

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

In the Matter of

BARCLAYS BANK PLC,  
BARCLAYS BANK PLC, NEW YORK BRANCH

**CONSENT ORDER UNDER  
NEW YORK BANKING LAW §§ 44 and 44-a**

The New York State Department of Financial Services (the “Department”), Barclays Bank PLC, and Barclays Bank PLC, New York Branch (collectively, “the Parties”) stipulate that:

**WHEREAS** Barclays Bank PLC is a major international banking institution with more than 132,000 employees and total assets exceeding \$2 trillion;

**WHEREAS** Barclays Bank PLC has operated a foreign bank branch in New York State (“the New York Branch”), licensed, supervised and regulated by the Department since 1963;

**WHEREAS** the New York Branch has more than 500 employees and total assets exceeding \$36 billion;

**WHEREAS** Barclays Bank PLC and the New York Branch (collectively, “Barclays” or the “Bank”) engaged in manipulative conduct and attempted to manipulate benchmark foreign exchange (“FX”) rates around the world, during at least 2008 through 2012, to benefit Barclays’ own trading positions;

**WHEREAS** in some instances, Barclays conspired with other banks in order to coordinate trading, attempt to manipulate exchange rates, or coordinate bid/ask spreads charged;

**WHEREAS** the coordination and conspiracy to manipulate were intended to benefit Barclays trading results by maximizing profits or minimizing losses to the detriment of counterparties, thereby harming consumers of financial products and services;

**WHEREAS** from at least 2008 to 2014, Barclays engaged in misleading sales practices, including by deceiving clients concerning the application of “mark-ups” to FX trades;

**WHEREAS** the misconduct discussed in this Order involved providing false and misleading information to customers and markets;

**WHEREAS** Barclays PLC has agreed to plead guilty to a violation of Section 1 of the Sherman Act (15 U.S.C. § 1);

**WHEREAS** Barclays is entering into a resolution with the U.S. Commodity Futures Trading Commission (“CFTC”) relating to violations of the Commodities Exchange Act (7 U.S.C. §§ 9, 13) and CFTC Regulation 180.2, 17 C.F.R. § 180.2; and

**WHEREAS** Barclays is entering into a resolution with the Board of Governors of the Federal Reserve System relating to violations of the Federal Deposit Insurance Act (12 U.S.C. § 1818);

**WHEREAS** Barclays is entering into a resolution with the U.K. Financial Conduct Authority relating to principles of reasonable care to organize and control its affairs responsibly and effectively with adequate risk management systems, which is FCA Principle for Businesses 3;

**NOW THEREFORE**, to resolve this matter without further proceedings pursuant to the Superintendent’s authority under Section 44 and 44-a of the Banking Law, the Department and Barclays agree to the following:

## **FACTUAL BACKGROUND**

### The FX Market and Fix Manipulation

1. The FX market involves the buying, selling and exchanging of currencies, and is one of the largest, most liquid and most actively traded markets in the world, with an average daily turnover of \$5.3 trillion in April 2013.

2. In a typical FX spot transaction, currencies are traded against one another in pairs. As the world's reserve currency, the U.S. Dollar is the most actively traded currency in the FX market. The overwhelming majority of all FX trading is conducted in G10 currency pairs, while the most popular currency pairs are the Euro/U.S. Dollar (EUR/USD), the British Pound Sterling/U.S. Dollar (GBP/USD) and the U.S. Dollar/Japanese Yen (USD/JPY).

3. FX market participants include banks, investment firms, commercial companies, central banks, hedge funds and retail customers, which trade various types of instruments, including spot, forward, swap, futures and options contracts. The primary FX trading centers are located in New York City and London, although FX trading occurs around the world and continues 24 hours a day, excluding weekends.

4. A typical FX spot transaction involves the exchange of currencies at an agreed rate for settlement on a spot date—usually two business days from the trade date. In addition to trading directly in the market, clients can also submit “fix” orders to various large international banks, including Barclays, which then shoulder the risk of the trade and agree to deliver the requested currency to the client at the “fix” rate, which is determined at a subsequent time based on trading in the interdealer market. There are numerous such “fix” or benchmark rates, which are set at specific times each day. The most widely referenced benchmark rates include the 4:00 pm (London time) WM/Reuters fix (the “WM/R fix”) and the 1:15 pm (London time) European Central Bank fix (the “ECB fix”).

5. For G10 currency trading, the WM/R fix rates are based on actual bids and offers taken from electronic trading systems, which at the relevant times used a one-minute window around the time of the fix. The ECB fix takes into consideration price levels established through trading at the time of the fix, but the precise methodology is not disclosed.

