



# Commodity Futures Trading Commission

## Office of Public Affairs

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### Examples of Misconduct From Written Communications

#### Examples of ICAP Yen brokers' Belief of their Influence on the Yen Market and the Yen LIBOR Fixings:

- “[Cash Broker 1] has been doing a number on some of the contributors because a couple of them were edging their libors slightly lower yesterday before he intervened;”
- “i hope that 6m libor has got me back in your good books!! used all my powers of persuasion on that one;-) ... think [Bank A and Bank B] must have looked at [Cash Broker A's] first suggestion . . . they both moved up 11bps to 1.10”
- “[Cash Broker 1] sending out higher than he thinks so hopefully the sheep will just copy”

#### Examples of Skewed LIBOR Suggestions Made for UBS Senior Yen Trader:

October 23, 2006:

Derivatives Broker 1: Morning Lad [Cash Broker 1], On the scrounge again, if possible keep 3m the same and get 6mos as high as you can. My guy has an enormous fix on Wednesday in 6mos and will want it as high as possible. Waiting for my credit card to get returned to me from a drunken night out bowling, but will be supplying you with copious amounts of curry on it's imminent return. Cheers

October 24, 2006 (emphasis supplied):

Derivatives Broker 1: let me know a little later what you need . . . i know u want 6's high tomorrow  
Senior Yen Trader: well today and tomorrow then i can breath a little! 2morrow fix is huge 400b  
Derivatives Broker 1: i know you told me . . . ok as long as the futs don't get outdone by any libor moves south?  
Senior Yen Trader: **...libors going up saved me one day looked like i was going to lose 50m jpy on futs vs libs**  
Derivatives Broker 1: ouch!  
Senior Yen Trader: **but then 6m went up a bp and i was saved well almost**  
Derivatives Broker 1: **à50 curry was cheap then :-D**  
Senior Yen Trader: **yes mate seriously whatever it takes bill me!**

October 25, 2006 (emphasis supplied):

Cash Broker 1: Depending where it sets k10 **[a restaurant] for lunch or cash would be preferable!!**  
Out or curry tonite Mlord  
Derivatives Broker 1: K10 it is, will get [Junior Broker 1] on the case . . . any chance of 55.25 in 6mos?  
Cash Broker 1: Really cant do much only dodgy ones where [Bank C] dealer on hols and [Bank B] trying to et changed. Who sets ubs libors  
Derivatives Broker 1: Don't know mate, I can get [Bank A] to help but that's it

September 4, 2007

Derivatives Broker 1: want libors up today....big fix in 3mos so that is most important . . . thanks

Junior Broker 1: cheers [Derivatives Broker 1]  
Derivatives Broker 1: ... got [Cash Broker 1's] libors thks  
Junior Broker 1: lib 1m-80, 3m- 96 and 6m- 05 is what he has sent out thinks 3m is 95 and 6m 06 fyg

December 7, 2007 (emphasis supplied):

Derivatives Broker 1: Hi [Cash Broker 1], Thanks again for all your efforts, ... Can you do your best to drive these libors higher, especially 3 mos if you can and it is still well bid.... **UBS had to stagger their move up but will definitely be in the count today. ... p.s Bubbly on its way with [Senior Yen Trader].**

February 29, 2008 (via text message to personal mobile phone) (emphasis supplied):

Derivatives Broker 1: If u can pls move 3m up more than 6m wud be much appreciated :-P  
Cash Broker 1: What happens if they go down. 3m looked higher yesterday pm and 6m no change  
Derivatives Broker 1: Make 6m go lower! They r going up. **[Senior Yen Trader] will buy you a ferrari next yr if you move 3m up and no change 6m**  
Cash Broker 1: Not bad isuppose 9625 against 01625

### Examples of Compensation Demands for ICAP Yen Broker's "LIBOR Services"

April 18, 2007 (emphasis supplied):

Cash Broker 1: Hi [Yen Desk Head] with ubs how much does he appreciate the yen libor scoop? It seems to me that he has all his glory etc and u guys get his support in other things. I get the drib and drabs. **Life is tough enough over here without having to double guess the libors every morning and get zipper-de-do-da. How about some form of performance bonus per quarter from your b bonus pool to me for the libor service \*\*\***  
Yen Desk Head: Lord Baliff, I would suggest a lunch over golden week. Monday or Tuesday if you are around. **\*\*\* As for kick backs etc we can discuss that at lunch and I will speak to [Senior Yen Trader] about it next time he comes up for a chat.**

