



# Commodity Futures Trading Commission

## Office of Public Affairs

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### Examples of Misconduct From Written Communications

#### Manipulative Conduct for Profit Within UBS and In Concert With Other Banks

Senior Yen Trader: “I live and die by these libors, even dream about them.” (p. 15).

Senior Yen Trader to submitter: “yes have lots of 1m fixes up till imm so am trying to hold 1m down!” (Dec 5, 2006; p. 14).

Senior Yen Trader to Yen Desk Manager: “[Senior Yen Trader-Submitter] talking again about lowering 3m tabor please can you head it off ... is that sorted...?” with the Yen Desk Manager answering “yep”. (“July 24, 2009; pp. 14-15).

Senior Yen Trader: “have put some pressure on a few people i know to get libors up today” (Nov 8, 2006; p. 16).

Senior Yen Trader-Submitter: “i dun mind helping on your fixings, but i'm not setting libor 7bp away from the truth i'll get ubs banned if i do that, no interest in that” (Mar 29, 2007; p. 17)

January 19, 2007 (pp. 18-19):

Senior Yen Trader: “hi [...], bit cheeky but if you know who sets your libors and you aren't the other way I have some absolutely massive 3m fixes the next few days and would really appreciate a high 3m fix, [Yen Bank C] were one of the lowest y/day at .51. Anytime i can return the favour let me know as the guys here are pretty accomodating to me...”

Yen Bank C Trader: “I will try my best, but really fed up with my guys, wanted a high 6m yesterday, but came in really low (our guys one of the main culprits) - got quite badly hit on that.”

Senior Yen Trader: “you and me both, you need 6m high? if so will get my guys to set high for you today, yesterday they set 3m up at 57 for me!”

April 20, 2007 (p. 19):

Senior Yen Trader: “i know i only talk to you when i need something but if you could ask your guys to keep 3m low wd be massive help as long as it doesn't interfere with your stuff tx in advance ... mate did you manage to spk to your cash boys?”

Yen Bank B Trader 1: “yes u owe me they are going 65 and 71”

Senior Yen Trader: “thx mate yes i do in fact i owe you big time mater they set 64! thats beyond the call of duty!”

November 1, 2007 (p. 20):

Senior Yen Trader: “hello mate, real big favour to ask. could you try for low 6m fix today pls wld be most appreciated. thx mate”

Yen Bank B Trader 1: “will try my best dude hows u ??”

Senior Yen Trader: “ok, trading like an idiot today, to be honest just want to take some risk off my book before i come back in dec, have had ok year but management still pushing me for more, have huge 6m fix so if you could help out today would really really really appreciate it! how are you?”

June 25, 2009 (p. 40):

Euro Trader-Submitter 1: “u need low 3s and/or 6s? we need low 6s ... boys, we send the fixings in about 1hr, so let us know pls”

Euro Trader 1: “low 6s high 12s please”

Euro Trader-Submitter 1: “noted”

Rates Manager A: “JUST BE CAREFUL DUDE”

Euro Trader-Submitter 1: “yeah [Sterling Trader-Submitter 1] gave me ur call update i agree we shouldnt ve been talking about putting fixings for our positions on public chat just wanted to get some transparency though otherwise we end up with the same talks afterwards why we fixed it low or high, from u boys in ldn”

## Manipulative Conduct Involving Interdealer Brokers

Derivatives Broker A1 to Senior Yen Trader: “...just give me a ‘wish list’ at the start of each day and i will compose a beeging letter to [Cash Broker A] after lunch.” (Sep 10, 2007; p. 21).

February 9, 2009 (p. 22)

Senior Yen Trader: “do you know your cash desk? ie the guy who covers yen on your cash desk”

Derivatives Broker C/D 1: “yes mate i do”

Senior Yen Trader: “right from now on I need you to ask him a favour on the fixes i will make sure it comes back to you i alrteady do it with [Brokerage A] basically can you ask him to broke 3m cash ie libor lower for me today i will look after you off the back of it i do that for [Brokerage B] too so emphasise the importance to you just suggest it looks a little softer to his accounts”

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Derivatives Broker C/D 1: “just spoke to them and they are on the case”

Senior Yen Trader: “ok mate much appreciated if we do this going forwards it will come back to you in spades”

Derivatives Broker A1, referring to panel banks as “sheep” following broker-disseminated information: “[Cash Broker A] sending out higher than he thinks so hopefully the sheep will just copy.” (p. 23).