6. For certain less liquid currencies, particularly in emerging markets, benchmark rates, such as the reference rate published by the Chicago Mercantile Exchange (“CME”) and Emerging Markets Traders Association (“EMTA”) for U.S. dollars and Russian rubles (the “CME/EMTA USD/RUB Reference Rate”) are set based on indicative quotes obtained by a survey of certain market participants.

7. Prior to a fix, clients place orders with banks (including Barclays) to buy or sell a specified amount of currency “at the fix rate”—*i.e.*, the rate that would be determined at the upcoming fix. Traders with net orders to sell a certain currency at the fix rate make a profit if the average rate at which they buy the currency is lower than the fix rate at which they sell to their clients, while traders with net orders to buy a certain currency at the fix rate make a profit if the average rate at which they sell the currency is higher than the fix rate at which they buy from their clients.

8. By taking these orders to transact at a yet-to-be-determined rate, banks expose themselves to exchange rate movements, and FX traders may buy or sell currency in or around the fix or fix window in order to manage this exposure risk and often to obtain a currency position large enough to complete the order. Depending on the volume of trading during or around a fix window, transactions to buy or sell currency can affect the fix rate. For example, a bank that sells, or even simply offers to sell, a large amount of currency just before or during the fix may cause the fix rate to move lower. The resulting rate movement would benefit the trader, who makes a larger profit due to the increased spread between the fix rate at which the trader committed to buy the currency from the client and the higher rate at which the trader sold the currency to the market. However, this increased profit comes at the expense of the client, who ends up selling the currency to the market (via the trader) at a lower fix rate.

9. This dynamic creates a risk that a trader will deliberately engage in trading behavior designed to manipulate the fix rate in order to increase his or her profits by buying or selling large orders, or simply by making bids or offers for large amounts with the intent to move prices rather than engage in actual transactions. These profits could be increased even further if the trader coordinated his or her trading activity with FX traders at other banks.

10. By sharing information through multi-bank chats and colluding in their trading, these already influential traders dramatically amplify their ability to manipulate prices. The fixes use a narrow time window, during which a small number of traders at a few global banks control the majority of the volume, and have leverage to influence prices.

11. A manipulative trading strategy employed to affect market prices rather than engage in actual transactions is “crossing the spread” and placing an order that unnecessarily reaches “deep into the book” – that is, several levels beyond the market’s offered bid/ask spread. This intentionally shifts the bid/ask levels in the desired direction rather than merely executes orders at the best available price. The technique is intended to push prices in a direction before a current bid/offer can be renewed by a counterparty at the previously existing price, or close to it.

12. Knowing that the times around a fix are volatile, other market participants have an incentive to stay out of the way of the banks executing fix orders. Successful coordination among the fix-executing banks and prior instance of successful manipulation of prices around the time of the fix thus reinforces the lesson that other market participants should stay out of the way at that time. Only members of the multi-bank chat among large fixing banks have the shared information and the visibility as to the direction of aggregate fix orders, as well as the ability and incentive to cooperate in fix execution. As one Barclays trader stated on a multi-bank chat: “we

are 3 of the top 4 eur books on the planet . . . if we cant help each other with liquidity . . . who can?”

### Barclays' Misconduct

13. Barclays employs traders who trade FX financial instruments in the inter-bank market and with non-bank counterparties as part of the Bank's Global FX business. Among others, Barclays' FX traders trade in the following product sectors: FX spot, FX forwards and non-deliverable forwards (“NDFs”) and FX options.

14. The misconduct described in this Order was not confined to a small group of individuals; it involved more than a dozen employees, who acted with the knowledge and oversight of some senior desk managers, and spanned geographically across numerous countries, including Barclays' offices in New York and London, among others.

### Barclays Engaged in Manipulative Conduct Regarding, Attempted to Manipulate and Conspired to Manipulate Trading in Certain G10 Currency Pairs

15. From approximately 2008 through 2012, certain FX traders at Barclays communicated with FX traders at other banks to coordinate attempts to manipulate prices in certain FX currency pairs and certain FX benchmark rates, including the WM/R and ECB fixes. The majority of these communications took place in multi-bank online chat rooms.

16. Certain FX traders at Barclays routinely participated in these multi-bank chat rooms and often had multiple chat rooms open at the same time. In their attempts to manipulate these benchmarks in the chat rooms, Barclays FX traders exchanged information about the size and direction of their orders with FX traders at other banks, as well as coordinated trading, and discussed the spread between bids and offers which the banks were showing to customers. The

exchange of information among the traders at multiple banks via the use of chat rooms facilitated this type of conduct.