June 4, 2007 (message sent to Derivatives Broker 1) (emphasis supplied):

Yen Desk Head: [I need] to cover [Cash Broker 1] with future bonus payments that I had to promise him ... **if you could speak to [Senior Yen Trader] out of hours and hint that [Cash Broker 1] had said he would stop giving the libor "flows" then maybe [Senior Yen Trader] could push [his supervisor at UBS] to make the payment, [Senior Yen Trader] said if it were down to him it would be paid as [Cash Broker 1] makes him loads of money and i had to commit to paying lord baliff a regular bonus because basically ... he said it was all over and he would not help anymore if there was not enough money in it for him...**

June 28, 2007

Derivatives Broker 1: [Yen Desk Head] THIS IS GETTING SERIOUS [Senior Yen Trader] IS NOT HAPPY WITH THE WAY THINGS ARE PROGRESSING HE IS GOING TO HAVE A WORD WITH [Competing Broker] TO RECTIFY THE SITUATION. CAN YOU PLEASE GET HOLD OF [Cash Broker 1] AND GET HIM TO SEND OUT 6 MOS L IBOR AT 0.865 AND TO GET HIS BANKS SETTING IT HIGH. **THIS IS VERY IMPORTANT BECAUSE HE IS QUESTIONING MY (AND OUR) WORTH ... GET 6MOS HIGH PLEASE.**  
Yen Desk Head: mailed him spoke to him, **he realises that the carrot might go if this carries on**

## Examples of Involvement by Multiple Brokers in Manipulative Conduct:

July 4, 2007 (emphasis supplied):

Derivatives Broker 3: anything libors, 6's look lower being told  
Derivatives Broker 1: **try and hold it please at 86**  
Derivatives Broker 3: **[Cash Broker 1] says his shoulders are aching holding them up!!!**  
Derivatives Broker 1: **he's a strong lad,i can smell him from here!!**

August 16, 2007 (emphasis supplied):

Cash Broker 1: U will love these libors !! ... mlord  
Derivatives Broker 1: Fantastic work  
Cash Broker 1: **Who knows where they might end ..... Best mark them high .....too start with**  
Derivatives Broker 1: **yeh they copied your man [Cash Broker 2] yesterday so lets hope they do the same today. ... Thanks mate**

January 10, 2009 (emphasis supplied):

Derivatives Broker 1: [to Derivatives Broker 2] **I hope [Senior Yen Trader] is not being too painful, he has had a storming start and is very happy with the libors [Cash Broker 1] and yourselves re managing to fudge for him (as long as he thinks you are trying!).**

## Examples of Yen Brokers' Direct Manipulative Contact with Panel Banks:

August 23, 2007 (emphasis supplied):

Derivatives Broker 1: [Derivatives Broker 3] does [RBS Yen LIBOR Back-Up Submitter] have any influence over their libor sets . . . if he does ask him to do us a favour and edge 6m up please.....think [Bank E Yen Trader] was chasing [Cash Broker 1] for a high fix as well ,so should do us all a favour . . . thanks  
Derivatives Broker 3: [RBS Yen LIBOR Back-Up Submitter] is doing them this wek , he wants 6's up so will be marking them up anyway  
Derivatives Broker 1: **brooliant!! they are making fortunes with these high fixings!!! :-) thats UBS,RBS and [Bank E] + M'Lord should be ok!!**

## Examples of ICAP Brokers Strategizing with the Senior Yen Trader to Carry out His Manipulative Schemes:

April 25, 2008:

Derivatives Broker 1: you need to make sure [UBS Yen LIBOR Submitter] doesn't move these up where he was calling them.....don't want all the hard work getting shot away by your own bank.  
Senior Yen Trader: i know ... i am trying  
Derivatives Broker 1: it will be rather ironic if [Cash Broker 1] and [Yen Broker at Broker B] do their best and [UBS Yen LIBOR Submitter] shoots you in the foot  
Senior Yen Trader: **yeah just bought him a coffee!**  
Derivatives Broker 1: **:-D could be the cheapest bribe of your life!**

June 29, 2009:

Senior Yen Trader: that 6m was a disaster for me i need [Cash Broker 1] to try and get those who didn't move higher

Derivatives Broker 1: **he has already gone round some of the fixers questioning their sets....i spoke to him late last night. He has chased them and cannot understand their motives** .Its not even the rbs and [Bank D's] of the world that fcked us he has no influence on Bank C, would have spoken to [Bank H] but the guy is pretty stubborn and reckons he's always right.

