent verbal requests, a number of written communications highlight how DB attempted to, and at times did, manipulate USD LIBOR. At times, these written requests came from traders who were located in New York or Frankfurt or when certain London-based traders were out of the office on a particular day. The following communications are examples of these types of written requests.

34. On March 22, 2005, Submitter-1, a DBGS employee, informed Trader-8, a trader in New York, in an electronic chat, that he would be able to alter his LIBOR submissions to favor Trader-8's trading positions:

> Submitter-1: if you need something in particular in the libors i.e. you have an interest in a high or a low fix let me know and there's a high chance i'll be able to go in a different level. Just give me a shout the day before or

send an email from your blackberry first thing.

Trader-8: Thanks - our CP guys have been looking for it a bit higher - not a big deal.

35. On September 21, 2005, Trader-3 replied to one of Submitter-1's daily emails which predicted where USD Libor would fix. In his reply, Trader-3 stated "LOWER MATE LOWER !!" Submitter-1 replied "will see what i can do but it'll be tough as the cash is pretty well bid," indicating that the rate may increase amidst an active cash market. Shortly thereafter, Trader-3 responded: "[Bank A] IS DOIN IT ON PURPOSE BECAUSE THEY HAVE THE EXACT OPPOSITE POSITION - ON WHICH THEY LOST 25MIO SO FAR - LET'S TAKE THEM ON." Submitter-1 replied, "ok, let's see if we can hurt them a little bit more then."

36. In another example, on September 26, 2005, Manager-1, a DBGS employee, solicited requests from Trader-1, a London-based MMD trader and also a DBGS employee, in an electronic chat:

Manager-1: libors any requests?

Trader-1: HIGH FREES, LOW 1MUNF

Manager-1: what levels?

37. As another example, on February 24, 2006, Manager-1 and a MMD trader, Trader-3, asked Submitter-1 to

push DB's 1-month USD LIBOR submission as low as possible. After a broker had informed Manager-1 that USD LIBOR would probably be around 60.5, Manager-1 forwarded the email message to Trader-3, Submitter-1, and Trader-1, asking Submitter-1 to "Push for 60 [Submitter-1]." Trader-3 then pushed further, "or even 58 if u can Coffee on me." Submitter-1, in reply to both Manager-1 and Trader-3, stated, "ok right now we're looking like 60.5 given what people are saying. Will work on it all morning."

38. Similarly, Trader-9, who was located in Frankfurt, also requested that DB's USD LIBOR submitters in London, who were DBGS employees, manipulate USD LIBOR submissions. For example, on March 28, 2007, Trader-9 made a request of Manager-1, in an electronic chat, "I WOULD NEED A HIGH 3 MTS LIBOR TODAY, BUT I THINK YOU DO TOO!!" to which Manager-1 replied with a suggestion "35?" Trader-9 then expressed his agreement and appreciation "YEP PSE."

39. In an example of how a request involving two DBGS employees altered DB's USD LIBOR submission, Trader-1 asked for a high submission from Submitter-2, in an electronic chat, who was setting USD LIBOR on that occasion:

Trader-1:	can we have a high 6mth libor today pls gezzer?

Submitter-2:	sure dude, where wld you like it mate ?
Trader-1:	think it shud be 095?
Submitter-2:	cool, was going 9, so 9.5 it is
Trader-1:	super - don't get that level of flexibility when [Manager-1] is in the chair fyg!

40. DB's USD LIBOR traders in New York also made requests of the bank's USD LIBOR submitters in London, Submitter-1, who was employed by DBGS, and were actively encouraged to do so by their supervisor, Manager-2, who was not employed by DBGS. For example, on November 28, 2005, Manager-2 and Manager-1, who was employed by DBGS, discussed, in email messages, Manager-2's present trading strategy and his need for a higher 1-month rate and Manager-1 prompted Manager-2 to keep Manager-1 informed. Then, on November 29, 2005, Manager-1 confirmed that they had taken Manager-2's request into account, in an email, "looking like 29 in 1 mth libor - we went in 295 for u." Similarly, on August 12, 2007, Manager-2 asked Manager-1 and Submitter-1, in an email, "If possible, we need in NY 1mo libor as low as possible next few days….tons of pays coming up overall….thanks!" Submitter-1 then agreed to try and help, "Will do our best [Manager-2]." Three days

later, on August 15, Submitter-1 wrote, in an email, that he was still keeping one month USD LIBOR low, noting "1m libor looking like 57 today [Manager-2]," to which Manager-2 replied, "Thanks [Submitter-1], you are the man!"

