



Commodity Futures Trading Commission

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Examples of Goldman's USD ISDAFIX Misconduct¹

In Attempt to Ensure a Lower 10-year USD ISDAFIX, Goldman Swaps Trader Tells Broker to "Have Your Screen Guy Go to the Bathroom"

- In January 2007, Goldman's Swap Desk wanted a lower 10-year USD ISDAFIX to benefit related derivatives.
- Ten minutes before 11:00 a.m. that day, a Goldman swap trader directed his broker, in a recorded phone call, to make sure the Swap Broker employee who operated the 19901 screen (the "screen guy") kept the screen price down in the 10-year maturity:

"If someone lifts us at, ya know, 10:59:59, you're going to be the last one to hit it back down and your screen guy is not going to touch it. Just have your screen guy go to coffee That's why I'm calling you ten minutes before, so you can get all this worked out. Have your screen guy go to the bathroom. You don't need to move tens for the next ten minutes. . . ."

The trader added that the broker should trade if necessary to move the screen price back down: "If someone lifts us up, give it down."

- Shortly before 11:00 a.m., again directing his broker to manipulate USD ISDAFIX, the Goldman trader e-mailed the broker: "spend what you need, but make SURE we get the print."

Goldman Swaps Trader Directs Broker to Achieve Particular Screen Levels "for the Fix" and Colleague Remarks on "The Jacked Price"

- In January 2007, Goldman's Swap Desk wanted both a lower 10-year USD ISDAFIX and a higher 30-year USD ISDAFIX.
- Shortly before 11:00 a.m. that day, a Goldman swaps trader directed his broker to achieve a lower fix in 10-year spreads, and a higher fix in 30-year spreads (referred to as "bonds"): "Tens – I want at 3/4's for the fix. Bonds – I want at 53 for the fix." The broker tried to achieve these goals by trading in both 10-year and 30-year spreads just before 11:00 a.m. Shortly after 11:00 a.m., the broker confirmed to the trader that he had "sold 50 down to get the thing [i.e., the lower fix] in the tens."
- Shortly after 11:00 a.m. that day, the Goldman trader made a false report in the 30-year USD ISDAFIX rate by submitting higher than Swap Broker's reference rate. As the trader explained to his broker: "I just cared about the rate."

¹ Unless otherwise indicated, quotations in the USD ISDAFIX Order and these examples are drawn from electronic communications and audio recordings of telephone calls.

- Later that day, Goldman traders noted the favorable USD ISDAFIX rates in 10-year and 30-year maturities. One commented “niiiiice,” the other, “Tee hee.” A third Goldman trader described the manipulated USD ISDAFIX that day as the “jacked price,” as opposed to a “fair price.”

Goldman Swaps Trader Complains That He Should “Control the Screen Without Having to Give[] Some Loser Another [Trade]”

- In July 2007, the Goldman Swap Desk wanted a lower 30-year USD ISDAFIX.
- Shortly before 11:00 a.m. that day, Swap Broker sold 30-year swap spreads on behalf of a Goldman swaps trader, in an attempt to lower the 30-year USD ISDAFIX rate. Afterwards, the broker apologized to the trader that the broker “was so anxious to cover the bids . . . so they [30-year spreads] could not be lifted up” that he traded \$50 million notional more than he had initially told the trader. But this was more than the trader wanted to spend to achieve his manipulative goal: “I should control the screen without having to given [sic] some loser another [trade],” the trader complained.

Goldman Volatility Trader Tells Swap Desk to “Make Sure” Certain USD ISDAFIX Rates “Are Not Silly High”

- In April 2008, the Goldman Volatility Desk wanted higher 2-year and 5-year USD ISDAFIX rates, and a lower 3-year USD ISDAFIX rate relative to those rates.
- Shortly before 11:00 a.m., a Goldman Volatility Desk trader asked the Swap Desk to “make sure 3s are not silly high to 2s and 5s at 11am,” i.e., to ensure those USD ISDAFIX rates fixed at levels favorable to the Volatility Desk’s related positions.