Senior Yen Trader: [Bank C] [Yen Broker at Broker B] is talking to i reckon i maybe able to get another favour from [Bank G Yen LIBOR Submitter] oh well you can't win em all i guess the problem was the fall immediately before the turn

Derivatives Broker 1: ok [Cash Broker 1] has spoken with [Bank H] and [Bank E] not sure about [Bank B]

Senior Yen Trader: yeah [Bank B] is one that can really help

July 22, 2009 (emphasis supplied):

Senior Yen Trader: 11th aug is the big date i still have lots of 6m fixings till the 10th

Derivatives Broker 1: christ keeps getting extended started off as 14th of this month:-)

Senior Yen Trader: i know

Derivatives Broker 1: **if you drop your 6m dramatically on the 11th mate, it will look v fishy**, especially if [Bank I] and [Bank G] go with you. **I'd be v careful how you play it**, there might be cause for a drop as you cross into a new month but a couple of weeks in might get people questioning you.

Senior Yen Trader: don't worry **will stagger the drops ie 5bp then 5bp**

Derivatives Broker 1: ok mate, don't want you getting into sh it

Senior Yen Trader: us then [Bank G] then [Bank I] then us then [Bank G] then [Yen Bank I]

Derivatives Broker 1: **great the plan is hatched** and sounds sensible

### Examples of Yen Brokers' Continued Aid to Senior Yen Trader at Another Bank:

March 3, 2010 (emphasis supplied):

1st message:

Senior Yen Trader: i really need a low 3m jpy libor into the imm any favours you can get with the due at rbs would be much appreciated even if he on;ly move 3m down 1bp from 25 to 24

Sterling Broker: i'll give him a nudge later, see what he can do

Senior Yen Trader: thanks mate really really would appreciate that

Sterling Broker: haven't seen him since i left so might buy him a steak to catch up

Senior Yen Trader: yeah ... i have a huge fix on the imm so if he moves down 1bp now and leaves it that would be great

2nd message:

Sterling Broker: can i pick ur brain?

RBS Yen Submitter: yeah

Sterling Broker: u see 3m jpy libor going anywhere btween now and imm?

RBS Yen Submitter: looks fairly static to be honest , poss more pressure on upside , but not alot

Sterling Broker: **oh we hve a mutual friend who'd love to see it go down, no chance at all?**

RBS Yen Submitter: **haha [Senior Yen Trader] by chance**

Sterling Broker: shhh

RBS Yen Submitter: hehehe , mine should remain flat , always suits me if anything to go lower as i rcve funds

Sterling Broker: gotcha, thanks, and, **if u cud see ur way to a small drop there might be a steak in it for ya, haha**

RBS Yen Submitter: noted ;-)

Sterling Broker: 8-)

3rd message sent the following day:

RBS Yen LIBOR Submitter: Libor lower ;-)

## ICAP's Yen Broker's Manipulative Conduct for Profit in Concert with Other Banks

December 1, 2010:

Bank D Yen Trader: Hope this will push libors down  
Cash Broker 1: ok we need lower libors tomorrow yes?  
Bank D Yen Trader: Yeah...  
Cash Broker 1: ok ill work some magic for tomorrow:-)  
Bank D Yen Trader: I want 3. And 6m libor a lot lower... ? How?  
Cash Broker 1: we wait and see, tomorrow lower friday a little bit more but ill do my best  
Bank D Yen Trader: Yeah... I think yen libors shud be lower but ppl tend to keep them higher whereas usd libors  
 ppl looks like manipulately put them higher  
Cash Broker 1: ill work some magic tomorrow hopefully, 3m 19 6m 35  
Bank D Yen Trader: Mate... 3mth is already below 19  
Cash Broker 1: mistype 18  
Bank D Yen Trader: That will be nice.  
Cash Broker 1: ok i am on the case for u  
Bank D Yen Trader: Thank u mate