17. FX traders, including at Barclays, used code words when communicating in multi-bank chat rooms, in order to conceal certain aspects of their communications and avoid detection.

18. One particular chat room, referred to by the participating traders and other traders as the “Cartel” included FX traders from Citigroup, JP Morgan, UBS, RBS and Barclays who specialized in trading the Euro. Membership in this exclusive chat room was available only to traders who were invited to the chat room. Two Barclays EUR/USD traders were members of this chat room: one from December 2007 to July 2011 and another from December 2011 to August 2012.

19. One Barclays FX trader, when he became the main Euro trader for Barclays in 2011, was desperate to be invited to join the Cartel because of the trading advantages from sharing information with the other main traders of the Euro. After extensive discussion of whether or not this trader “would add value” to the Cartel, he was invited to join for a “1 month trial,” but was advised “mess this up and sleep with one eye open at night.” This trader ultimately survived his “trial” and was permitted to remain in the Cartel chat room until it was disbanded at some point in 2012.

20. FX traders at Barclays employed various strategies in their efforts to manipulate the fixes. One method was known as “building ammo,” whereby a single trader would amass a large position in a currency and then unload the “ammo” just before or during the fix to try to move prices.

21. On January 6, 2012, one Barclays trader, who was also a Head of the FX Spot desk in London, attempted to manipulate the ECB fix by unloading EUR 500 million right at the fix time, stating in the Cartel chat room “i saved 500 for last second” and in another chat room “i had 500 to jam it.”

22. On September 13, 2012, Barclays had a net position from clients to sell EUR 119 million, and this same Barclays trader built approximately EUR 30 million in additional “ammo” from Fortis Bank SA/NV, and EUR 169.5 million from HSBC. This trader stood to make additional profit if the ECB fix dropped. He sold EUR 175.4 million in the nine minutes leading up to the fix. While the market was rising up until 5 seconds prior to the fix (with best offers hovering around 1.2913), this trader sold EUR 147 million in the last three seconds before the ECB fix, which ultimately was 1.2910. As a result, Barclays made a profit of \$16,000 on these trades.

23. In another example, on December 6, 2011, Barclays had client orders to buy a net EUR 52 million at the ECB EUR/USD fix rate. In addition, a Barclays trader agreed to buy an additional EUR 143.5 million at the fix rate from other banks, leaving him with EUR 195.5 million to sell at the fix. This additional “ammo” from other banks offered the possibility of driving down the price of the EUR/USD for the setting of the fix, which would allow Barclays to pay less for the euros it had committed to purchase at the fix price, while potentially selling for more. In addition, through the cooperation of traders at other banks, additional client orders of EUR 120 million, pending at other banks, were also cleared ahead of the fix, so as not to counteract the upcoming Barclays effort to drive the price lower. A trader at another bank wrote to the Barclays trader: “u selling still? . . . get a late 20 so ive sold them” and stated that he was planning to “watch your magic haha.”



24. The trader sold the euros prior to the ECB fix with the intent to push down the price, and anticipating that the fix rate at which Barclays had committed to buy 195.5 million euros would be lower than the rate at which he would sell. In the 13 minutes leading up to the fix, Barclays sold EUR 196 million at an average price of (approximately) 1.33947. Immediately before the fix, the trader placed an order to sell EUR 100 million at 1.3394. The ECB fix ultimately was driven down to that exact level, and this low fix level, lower than the prices before and after the fix, resulted in a profit for Barclays of approximately \$14,270. A few seconds after the fix, the price recovered to 1.3396, where it had been before the fix.

25. Dissipating the buy orders of traders at other banks before the fix, and concentrating Barclays' sell orders near and at the fix, allowed Barclays to attempt to push the price at the fix lower than it would have been without this deliberate marshaling of orders to create the lowest possible price – a price below what Barclays itself had sold for, on average. Without the active cooperation and coordination among the traders at multiple banks, via the use of chat rooms, the Barclays trader would have had neither the information to indicate that pushing the price was feasible, since there were not large contrary orders pending, nor the tools to attempt to accomplish that forced, temporary push lower.