41. Trader-4, who was in New York and not employed by DBGS, made requests of DB's USD LIBOR submitters in London to benefit his trading positions. For example, on March 20, 2006, Trader-4 sent a USD LIBOR request, in an email, to Submitter-1, "Hi [Submitter-1] Regarding Mondays 3mLibor, MMD NY is receiving 3mL on USD 6.5 Bn so hoping for higher 3mL. Cheers [Trader-4]." Similarly, on April 11, 2006, Trader-4 sent an email request to Submitter-1, "Hi [Submitter-1] FYI I am receiving 3mL on 5.5 Bn of the April 12 fixing so a higher 3m Libor on Wed morning would help me. Regards [Trader-4]." Submitter-1 then passed along the request to Manager-1, in an email, noting "Hi [Trader-4], I'm off today but I'll pass the message on to [Manager-1]. Thanjs." Submitter-1 passed the request along one minute later. Again, on July 20, 2006, Trader-4 told Submitter-1, in an email, "FYI I'm short (paying 1mL) on 6bn of the 1mL tomw in case you have a chance to make it lower" and Submitter-1 responded, "leave it with me on the 1m."

42. Trader-5, another MMD USD LIBOR trader in New York who was not employed by DBGS, likewise made a request. On May 17, 2006 Trader-5 sent a request, in an email, to Manager-1, "Hi [Manager-1], hope you've been well. If you can help we can use a high 3m fix tom," to which Manager-1 replied to Trader-5 and Submitter-1, "[Trader-5], I'm off but [Submitter-1] is your libor man [] [Submitter-1] could you take a look at 3s libor in the morning for [Trader-5]." Submitter-1 then agreed to accommodate the request, replying "Will do chaps." The following morning after he submitted DB's contribution, Submitter-1 wrote to Trader-5, in a chat, "morning [Trader-5], I went in at 19+ for the 3m libor, as you'll see it almost manage to reach 19."

43. Having DB's USD LIBOR pool traders in London both submit LIBOR and trade financial products tied to USD LIBOR presented a conflict of interest that contributed to the manipulation of USD LIBOR submissions for the benefit of the submitting traders. For example, when Manager-2 from New York requested of Submitter-1 and Manager-1, in an email, that "3mo Libor be as high as possible Thursday and Friday, if you see the market higher" on November 24, 2005, Submitter-1 replied, "[Manager-2], we've gone in relatively neutral as a high 3s doesn't suit london at the moment. Hope that's ok."

B. *EURIBOR*

44. The market for derivatives and other financial products linked to benchmark interest rates for the Euro is global and is one of the largest and most active markets for such products in the world. A number of these products are traded in the United States – such as Euro-based swaps contracts traded over-the-counter – in transactions involving U.S.-based counterparties.

45. Throughout most of the relevant period, traders in DB's GFFX unit trading products linked to EURIBOR were located primarily in London and Frankfurt. Pool traders in DB's GFFX unit in Frankfurt determined DB's submission to the EURIBOR panel.

46. Trader-3, who was not a DBGS employee, became the global head of MMD in London in 2009, was a significant trader of EURIBOR-based derivative products at DB. Trader-10 was a junior MMD trader in London, and a DBGS employee, working under Trader-3 since 2003. Although Trader-3 and Trader-10 traded derivative products tied to a number of benchmark rates and currencies, including USD-LIBOR, the majority of their trading was in EURIBOR-based instruments.