Derivatives Broker A1: “...[Cash Broker A] 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;” (p. 24)

Derivatives Broker A1: “i hope that 6m libor has got me back in your good books!! used all my powers of persuasion on that one;-)” (p. 24)

July 7, 2008 (p. 27):

Senior Yen Rates Trader: “1m libor is causing me a real headache .. i need it to start coming lower”

Derivatives Broker B1: “yeah i know mate ... ill try and push a few fictitious offers ard this mng see if tahts helps”

March 30, 2009 (p. 27):

Senior Yen Trader: “i REALLY REALLY need 1m down to 35 and 3m down to 59 6m i'd prefer unchanged ... use the turn to push 1m and 3m down as much as you can ... but need 3m lower pls by 2bp or so”

Derivatives Broker B1: “ok mate usd ill get on the case ... ok im gonna get some spoof offers on the baord 1 3s”

Senior Yen Trader: “... you working hard for me?”

Derivatives Broker B1: “sure mate of course i know the rules”

Senior Yen Trader to interdealer broker: “do the bisness and i'll sort you out MASSIVE” (p. 27).

Senior Yen Trader to interdealer broker: “if you get 3m down you'll get a decent deal from me tomorrow” (p. 27).

Senior Yen Trader to interdealer broker: “if you keep 6s unchanged today I will do f[---]ing one humongous deal with you...Like a 50,000 buck deal whatever. I need you to keep it as low as possible ...I'll pay you, you know, 50,000 dollars, 100,000 dollars ... whatever you want... I'm a man of my word.” (Sept. 18, 2008; p. 28).

Derivatives Broker A1 to his brokerage colleagues: “...THIS IS GETTING SERIOUS [Senior Yen Trader] NOT HAPPY WITH THE WAY THINGS ARE PROGRESSING HE IS GOING TO HAVE A WORD WITH [Derivatives Broker E1] TO RECTIFY THE SITUATION. CAN YOU PLEASE GET HOLD OF [Cash Broker A] 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.”

Derivatives Broker A1 cautioning Senior Yen Trader: “if you drop your 6m dramatically on the 11th mate, it will look v fishy, especially if [Yen Bank J] and [Yen Bank F] 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.” (Jul 22, 2009; p. 36).

### **Group Treasury Directions to “Err on low side”**

GT-ALM Manger: “It is highly advisable to err on the low side with fixings for the time being to protect our franchise in these sensitive markets. Fixing risk and PNL thereof is secondary priority for now.” (Aug. 9, 2007; p. 43).

U.S. Dollar Trader-Submitter to another U.S. Dollar Trader: “as you say always want to err on the low side” with U.S. Dollar Trader responding “we just dont want to give the market a wrong impression. . . we not struggling to get cash...so therefore don't want to be on the highs of libors (August 10, 2007; pp. 44).

Senior Yen Trader responding to broker's question as to why submissions were low: “is all senior mngmt mate want to show the world we are the strongest bank with loads of liquidity” (Sept. 3, 2007; p. 44, n 26).

Yen Desk Manager referring to Group Treasury: “There is some reluctance on their part to move it higher as they are concerned about the reputational risks of putting in a high fix.” (Nov 20, 2007; p. 45, n. 27)

## Group Treasury Directions to be in the “Middle of the Pack”

US Dollar Trader 1 explaining the direction: “the guidance I got from my management with regards to libors is that we should aim to be in the middle of the pack they also want to see the levels we are posting trough [sic] the hole [sic] curve. (they got GT on their back again as well).” (April 17, 2008; p. 48).

US Dollar Trader 1 resisting the direction: “since its my name on the libor fixings then I will fix them appropriately...,” Upon hearing of the resistance, ALM Manager B stated “...he'll go with our levels.” (April 22, 2008; p. 48).

ALM Manager B, discussing a reporter’s question concerning why submissions were not higher: “the answer would be ‘because the whole street was doing the same and because we did not want to be an outlier in the libor fixings, just like everybody else’ ....” (May 21, 208; p. 48-49).

ALM Manager B, responding to concerns that UBS had become a high outlier: “we should bring it down fast so we are in line by friday with the pack...” (June 17, 2008; p. 50).