26. In another example of manipulative trading, intended to push prices down before the fix, rather than simply execute orders by selling at bid prices, on January 3, 2012, a Barclays trader repeatedly placed orders below the levels of the bids in the market. For this fix, Barclays had client orders that required it to sell EUR 400 million. Barclays also obtained additional “ammo” from other banks, raising its net position for sale to EUR 482 million. In the seconds prior to the fix, the Barclays trader submitted an order to sell EUR 50 million at 1.3013 when the market was trading at 1.3015/16, and then to sell EUR 100 million at 1.3012 when the market

was trading at 1.3014/15. A trader not focused on pushing prices lower would simply have submitted orders that matched the best offer, or more aggressively, obtained immediate execution by agreeing to sell at the bid price. Offers lower than the guaranteed execution at a higher available bid are strongly probative of an intent to move prices lower, rather than efficiently and fairly execute orders. On this day, Barclays obtained approximately \$59,000 in profit from the fix trading.

27. An additional tactic for reducing the risks involved in seeking to manipulate market prices was for the traders at the various banks on a multi-bank chat to agree to stay out of each other's way around the time of a fix, and avoid executing contrary orders while an effort to push prices was being deployed. Traders would also cooperate with price manipulation efforts by seeking to "clear the decks" of contrary orders early, in order not to dilute the deployment of the full "ammo" nearer to the fix, as part of an effort to move prices beyond the narrower range that would be maintained by a more routine, even execution of orders.

28. For example, in a June 28, 2011 chat with a trader from HSBC, a Barclays trader reported that another trader was building orders to execute at the fix contrary to HSBC's orders but Barclays assisted HSBC by executing trades ahead of the fix to decrease that other trader's orders: "He paid me for 186 . . . so shioud have giot rid of main buyer for u."

29. In another discussion on a multi-bank chat, on December 1, 2011, with a trader from Citigroup, a Barclays trader indicated "If u bigger. He will step out of the way. . . We gonna help u."

30. On February 15, 2012, a Barclays trader worked to clear the decks in advance of the ECB fix to assist his fellow Cartel member at UBS, stating "hopefully taking all the filth out for you [UBS Cartel member]" and "hopefully decks bit cleaner." Despite having net sell orders

of only EUR 54 million, this trader ended up engaging in a series of matching trades, including buying EUR 196 million to assist his fellow Cartel member.

31. In yet another example, on February 21, 2012, the same trader employed the same strategy of clearing the decks by selling EUR 47 million to RBS to assist his fellow Cartel member at Citi, noting “gave mine to try at rbs so u shud be nice and clear to mangle.”

Barclays Engaged in Manipulative Conduct Regarding, Attempted to Manipulate and Conspired to Manipulate Trading in Certain Emerging Markets Currency Pairs

32. From approximately 2009 through 2012, certain FX Emerging Markets traders at Barclays communicated with traders at other banks and on some occasions attempted to coordinate their pricing and trading for certain emerging markets currency pairs. The majority of these communications took place in multi-bank online chat rooms.

33. In their attempts to manipulate emerging markets currency pricing, Barclays FX traders exchanged information about customer orders with FX traders at other banks, but did not bother to use code words to disguise their efforts.

34. Indeed, on one occasion, a Barclays FX trader explicitly discussed with a JP Morgan trader coordinating the prices offered for USD/South African Rand to a particular customer, stating, in a November 4, 2010 chat, “if you win this we should coordinate you can show a real low one and will still mark it little lower haha.” After the JP Morgan trader suggested that they “prolly shudnt put this on perma chat,” the Barclays trader responded “if this is the chat that puts me over the edge than oh well. much worse out there.”

35. A few weeks later, on November 17, 2010, the Barclays trader continued his efforts to coordinate prices, telling other chat room members to “show them way to the left . . . if they come here I will show them little worse . . . you win . . . and get them cheap.”

36. Several months later, this trader was still instructing traders at other banks to follow his lead. On February 25, 2011, a Standard Chartered Bank FX trader asked “what bid you want me to show if somwone calls” and the Barclays trader responded “up to 02.” The SCB trader said “okok” and “ill let you know if we get asked.”

37. Later that year, on June 10, 2011, the Barclays trader stated explicitly in another chat that “we trying to manipulate it a bit more in ny now . . . a coupld buddies of mine and I.”

38. In June 2011, the trader left Barclays and later joined another bank, where he continued to engage in similar conduct. On September 23, 2011, the former Barclays trader told an FX trader at an affiliate of Barclays (who is now employed by Barclays) to stand down to allow him to trade “so we dont get in each others way.”

39. FX traders involved in the USD/Brazilian Real market colluded together to manipulate markets in a more straightforward manner—by agreeing to boycott local brokers to drive down competition. On October 28, 2009, an RBC trader wrote “everybody is in agreement in not accepting a local player as a broker?” A Barclays FX trader responded “yes, the less competition the better.”