47. Instances of manipulation of DB's EURIBOR submissions within DB date back at least to 2005, and involve, among other things, DBGS traders requesting

beneficial submissions from DB pool traders, who were located in Frankfurt and not DBGS employees. DB Pool traders also regularly solicited requests for submissions from DBGS Euro traders by asking them what EURIBOR submission would be most beneficial to their trading positions. On many occasions throughout the five year period, the DB pool traders accommodated the derivatives traders' requests.

48. On many occasions, Trader-10 requested favorable EURIBOR submissions from DB's submitters in Frankfurt. For example, on January 23, 2007, Trader-10 requested a favorable submission from Submitter-4, in an electronic chat:

Trader-10:	[Manager-5] pls
Submitter-4:	Hihi he is on holiday, may I help
Trader-10:	Hi [Submitter-4], [Trader-10] here.. could we pls ask you to put low 1m fixing today please
Submitter-4:	hahahahh sure, I have just written [Trader-3] a bbg asking whether u have any preferences for the fixings. We have only small xposure there so sure we can put in a 60 fix in the 1m

Trader-10: thx vmuch [Submitter-4] we need evry penny we can get atm the ee it's a bit tough to make money

49. In another example, on October 12, 2005, Trader-10 attempted, in an electronic chat, to influence DB's EURIBOR submissions and was rebuffed because DB's EURIBOR setters in Frankfurt had to first consider what submission would most benefit their positions:

Trader-10: Good morning [Submitter-4], [Trader-10] here.. could we please ask you to put in low 1m fixing pls

Submitter-4: Difficlt, think [Senior Manager-6] wnarts it [] on the high side

Trader-10: Oh no!! But ladies first no ;))?

Submitter-4: First come first serve.

Trader-10: Exctly.. And we have been begging you for last two month!!

Submitter-4: But u dont sign my bonus right?

Trader-10: Hahah hmmm.. Unfortunatly not…

C. Yen LIBOR

50. The market for derivatives and other financial products linked to benchmark interest rates for the Yen is global and is one of the largest and most active markets

for such products in the world. A number of these products are traded in the United States – such as Yen-based swaps contracts traded over-the-counter – in transactions involving U.S.-based counterparties.

51. From at least 2006 through 2010, numerous DBGS employees engaged in regular efforts to manipulate Yen LIBOR to benefit DB's trading positions and thereby benefit themselves. This conduct included regular instances in which DB employees sought to influence Yen LIBOR submissions. In furtherance of these efforts to manipulate Yen benchmarks, DB traders employed two principal and interrelated methods, including the following:

a) internal requests within DB by derivatives traders for favorable Yen LIBOR submissions; and

b) communications with a derivatives traders at another Contributor Panel bank.

Details and examples of this conduct are set forth below.

1) Manipulation within DB of its Yen LIBOR Submissions

52. During most of the relevant period, DB traders in DB's GFFX unit trading products linked to Yen LIBOR were primarily located in London. DBGS employed all of the Yen LIBOR derivatives and pool traders located in London. Submitter-7, a Yen pool trader with supervisory responsibilities, along with another Yen pool trader,

Submitter-8, had primary responsibility for submitting Yen LIBOR rates on behalf of DB during most of the relevant period. From at least 2006 to 2007, Submitter-3 and Submitter-2, two pool traders in London also traded derivative products tied to Yen LIBOR and Submitter-2 had a role in the Yen LIBOR submission process. In 2008, DB also had one Yen LIBOR derivatives trader in London on the MMD desk, Trader-11. Trader-11 reported directly to Trader-3. Although Trader-11 belonged to the MMD desk, he was also responsible for submitting DB's Yen LIBOR rate during a significant portion of 2008 and 2009.

53. Instances of manipulation of Yen LIBOR submissions within DB date back at least to 2006, and involve London-based DB pool and MMD traders submitting rates that would benefit their derivative trading positions as well as London-based Yen LIBOR pool and MMD traders making requests of other pool traders to submit rates that would benefit the requesting traders' positions. Pool traders also occasionally solicited requests from other Yen LIBOR traders by asking them what Yen LIBOR submissions would be most beneficial to their trading positions. On many occasions, the DB pool traders accommodated the derivatives traders' requests. Moreover, in some cases, requests would not have been necessary because a

derivatives trader with Yen positions was also the submitter, for example when Trader-11 was the submitter in 2008-2009.