Goldman Swap Desk “Gamed the Fix” in an Intraday USD ISDAFIX Swap

- In September 2008, the Goldman Swap Desk wanted a higher 10-year USD ISDAFIX rate.
- In an attempt to accomplish this, seconds before 11:00 a.m. that day, a Swap Desk trader sold 10-year U.S. Treasuries via Swap Broker’s proprietary electronic trading platform (transactions that could put upward pressure on the 10-year USD ISDAFIX rate).
- Later that day, a Goldman Volatility Desk trader complained to the Swap Desk about an intraday trade between the two desks that was based on the 10-year USD ISDAFIX, plus a small premium paid to the Swap Desk. The volatility trader objected to the premium, especially in light of the Swap Desk’s attempts to manipulate the ISDAFIX: “So you gamed the fix and then charged us on top of it?”

Goldman Swap Desk Traders Attempt to “to keep 10s low and 5’s high at 11” by Trading Swap Spreads and U.S. Treasuries, and by a False Submission

- In March 2009, the Swap Desk wanted a higher 5-year USD ISDAFIX rate and a lower 10-year USD ISDAFIX rate.
- Shortly before 11:00 a.m. that day, a Goldman swap trader informed his broker of his manipulative aims: “we’re going to want to keep 10s low and 5’s high at 11[,] overall want lowest spreads possible.” Just seconds before 11:00 a.m., the broker engaged in trading conduct on the Goldman swap trader’s behalf, including selling swap spreads through Swap Broker, in a manner designed to push down the 10-year USD ISDAFIX rate. A few minutes later, discussing their attempt, the trader noted that “they should have gone down[,] there was about 7 sec” left before 11:00 a.m.

- Shortly before 11:00 a.m., Goldman swap traders also worked together to trade U.S. Treasuries via Swap Broker's proprietary electronic trading platform, selling 5-year Treasuries (which would put upward pressure on the 5-year USD ISDAFIX) and buying 10-year Treasuries (which would put downward pressure on the 10-year USD ISDAFIX).
- Shortly after 11:00 a.m., the Goldman swap desk submitted higher 5-year spreads and rates and lower 10-year spreads and rates in attempts to push the USD ISDAFIX in those maturities in the direction that would benefit Goldman.

Goldman Swap Desk Traders at "11 am...will need: 5yr, 7yr & 30yr lower & 10s higher"

- In December 2009, the Swap Desk wanted lower USD ISDAFIX rates in the 5-year, 7-year, and 30-year maturities, and a higher USD ISDAFIX rate in the 10-year maturity.
- Shortly before 11:00 a.m. that day, a Goldman Swap Desk trader notified his broker that at "11 am...will need: 5yr, 7yr & 30yr lower & 10s higher." The broker replied, confirming the manipulative aims and means: "OK[]will come down to timing and amount to spend []on keeping it there." The broker then informed the 19901 screen operator of Goldman's goals for the 5-year, 7-year, 10-year, and 30-year USD ISDAFIX rates: "5, 7 AND 30 LOWER 10'S HIGHER."
- Then, shortly before 11:00 a.m., the broker on Goldman's behalf bought and sold 5-year, 7-year, and 10-year swap spreads, amounting to billions of dollars notional, putting downward pressure on those rates. After 11:00 a.m., the broker explained to the Goldman trader that he had not had to trade 30-year spreads in order to push "30yr lower" because another bank had done so for him.
- Shortly before 11:00 a.m. that day, a Goldman swap trader also traded 5-year, 7-year, 10-year, and 30-year U.S. Treasuries via Swap Broker's proprietary electronic trading platform, in the directions that would push the USD ISDAFIX in each maturity in Goldman's favor.
- Shortly after 11:00 a.m. that day, the Swap Desk capped off its attempted trading manipulations with a false submission in the 5-year maturity—the maturity that represented the bulk of its USD ISDAFIX exposure.

Goldman Swap Desk Trader Tries to Manipulate USD ISDAFIX Using Only "Min Screen Size"

- In January 2012, the Swap Desk wanted a higher 30-year USD ISDAFIX.
- Shortly before 11:00 a.m., a Goldman swaps trader bought 30-year swap spreads through Swap Broker in an attempt to push the 30-year USD ISDAFIX higher.
- Later, the Goldman swap trader chatted with a client who had wanted the 30-year trade. The Goldman trader explained that he had had to trade through Swap Broker (in the minimum notional size required to move the 19901 screen) instead of facing the customer (which would not have affected the 19901 screen, and therefore would not help affect the 30-year USD ISDAFIX): "had an isda fix," the trader explained to his client, and so he "had to pay 50k in the street (min screen size).