40. Traders in the Russian ruble at a number of banks, including Barclays, participated in the “Curling 2010” persistent multi-bank chat room, where banks’ submissions to the CME/EMTA USD/RUB Reference Rate were discussed, on at least seven occasions in 2010 and 2011. The CME/EMTA USD/RUB Reference Rate was determined based on a survey of various banks, rather than on the basis of a sample or an average of actual trade prices. The Curling 2010 chat room was also used, during 2011 and 2012, for traders to match fix orders, while avoiding brokers. Many of the chats in which Russian ruble traders participated were in

Russian, and Barclays' compliance personnel were not prepared to monitor the full extent of such foreign language interactions in the ordinary course of their compliance supervision.

### Sales Practices

41. On numerous occasions, from at least 2008 to 2014, Barclays employees on the FX Sales team engaged in misleading sales practices with clients. Sales employees applied "hard mark-ups" to the prices that traders gave them without their clients' knowledge. A hard mark-up represents the difference between the price the trader gives a salesperson and the price the salesperson shows to the client.

42. FX Sales employees would determine the appropriate mark-up by calculating the most advantageous rate for Barclays that did not cause the client to question whether executing the transaction with the Bank was a good idea, based on the relationship with the client, recent pricing history, client expectations and other factors.

43. As one FX Sales employee wrote in a chat to an employee at another bank on December 30, 2009, "hard mark up is key . . . but i was taught early . . . u dont have clients . . . u dont make money . . . so dont be stupid."

44. At one point, certain members of the FX Sales team sat right next to the FX G10 traders and only a few rows away from the FX Emerging Markets traders, close enough to communicate verbally. At some point certain members of the FX Sales team were moved further away from the traders, but still close enough to communicate verbally. In this seating arrangement, certain FX Sales employees were able to communicate mark-ups to traders verbally and, at times, through the use of hand signals.

45. The practice of certain FX Sales Employees when a client called for a price quote was to mute the telephone line when asking the trader for a price, which would allow Sales

employees to add mark-up without the client's knowledge. However, some clients demanded to hear the Sales employees' communications with traders, and stayed on an open line while the FX Sales employees communicated with the traders.

46. In such circumstances, at least two Barclays FX Sales employees used hand signals to ask traders to add hard mark-up without the client's knowledge. For example, one finger held sideways would indicate a one-pip markup, while two fingers held sideways would indicate a two-pip mark-up.

47. Mark-ups represented a key revenue source for Barclays and generating mark-ups was a high priority for Sales managers. As the future Co-Head of UK FX Hedge Fund Sales (who was then a Vice President in the New York Branch) wrote in a November 5, 2010 chat: "markup is making sure you make the right decision on price . . . which is what's the worst price i can put on this where the customer's decision to trade with me or give me future business doesn't change . . . if you ain't cheating, you ain't trying."

48. Historically, specific targets were set for mark-ups, and although specific targets are no longer set, most FX Sales employees continued to believe mark-ups remained a significant factor in determining compensation. Almost all FX Sales employees admitted they engaged in marking-up request-for-quotation and at-best orders, when possible. As one FX Sales employee noted, the goal was to "give the rate that was most advantageous to the bank, but would not make the customer go away!"

49. Even though more recent managers of Barclays' FX Sales group stated that they set no hard targets, certain FX Sales employees said they aimed for mark-ups to contribute at least 20% of the total revenue they were credited with. Mark-ups were thus one of three primary

methods for FX Sales to generate revenue (along with sales credits based on volume, and allocations from traders in recognition of receiving profitable orders from Sales).

50. Not only did some Sales managers encourage this practice, but one senior trader on the Hedge Fund FX Sales Desk—who later became the Co-Head of UK FX Hedge Fund Sales—regularly gave presentations to incoming FX Sales employees to teach them, among other things, how to charge mark-ups.

51. The agreements between Barclays and its FX clients did not disclose that Barclays was charging mark-ups to FX trades, and clients were generally not told when mark-ups were being applied to their specific trades.

52. On at least two occasions, FX Sales employees affirmatively represented to a client that no mark-up had been added, when in fact it had been.

53. On June 26, 2009, after one FX Sales employee appeared to admit to another Sales employee that he “came clean” about charging a hard mark-up after a client called him out on it, the second employee stated “i wouldnt normally admit to clients if you pip them. i think saying you rounded is fine.” The first employee agreed, and replied that he didn’t actually come clean to the client, but rather “said i was rounding.”

54. On September 23, 2014, another FX Sales employee applied a mark-up to a client’s trade. The client called and asked if had applied a mark-up, and this Sales employee lied and said that he had not.