54. Having Yen pool or MMD traders submit Yen LIBOR and trade Yen LIBOR-based derivative products presented a conflict of interest that contributed to the manipulation of Yen LIBOR submissions for the benefit of the submitting trader. For example, on September 1, 2008, Trader-11 admitted in a conversation, in an electronic chat, with Tom Alexander William Hayes, a Yen LIBOR-based derivatives trader at UBSUBS, that Trader-11 intended to submit a Yen LIBOR rate that would benefit his own trading position:

Trader-11:	but going to put high libors today
Hayes:	sure i think you guys are top in 1m anyway
Trader-11:	I am mate need it high!

Likewise, on June 15, 2009, Trader-11 explained, in an electronic chat, to Hayes that he could not set Yen LIBOR higher because "i think my libors will be unch[anged] for a while now . . . . . . my led is quite high" and "i do not want 3m libor up."

55. A number of these requests were made by DB pool trader Submitter-3 by electronic chats. For example, on May 22, 2006, Submitter-3 requested a favorable submission

from Submitter-8 because of a large upcoming reset, "i've got a 3m jpy libor pay set today, could you go in low if it suits? thx," to which Submitter-8 replied "YES SURE."

2) *Interbank Manipulation*

56. As part of the scheme, from at least as early as August 2008, Trader-11, who was both a derivatives trader and Yen LIBOR submitter at DB, agreed with a trader at another other Contributor Panel bank to manipulate Yen LIBOR submissions. At that time, Trader-11 and Hayes, a derivatives trader at UBS, agreed to influence their respective banks' Yen LIBOR submissions to benefit the other trader's trading positions when doing so would not conflict with their own trading positions. Trader-11 and Hayes did this to benefit their respective trading books. Because Trader-11 was also responsible for the submission of DB's Yen LIBOR rate in much of 2008 and 2009, he was able to directly manipulate DB's submission both for himself and on the occasions when he agreed to accommodate Hayes's requests.

57. Despite the fact that Trader-11 agreed to manipulate DB's Yen LIBOR submissions with Hayes, as early as 2008, Trader-11 recognized that doing so was illegal as shown in a telephone conversation with an unknown caller:

Trader-11: `Um…it was not…not that big movement in the cash and [UBS] is manipulating it at the moment to get it very low.

Unknown Caller (UC): You are telling me that the [UBS] is manipulating right?

Trader-11: Yeah. I mean yesterday [Hayes] came to me, ok, and said "hello mate," "hello," "I've got a big reset, that was yesterday, and about 750, uh…75 million yen dv01, can you put it low?"

…

Trader-11: And [Hayes] said, 'can you put it low?' I said, 'yeah, ok.' At the end…at the end of the day, [laughter] it went down [unintelligble] bps when I think cash is better bid.

UC: Fucking hell.

Trader-11: And he's doing that with the 16 banks [laughter].

UC: That means [UBS] is asking 16 banks to…to…to ask you guys to put it high.

Trader-11: Maybe not…not 16 banks, but you know, if he knows eight banks, that's enough.

…

Trader-11:	Yeah this is why the LIBOR came off yesterday. For no other reason.

...

Trader-11:	Yeah, yeah, I know, but…because it was manipulated by Hayes
UC:	Fucking hell, manipulating, Wow!

...

UC:	Is that...is that legal or illegal?
Trader-11:	No, that's illegal. No, that's illegal….