55. Another misleading sales practice was giving a client the worst (or a worse) rate that was reached during a particular time interval, even if the trader was able to execute the order at a better price. The more favorable fill generated a profit, which Barclays would keep, in whole or in part, without providing disclosure to the client.

56. A similar practice was to tell clients that their orders had been only partially filled, when in fact the FX Sales employees were holding back a portion of the fill as the market moved in Barclays' favor, permitting Barclays to generate an undisclosed profit at the client's expense.

#### Failures of Controls and Compliance

57. As discussed within this Order, the misconduct at the Bank was systemic and involved various levels of employees, including a lack of appropriate supervision or intervention by certain managers both of FX trading desks and of FX Sales staff.

58. The culture within the Bank valued increased profits with little regard to the integrity of the market. In May 2012, after noting that "Large fixes are the key to making money as we have more chance of moving the market our way," a Barclays senior trader announced an "added incentive" for Sales employees of 50% of profits made for increasing trading volume at certain fix orders. In response, the head of the FX Spot desk in New York noted that "the ideas put forward in this mail are exactly what we are looking for."

59. The revenue produced by an FX trader's trading activity impacted the compensation of FX traders, along with other factors.

60. During the relevant time period, although Barclays had general policies in place regarding trading and sales activity, those policies were not specifically designed for the FX business. The guidance Barclays did provide focused on insider trading risk and regulations that were not relevant to the foreign exchange market, which effectively left it up to individual traders to determine what kind of conduct was appropriate.

61. Warning signs alerted the Bank to weaknesses in its controls with respect to the FX business, but the Bank failed to take appropriate action. Although the Bank took steps,



beginning in mid-2012, to address certain risks associated with the use of multi-bank chat rooms, it did not investigate the conduct that occurred in such chat rooms until mid-2013.

62. Specifically, in March 2012, Barclays discovered that an employee on the Sales desk had revealed, on one of his Reuters distribution lists, confidential information about an FX trade that had been executed by a Barclays client.

63. Barclays' initial response to this incident was to conduct a review that identified who had leaked the confidential information. Thereafter, the Bank performed an additional review of the chats of only one trader who has now been identified as having engaged in some of the trading misconduct described in this Order. This additional review was assigned to a single Barclays employee in the Compliance division.

64. The Compliance employee who reviewed the chats looked only for confidential client information sharing, derogatory references to clients and bad language, but failed to discover any of the efforts to manipulate the benchmark rates described above.

65. In May 2012, the Bank held workshops with FX traders and FX sales personnel to discuss market color and confidential information sharing. At one of these workshops, traders discussed their efforts to coordinate the FX fixes. During and following these workshops, traders asked for guidance from the Compliance and Legal divisions about proper communications in the multi-bank chat rooms, but never received the requested guidance until October and December 2012.

66. Around the same time that certain FX traders raised concerns to Compliance about information sharing regarding and efforts to coordinate FX fixes in multi-bank chats, Barclays entered into a global settlement relating to the manipulation of other key benchmark

rates, most notably the London Interbank Offered Rate (“LIBOR”). The LIBOR settlements took place on June 27, 2012.

67. Despite learning about FX traders’ information sharing in chat rooms at least as early as May 2012 while simultaneously entering into a settlement concerning persistent misconduct relating to the manipulation of key benchmark rates, which included misconduct by traders in chat rooms, Barclays did not shut down the use of interbank chat rooms by FX traders until October 2012 and by other lines of business until 2013. Further, Barclays did not begin a full investigation of FX trading misconduct until the publication of a *Bloomberg* article in June 2013.

68. Since 2012, Barclays has implemented remedial measures to address the misconduct described in this Order, including prohibiting all FX Spot traders from participating in multi-bank chat rooms.

### **Violations of Law and Regulations**

69. With regards to the aforementioned conduct, the Bank has conducted banking business in an unsafe and unsound manner.

70. The Bank also failed to maintain or make available at the New York Branch, true and accurate books, accounts, and records reflecting all transactions and actions, in violation of Banking Law § 200-c.

71. Barclays failed to submit a report to the Superintendent immediately upon discovering fraud, dishonesty, making of false entries and omission of true entries, and other misconduct, whether or not a criminal offense, in violation of 3 NYCRR § 300.1.

## **SETTLEMENT PROVISIONS**

### **Monetary Penalty**

72. Barclays shall pay a civil monetary penalty, pursuant to Banking Law §§ 44 and 44-a, to the Department in the amount of \$485 million. Barclays shall pay the entire amount within ten days of executing this Consent Order. Barclays agrees that it will not claim, assert, or apply for a tax deduction or tax credit with regard to any U.S. federal, state, or local tax, directly or indirectly, for any portion of the civil monetary penalty paid pursuant to this Consent Order.