58. As an example, on July 14, 2009, Trader-11 and Hayes discussed their efforts, in an electronic chat, to manipulate DB's six month Yen LIBOR submission and how doing so would mutually benefit their trading positions by, at that stage of the plan, keeping their submissions higher:

Hayes:	if you cld hold your 6m fix till the eom wld be massive help
Trader-11:	I put higher today
Hayes:	thx
Trader-11:	suist me too

That same day, Hayes told Trader-11 how he would get UBS and other Contributor Panel banks to help lower the six month Yen LIBOR fix in the coming weeks as part of their plan, "just fyg after eom will get 6m down a lot, we will move from top to bottom, and so will [Bank H]." By July 23, 2009, Hayes and Trader-11 finally confirmed that they would make a "massive push" to lower their respective Contributor Panel banks' six month Yen LIBOR submissions by "aug 11th." In the following days and weeks, Trader-11 proceeded to lower DB's six month Yen LIBOR submission by large amounts.

59. Between 2008 and 2009, Trader-11 would also occasionally tell Hayes, over electronic chat, what rates DB was going to submit or ask Hayes if he had a preference for where that rate should be. For example, on January 15, 2009, Trader-11 asked Hayes, "where should i put my libors," and proceeded to list potential LIBOR submissions. Similarly, on May 13, 2009, Trader-11 informed Hayes that "we are dropping our [USD] libor 20 bp to 70."

D. CHF LIBOR

60. On many occasions from at least 2007 through at least 2010, DB CHF LIBOR derivatives traders employed by DBGS, located in London, and elsewhere, asked DB pool traders to submit CHF LIBOR rates to benefit their trading positions in derivative products tied to CHF LIBOR. The DB pool traders agreed to accommodate many of these requests.

61. During most of this period, DB traders within DB's GFFX unit who were employed by DBGS and traded products linked to CHF LIBOR were located in London. DB's CHF LIBOR submission was originally made by Submitter-7 in London, but the responsibility moved over to DB's GFFX unit in Frankfurt in approximately 2004. After 2004, DB's CHF LIBOR submitter was Submitter-9, a pool trader in Frankfurt who was not a DBGS employee. At the same time, Trader-9, another pool trader in Frankfurt who was also not a DBGS employee was also involved in submitting DB's CHF LIBOR rates. From at least August 2008 to March 2010, Trader-11, an MMD trader in London employed by DBGS traded derivative products tied to CHF LIBOR in London.

62. Evidence of manipulation of CHF LIBOR submissions by DBGS employees dates back to at least 2007 and involves MMD traders requesting from pool traders to submit CHF LIBOR submissions that would benefit the requesting traders' positions. Pool traders also occasionally solicited requests from other CHF LIBOR traders by asking them what CHF LIBOR submissions would be most beneficial to their trading positions. In particular, the CHF LIBOR setters would maintain a spreadsheet of what rates they had submitted and intended to submit on behalf of DB. This spreadsheet was often circulated to other DB traders in

advance of DB's CHF LIBOR submission to the BBA allowing those traders to request that the submission be moved to influence the CHF LIBOR fixing to benefit their trading positions. In 2009, Submitter-9 told Trader-11 in a telephone call, "I now have libor contribution simulation in my spreadsheet." On many occasions, the DB pool trader accommodated the derivatives traders' requests.

63. The manipulation of CHF LIBOR became more frequent when Trader-11 began trading CHF LIBOR-based derivative products on behalf of DB from 2008 through 2010. During that time, Trader-11 regularly communicated with Submitter-9, and on occasion Trader-9, about submitting CHF LIBOR submissions that were intended to benefit Trader-11's trading positions. Soon after he started, Trader-11 quickly let Submitter-9 know that he was trading these financial products and that the two could work together manipulate DB's CHF LIBOR submissions. On July 25, 2008, Trader-11 and Submitter-9 were introduced and discussed briefly, in an email, how this scheme would operate:

Trader-11: Hello I trade CHF derivatives in London what are you putting for libors today please?