### **Employee Discipline**

73. A number of Barclays employees that were involved in the wrongful conduct discussed in this Order, including a director on the FX Spot trading desk in London, a director on the FX Spot trading desk in New York, a director on the Emerging Markets desk in New York, a managing director in FX Hedge Fund Sales in New York, a director in FX Real Money Sales in New York, and an assistant vice president in FX Hedge Fund Sales in London, are no longer employed at the Bank.

74. As a result of the investigation, four Barclays employees have been terminated in the last month: the Global Head of FX Spot trading in London, an assistant vice president on the FX Spot trading desk in London, a director on the FX Spot trading desk in London and a director on the FX Spot trading desk in New York.

75. Certain employees involved in the wrongful conduct have been suspended or placed on paid leave but remain employed by the Bank. The Department orders the Bank to take all steps necessary to terminate the following four employees, who played a role in the misconduct discussed in this Consent Order but who remain employed by the Bank: a vice president on the Emerging Markets trading desk in New York, two directors on the FX Spot

trading desk in New York and a director on the FX Sales desk in New York (who previously was Co-Head of UK FX Hedge Fund Sales in London).

76. With respect to two of the employees referenced in paragraph 75 who remain under investigation by other authorities, the Department orders the Bank to take all steps necessary to terminate them as promptly as is consistent with its obligations to cooperate with those authorities. These two employees must remain suspended or on paid leave until termination.

77. If a judicial or regulatory determination or order is issued finding that the termination of any of the above employees is not permissible under local law, then such employees nevertheless shall not be allowed to hold or assume any duties, responsibilities, or activities involving compliance, FX benchmarks, or any matter relating to U.S. or U.S. Dollar operations.

#### **Matters Not Released By This Order**

78. This Order does not release the Bank from any claims concerning electronic systems used in FX trading and electronic trading of FX and FX-related products, and any potential related activities or misconduct arising out of or related to this areas. The Department will continue its review and investigation of this areas of activity.

#### **Continuation of Work of Independent Monitor**

79. Barclays will continue to engage the independent monitor previously selected by the Department to conduct, consistent with applicable law, a comprehensive review of compliance programs, policies, and procedures, with respect to the business activities discussed within this Order, now in place at the Bank that pertain to or affect activities conducted by or through the New York Branch. The monitor will continue to report directly to the Department.

80. Among other things, the monitor will review and report on:
- a. The effectiveness of the Bank's trading policies, rules and prohibitions concerning the conduct detailed herein, and concerning trading in derivatives arising out of or related to FX;
  - b. The thoroughness and comprehensiveness of the Bank's current compliance program, including the organizational structure, management oversight, and reporting lines that are relevant to compliance, and an assessment of the staffing of the compliance teams, including the duties, responsibilities, authority, and competence of officers or employees responsible for the Bank's compliance with laws and regulations pertaining to compliance;
  - c. The propriety, reasonableness, and adequacy of any proposed, planned, or recently-instituted changes to the Bank's compliance programs;
  - d. Any corrective measures necessary to address identified weaknesses or deficiencies in the Bank's corporate governance or its compliance program.

81. Barclays agrees that it will fully cooperate with the monitor and support its work by, among other things, providing the monitor with access to all relevant personnel, consultants and third-party service providers, files, reports, or records, whether located in New York, the United Kingdom, Singapore or elsewhere, consistent with applicable law.

82. Within 180 days of the date of this Consent Order, the monitor will submit to the Department and Barclays' Board of Directors a preliminary written report of findings, including proposed corrective measures.

83. Within 30 days of receiving the monitor's preliminary written report of findings, Barclays will submit to the Department a written plan designed to improve and enhance current compliance programs that pertain to or affect activities conducted by or through Barclays' New York Branch, incorporating any relevant corrective measures identified in the monitor's report (the "Action Plan"). The Action Plan will provide for enhanced internal controls and updates or revisions to current policies, procedures, and processes in order to ensure full compliance with all applicable provisions of the law and the provisions of this Consent Order. Upon receipt of written approval from the Department, Barclays will begin to implement the changes.

84. Within 30 days of receiving the monitor's preliminary written report of findings, Barclays will submit to the Department a written plan to improve and enhance management oversight of compliance programs, policies, and procedures now in place at the Bank that pertain to or affect activities conducted by or through Barclays' New York Branch (the "Management Oversight Plan"). The Management Oversight Plan will address relevant matters identified in the monitor's written report of findings and provide a sustainable management oversight framework. Upon receipt of written approval from the Department, Barclays will begin to implement the changes.

85. The monitor will thereafter oversee the implementation of corrective measures set out in the Bank's Action Plan and Management Oversight Plan. Finally, the monitor will assess the Bank's compliance with those measures. The monitor will submit subsequent progress reports and a final report to the Department and to Barclays' Management Board at intervals to be determined by the Department. The Department may, in its sole discretion, extend any reporting deadline set out in this section.

86. Any dispute as to the scope of the monitor's authority or mandate will be resolved by the Department in the exercise of its sole discretion, after appropriate consultation with Barclays and the monitor.

87. In addition, the monitor will continue its review, analysis and reporting to the Department concerning: (i) electronic systems used in FX trading and electronic trading of FX and FX-related products, and (ii) trading in derivatives arising out of or related to FX, and any potential related activities or misconduct arising out of these areas.

88. The terms of the Memorandum of Understanding reached between the Bank and the Department regarding the independent monitor shall continue to govern.

#### **Breach of Consent Order**

89. In the event that the Department believes Barclays to be in material breach of the Consent Order, the Department will provide written notice to Barclays and Barclays must, within ten business days of receiving such notice, or on a later date if so determined in the Department's sole discretion, appear before the Department to demonstrate that no material breach has occurred or, to the extent pertinent, that the breach is not material or has been cured.

90. The parties understand and agree that Barclays' failure to make the required showing within the designated time period shall be presumptive evidence of Barclays' breach. Upon a finding that Barclays has breached this Consent Order, the Department has all the remedies available to it under New York Banking and Financial Services Law and may use any evidence available to the Department in any ensuing hearings, notices or orders.

#### **Waiver of Rights**

91. The Parties understand and agree that no provision of this Consent Order is subject to review in any court or tribunal outside the Department.

### **Parties Bound by the Consent Order**

92. This Consent Order is binding on the Department and Barclays, as well as any successors and assigns that are under the Department's supervisory authority. But this Consent Order does not bind any federal or other state agency or any law enforcement authority.

93. No further action will be taken by the Department against Barclays for the conduct set forth in the Consent Order, provided that Barclays complies with the terms of the Consent Order.

94. Notwithstanding any other provision in this Consent Order, however, the Department may undertake additional action against Barclays for transactions or conduct that Barclays did not disclose to the Department in the written materials Barclays submitted to the Department in connection with this matter.

### **Notices**

95. All notices or communications regarding this Consent Order shall be sent to:

For the Department:

Maria Filipakis,  
Executive Deputy Superintendent  
Capital Markets Division  
One State Street  
New York, NY 10004

For Barclays Bank PLC:

Lawrence Dickinson  
Company Secretary  
1 Churchill Place  
London, E14 5HP  
United Kingdom



### **Miscellaneous**

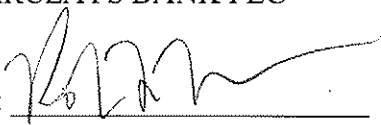
96. Each provision of this Consent Order shall remain effective and enforceable until stayed, modified, suspended or terminated by the Department.

97. No promise, assurance, representation or understanding other than those contained in this Consent Order has been made to induce any party to agree to the provisions of the Consent Order.

98. The Department has agreed to the terms of this Consent Order based on, among other things, the representations made to the Department by Barclays — either directly or through its counsel — and the Department’s own factual investigation. To the extent that representations made by Barclays — either directly or through their counsel — are later found to be materially incomplete or inaccurate, this Consent Order is voidable by the Department in its sole discretion.

IN WITNESS WHEREOF, the parties have caused this Consent Order to be signed this 19<sup>th</sup> day  
of May 2015.

BARCLAYS BANK PLC

By:   
\_\_\_\_\_  
**ROBERT F. HOYT**  
Group General Counsel

NEW YORK STATE DEPARTMENT OF  
FINANCIAL SERVICES

By: \_\_\_\_\_  
**BENJAMIN M. LAWSKY**  
Superintendent of Financial Services

**IN WITNESS WHEREOF**, the parties have caused this Consent Order to be signed this 20<sup>th</sup> day of May, 2015.

BARCLAYS BANK PLC

By:

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**ROBERT F. HOYT**  
Group General Counsel

NEW YORK STATE DEPARTMENT OF  
FINANCIAL SERVICES

By:



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**BENJAMIN M. LAWSKY**  
Superintendent of Financial Services