Submitter-9: Hi mate welcome in one of the most interesting currency market heard out of the market that there is sombody at DB LDN now again trading CHF derivatives didnt check so far but probably going for 27 in the 1mth and 75 in the 3mths In case you have aynthing special let me know rgds [Submitter-9]

64. After that, the two regularly spoke about influencing DB's CHF LIBOR submissions to benefit trading positions. At times, they also discussed whether they could have a greater influence on the CHF LIBOR fixing by submitting at the low end of the Contributor Panel banks whose submissions would be averaged by the BBA or by submitting so low that DB would be dropped out of the calculation altogether. For example, on September 25, 2008, the two agreed, in an electronic chat, to move DB's rate for Trader-11's benefit with Trader-11 explaining the motivation for his two requests. In doing so, they also pushed for specific target CHF LIBOR submissions:

Submitter-9: hi gd morning mate…in case it helps u my libor forecast: 1m 2.63 2m 2.70 3m 2.82 6m 2.98 9m 3.10 12m 3.235

Trader-11: ok many thanks

can you put a high 3m please?

Submitter-9: sure 83?

Trader-11: many thanks

really need low 1 month today…

just for tpday…

Submitter-9: wud do 61 if you agree…problem is not to quote too low to be deleted in the calculation process…??

Crazy these markets…..hope ur fine with the fixing

Trader-11: yes it is perfect was paying a lot of 1m today glad it is out of the way am short 3m but want to rec 3s now

65. Similarly, on October 23, 2008, the two spoke about moving DB's CHF submissions to benefit Trader-11's trading positions and revisited their discussions, in an electronic chat, about the optimal way to impact the fixing to benefit one's trading positions:

Trader-11: where do you see 1m libor today?

Submitter-9: gd question lower again I will go again for 2.50 with a fix at 2.60-62

Trader-11:	cam you put a very low 1 month please
Submitter-9:	sure wnatever suits u but to be honest lower than 2.50 wud mean we r off the calculation anyway so having no effect on the fix
Trader-11:	fine if we are off the calculation it is always better than we are in To get libor your way you always need to be off teh calculation
Submitter-9:	to show the direction i totally agree....but in case u have a refix i wud say its better to be in the calc on the low side
Trader-11:	no we had a chat with [Trader-3] about that and we do not think so Maybe he is wrong!!! If you are un menas you increase the libor no?
Submitter-9:	it depends what u expect all the other to quote....on the day of ur refix its better to be the lowest in the calc to bring libor down, no?

	But to make sure risk on the 1m libor today clearly on the downside, means coming more down to 2.50 area..maybe all the banks quoting unchgd high 1m libor yesterday might go down quite a lot today
Trader-11:	good
Submitter-9:	will go 38 in thw 1m fixing
Trader-11:	Thank you

E. GBP LIBOR

66. From at least 2005 through 2010, London-based pool traders employed by DBGS regularly made GBP LIBOR submissions that benefited trading positions in derivative products tied to GBP LIBOR. These submissions by DB's GBP pool traders benefited their own positions. During this same period, DB's GBP LIBOR submitters on occasion received requests from the bank's GBP derivatives traders, including Trader-17 and Trader-18, who were employed by DBGS.

67. During most of this period, responsibility for DB's GBP LIBOR submission rested primarily with pool traders Trader-18 and Submitter-10, both of whom were employed by DBGS. Over time, Trader-18's job evolved from being in charge of a cash book into managing a sizeable

derivatives book the profitability of which was based on products primarily tied to GBP LIBOR. Also during this time and beginning in at least 2007, Trader-18 became Submitter-10's supervisor. Consequently, Submitter-10 knew Trader-18's derivatives positions and had them in mind when setting DB's GBP LIBORs and submitted rates that favored Trader-18's derivatives positions.

IV.

DBGS'S ACCOUNTABILITY

68. DBGS acknowledges that the wrongful acts taken by the participating employees in furtherance of the misconduct set forth above were within the scope of their employment at DBGS. DBGS acknowledges that the participating employees intended, at least in part, to benefit DBGS through the actions described above. DBGS acknowledges that due to this misconduct, DB branches or agencies in the United States, have been exposed to substantial financial risk, and partly as a result of the penalties imposed by this Plea Agreement and under agreements reached with other government authorities, has suffered actual financial loss.